

SHERLOCK EXPENSE EVALUATION REPORT

2011 INDEPENDENT / PROVIDER-SPONSORED PLANS EDITION

Volume I: Financial Metrics

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Sections 2-10 contain directories to locate specific product lines, expense categories or respondent characteristics.

TAB 2. SUMMARY ANALYSES

This section summarizes the *SEER* financial benchmarks. It includes a summary of median values, a functional area summary and a year-over-year comparison.

The median values for each functional area and product are shown in this section. It is intended to provide an immediate and accessible metric of central tendency for administrative costs in each product / expense cell. If your plan has submitted data to this survey, median values are printed in black if the plan has favorable variance and red if it is unfavorable.

<i>Summary of Medians</i>	<i>Page</i>
Per Member Per Month	2
Percent of Revenue	3

The functional area summary provides a high level analysis by four functional area clusters. Data is organized by cluster and is presented on a per member per month and percent of revenue basis. It includes histograms illustrating the distribution of results for each of the product / expense cells. The blue vertical line is the median. If your plan has submitted data, a red vertical line represents your plan's value. All of the expense classifications reported by the respondents have been summarized as shown below.

Revenues are defined as premiums or self-funded fees. Premiums and fees exclude those of pharmacy and mental health, as do associated expenses.

<i>Functional Area Summary</i>	<i>Page</i>
Sales and Marketing	6
Rating and Underwriting	
Marketing	
Sales	
Commissions (external)	
Advertising and Promotion	
Medical and Provider Management	8
Provider Network Management and Services	
Medical Management / Quality Assurance / Wellness	
Account and Membership Administration	10
Enrollment / Membership / Billing	
Customer Services	
Claim and Encounter Capture and Adjudication	
Total Information System Expenditures (as expensed)	
Corporate Services	12
Finance and Accounting	
Actuarial	
Corporate Services	
Corporate Executive & Governance	
Association Dues and License / Filing Fees	
Miscellaneous Business Taxes	
Total Expenses	14
<i>Year-over-Year Comparisons</i>	<i>16</i>
Year-over-Year Comparisons	
Year-over-Year Comparisons, Product Mix-Adjusted	

A year-over-year comparison is also provided, showing expense trends since 2005. To assure comparability, only respondents reporting in both comparison years are reflected. Note that such plans are a subset of the universe as a whole.

TAB 3. FUNCTIONAL EXPENSES, ACROSS PRODUCTS

This section provides an analysis of specific functional expenses across product lines. Data is presented to account for whether services are provided internally or outsourced. It is presented on a per member per month and percent of revenue basis. It includes histograms illustrating the distribution of results for each of the product / expense cells. The blue vertical line is the median. If your plan has submitted data, a red vertical line represents your plan's value.

Revenues are defined as premiums or self-funded fees. Premiums and fees exclude those attributable to pharmacy and mental health.

<i>Functional Area</i>	<i>Page</i>	<i>Functional Area</i>	<i>Page</i>
Rating and Underwriting	20	Claim and Encounter Capture and Adjudication	78
Marketing	22	(a) Coordination of Benefits (COB) and Subrogation	80
(a) Product Development and Market Research	24	(e) Other Claim and Encounter Capture and Adjudication	82
(b) Member and Group Communication	26	Total Information Systems Expenditures (as expensed)	84
(c) Other Marketing	28	(a) Information Systems Operations and Support Services	86
Sales	30	(b) Information Systems Application and Maintenance	88
(a) Account Services	32	(c) Information Systems Applications Acquisition and Developm	90
(b) Other Sales	34	(d) IT Security Administration and Enforcement	92
Commissions (external)	36	Finance and Accounting	94
Advertising and Promotion	38	Actuarial	96
Enrollment / Membership / Billing	40	Corporate Services	98
(a) Enrollment and Membership	42	(a) Human Resources	100
(b) Billing	45	(b) Legal	102
Customer Services	46	(c) Facilities	104
(a) Member Services	48	(g) Imaging	106
(b) Printed Materials and Other	50	(i) Other Corporate Services	108
Provider Network Management and Services	52	Corporate Executive & Governance	110
(a) Provider Relations Services	54	Association Dues and License/Filing Fees	112
(b) Provider Contracting	56	SUBTOTAL	114
(d) Other Provider Network Management and Services	58	Miscellaneous Business Taxes	116
Medical Management / Quality Assurance / Wellness	60	TOTAL	118
(a) Pre-Certification	62		
(b) Case Management	64		
(c) Disease Management	66		
(d) Nurse-based Counseling	68		
(e) Health and Wellness	70		
(f) Quality Components	72		
(g) Utilization Review	74		
(i) Other Medical Management	76		

