



State of California—Health and Human Services Agency  
Department of Health Care Services



TOBY DOUGLAS  
Director

EDMUND BROWN JR  
Governor

DATE: January 1, 2013

TO: ALL MEDI-CAL DENTAL MANAGED CARE PLANS

SUBJECT: **APL 13-002: Minimum Loss Ratio (MLR) Clarification**

This All Plan Letter (APL) is effective January 1, 2013 for the Geographic Managed Care Contract and July 1, 2013 for the Prepaid Health Plan Contract. The purpose of this APL is to clarify the calculation of the Minimum Loss Ratio (MLR) in Exhibit A, Attachment 3, Provision 2, which states:

- a. *The Contractor agrees that once the Contractor's plan has a minimum of 1,000 enrolled Members per month for six or more months of a benefit year, the minimum loss ratio for services provided to all Members pursuant to this Contract shall be seventy (70) percent. For reporting purposes, the Contractor's loss ratio shall be calculated in aggregate for all Members, using the following formula:*

*a/b*

*Where "a" is: Total covered benefit and service costs of Contractor, including occurred but not reported claim completion*

*Where "b" is: Total capitation payments received by Contractor, including any withhold payments*

**If any bonus payments are awarded, it will be excluded from the calculation.**

If you have questions, comments, or issues concerning this letter please contact the DHCS staff listed for this section in the DHCS Contact Spreadsheet located in APL 13-011.

Sincerely,



Alisha Sipin, Chief  
Dental Managed Care Contract and Analysis Unit  
Medi-Cal Dental Services Division

