

SHERLOCK EXPENSE EVALUATION REPORT

2009 MEDICARE-ORIENTED PLANS EDITION **Volume I: Financial Metrics**

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Sections 2-8 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>
Marketing	6
Rating and Underwriting	
Product Development / Market Research	
Sales and Marketing (except Advertising and Promotion)	
Commissions (external)	
Advertising and Promotion	
Medical and Provider Management	8
Provider Network Management and Services	
Medical Mgmt. / 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	66
Product Development / Market Research	22	(a) Coordination of Benefits (COB) and Subrogation	68
Sales and Marketing (except Advertising and Promotion)	24	(b) Imaging	70
(a) Member and Group Communication	26	(c) Other Claim and Encounter Capture and Adjudication	72
(b) All Other Sales and Marketing	28	Total Information System Expenditures (as expensed)	74
Commissions (external)	30	(a) Information Systems Operations and Support Services	76
Advertising and Promotion	32	(b) Information System Application and Maintenance	78
Enrollment / Membership / Billing	34	(c) Information Systems Applications Acquisition and Development	80
Customer Services	36	(1) Internet/eCommerce	82
(a) Member Services	38	(2) Stage III Amortization Costs	84
(b) Printed Materials and Other	40	(3) Other	86
Provider Network Management and Services	42	(d) IT Security Administration and Enforcement	88
(a) Provider Relations Services	44	Finance and Accounting	90
(b) Provider Contracting	46	Actuarial	92
(c) Other Provider Network Management and Services	48	Corporate Services	94
Medical Mgmt. / Quality Assurance / Wellness	50	(a) Human Resources	96
(a) Pre-Certification	52	(b) Legal	98
(b) Case Management	54	(c) Facilities	100
(c) Disease Management	56	(d) Other Corporate Services	102
(d) Nurse-based Counseling	58	Corporate Executive / Governance	104
(e) Health and Wellness	60	Association Dues and License/Filing Fees	106
(f) Quality Components	62	Subtotal	108
(g) Other Medical Management	64	Miscellaneous Business Taxes	110
		Total	112

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>
1. Comprehensive Total	116
2. Total Commercial	119
3. Insured Commercial	122
4. ASO/ASC Commercial	125
5. Public Sector	128
6. Medicare Advantage	131
7. Medicare PFFS	134
8. Medicare SNP	137
9. Medicare Total	140
10. Commercial HMO, Insured	143
11. Commercial POS, Insured	146
12. Commercial Indemnity & PPO, Insured	149
13. Medicaid HMO	152
14. Stand Alone Medicare Part D	155

TAB 5. FUNCTIONAL EXPENSES OF EACH PRODUCT, PERCENT OF REVENUE

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.

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

<i>Product</i>	<i>Page</i>
1. Comprehensive Total	160
2. Total Commercial	163
3. Insured Commercial	166
4. ASO/ASC Commercial	169
5. Public Sector	172
6. Medicare Advantage	175
7. Medicare PFBS	178
8. Medicare SNP	181
9. Medicare Total	184
10. Commercial HMO, Insured	187
11. Commercial POS, Insured	190
12. Commercial Indemnity & PPO, Insured	193
13. Medicaid HMO	196
14. Stand Alone Medicare Part D	199

TAB 6. EXPENSES OF SPECIALTY AND OTHER SELF-CONTAINED SERVICES

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. 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.

Pharmacy and Mental Health Metrics : Revenues are defined as premiums or premium equivalents. Premiums and equivalents include pharmacy and mental health.

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	204	Administration	214
Benefits	Gross Benefits	206	Benefits	216
Rebates	Rebates	208		
Total (or Net)	Total Internally Managed	210	Total Internally Managed	218
Outsourced				
Administration	Internal Contract Management	NA	Internal Contract Management	NA
Benefits	Capitation	NA	Capitation	NA
Total (or Net)	Total Outsourced	NA	Total Outsourced	NA
Total	Combined Total	212	Combined Total	220
	<i>COB and Subrogation</i>	<i>Page</i>		
Internal				
Administration	Recoveries	222		
Benefits	Administration	NA		
Total (or Net)	Total (Net Recoveries), Internally Mgd.	NA		
Outsourced				
Administration	Recoveries Received	NA		
Benefits	Internal Contract Management	NA		
Total (or Net)	Total (Net Recoveries), Outsourced	NA		
Total	Total Combined Net Recoveries	NA		

TAB 7. COSTS OF MEDICARE ADVANTAGE PLANS OFFERED BY OTHER UNIVERSES

This section provides an analysis of Medicare Advantage plans that are offered by other universes in Sherlock Company's benchmarking study for 2009. Data is presented on a *per member per month* and a *percent of revenue* basis. It includes a statistical analysis of expenses and stacked floating bar charts illustrating the distribution of results.

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

<i>Product</i>	<i>Page</i>
Expenses of Medicare Advantage Offered by Independent / Provider-Sponsored Plans	226
Expenses of Medicare Advantage Offered by Blue Cross Blue Shield Plans	232
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TAB 8. PARTICIPANT CHARACTERISTICS

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2008 Average Members	253
Change in Average Membership	254
Mix - Member Months as a Percent of Comprehensive Total Member Months	255
Mix - Premiums and Self-Funded Fees as a Percent of Overall Total Premiums and Self-Funded Fees	256
Mix - Premiums and Premium Equivalents as a Percent of Overall Total Premiums and Premium Equivalents	257
Premiums/Self Funded Fees	258
Premium Equivalents (For ASO Calcs)	259
Premiums/Self Funded Fees (excluding Rx and M.H.)	260
Premiums/Premium Equivalents (excluding Rx and M.H.)	261
Premiums or Self Funded Fees PMPM	262
Premium & Premium Equivalents PMPM	263
Premiums/Self Funded Fees PMPM (excluding Rx and M.H.)	264
Premiums/Premium Equivalents PMPM (excluding Rx and M.H.)	265
Health and Other Benefit Costs PMPM	266
Health and Other Benefit Costs PMPM (excluding Rx and M.H.)	267
Health Benefits Ratio (Benefits / Premiums & Premium Equivalents)	268
Health Benefits Ratio (Benefits / Premiums & Premium Equivalents) (excluding Rx and M.H.)	269
Administrative Costs PMPM (excluding Rx and M.H.)	270
Administrative Expense Ratio (Premiums and Fees excluding Rx and M.H.)	271
Administrative Expense Ratio (Premium and Fees Including Rx and M.H.)	272
Administrative Expense Ratio (Premium Equivalents excluding Rx and M.H.)	273
Administrative Expense Ratio (Premium Equivalents Including Rx and M.H.)	274
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