TAB 4. FUNCTIONAL EXPENSES OF EACH PRODUCT, PMPM

This section provides an analysis of the expense composition of each product line. All expenses for each product line are included in each table. Data is presented on a per member per month basis. It includes a statistical analysis of expenses and stacked floating bar charts illustrating the distribution of results.

<i>Product</i>	<i>Page</i>
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3. Total Commercial	128
4. Insured Commercial	131
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6. Medicare Total	137
7. Commercial HMO, Insured	140
8. Commercial POS, Insured	143
9. Commercial Indemnity & PPO, Insured	146
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12. Medicare SNP	155
13. Medicare Cost	158
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This section provides an analysis of specialty and other self-contained net or total expenses across product lines. Data is presented to distinguish between whether services are provided internally or outsourced. Values are presented on a per member per month and percent of revenue basis. This section also includes histograms illustrating the distribution of results for each of the product / expense cells. The blue vertical line is the median. If your plan has submitted data, a red vertical line represents your plan's value.

Pharmacy and Mental Health Metrics : Revenues are defined as premiums or premium equivalents. Premiums and equivalents include pharmacy and mental health. PMPM values are calculated using pharmacy member months.

COB and Subrogation Metrics : Revenues are defined as premiums or premium equivalents excluding pharmacy and mental health.

	<i>Pharmacy</i>	<i>Page</i>	<i>Mental Health</i>	<i>Page</i>
Internal				
Administration	Administration	214	Administration	224
Benefits	Gross Benefits	216	Benefits	226
Rebates	Rebates	218		
Total (or Net)	Total Internally Managed	220	Total Internally Managed	228
Outsourced				
Administration	Internal Contract Management	NA	Internal Contract Management	NA
Benefits	Capitation	NA	Capitation	230
Total (or Net)	Total Outsourced	NA	Total Outsourced	232
Total	Combined Total	222	Combined Total	234
	<i>COB and Subrogation</i>	<i>Page</i>		
Internal				
Administration	Recoveries	236		
Benefits	Administration	238		
Total (or Net)	Total (Net Recoveries), Internally Mgd.	240		
Outsourced				
Administration	Recoveries Received	NA		
Benefits	Internal Contract Management	NA		
Total (or Net)	Total (Net Recoveries), Outsourced	NA		
Total	Total Combined Net Recoveries	242		

TAB 7. COSTS CHARGED BY PARENT ORGANIZATION

These analyses are intended to measure the scope of costs that are charged to the health plan from its parent organization (e.g. legal services, accounting, etc.). They can also provide a gauge of the reasonableness of such services, though it should be understood that this application is limited since the precise nature of the services for which the parent bills is unknown.

Revenues are defined as premiums and premium equivalents. Premiums and equivalents exclude pharmacy and mental health.

<i>Product</i>	<i>Page</i>
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3. Costs Charged by Parent - Percent of Total Administrative Expenses	252

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This area includes costs, internal or outsourced, to administer savings and spending accounts. The administrative costs here are redundant to those found under the related consumer directed health plan (typically indemnity & PPO). FSA administration should be found under Other Health Lines.

Revenues are defined as premiums or premium equivalents. Premiums and premium equivalents exclude those of pharmacy and mental health, as do associated expenses.

Health Savings Accounts (HSA)

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This analysis is based on Comprehensive Total data. Revenues are defined as premiums and self-funded fees. Premiums and fees exclude those of pharmacy and mental health, as do associated expenses. "Loaded" means that the information systems allocations have been added to the reported functional area costs.

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2010 Average Members - Individual and Group	285
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2010 Average Members - Group	287
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