Administrative Costs of Larger Health Plans in 2025

Early December 2026

Larger health plans, like other large organizations, are often thought to be superior performers whose activities and processes are worthy of emulation. Their size may imply their success in the market and result in technical economies of scale, giving rise to a virtuous cycle of excellent performance.

In this analysis we find that Larger Blue Cross Blue Shield Plans reported lower median costs than the Blue universe as a whole as well as against a set of Blue Plans that were not included in the Larger Plan universe. The comparisons favor Larger Plans by a wider margin when the two universe subsets are discrete. Eliminating the effect of mix differences between the sets narrows that advantage on a PMPM basis.

The data used in this analysis are from the 2026 Larger Plans edition of the *Sherlock Benchmarks*, a subset of the Blue Cross Blue Shield Plan universe. Of the twelve total participating BCBS Plans, the five largest Plans were included in the Larger Plans universe. In some contexts, these Larger Plans are compared with the remaining seven. One advantage of analyzing Blue Plans segmented by size stems from the relative uniformity of the Blue Plans. They tend to serve similar market segments, they share brand names and the Blue Cross Blue Shield Association promotes common quality attributes including capital levels. So this approach to understanding the Plans segmented by size can limit the effects of other health plan variables.

This analysis does not address other potential operating and financial advantages of larger health plans such as possible cost of capital advantages in making acquisitions to foster growth and superior bargaining power in their markets.

Costs of Larger Plans, Expense Clusters as PMPM and Percent of Premium Equivalents

In 2025, Larger Plans had median Comprehensive administrative expenses of $46.25 PMPM, as shown in Figure 1. For continuity with the earlier *Navigator* and context, we note the values of the entire Blue Cross Blue Shield universe, shown to the right of the Larger Plan values. This was

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10.2% lower than the Blue Cross Blue Shield median expenses of $51.50 PMPM. As developed later, mix likely affected comparisons.

Larger Plans had a cost advantage in every cluster. Larger Plans reported Sales and Marketing cluster costs of $10.16 PMPM, 14.0% lower than the set of all Blue Plans at $11.81 PMPM. Account and Membership Administration costs were $21.09, 6.2% lower than Blue Plans as a whole at $22.48. Corporate Services was lower by 19.2% for Larger Plans at $6.28 PMPM versus $7.77 PMPM for the Blue universe as a whole. The Medical and Provider Management cluster was the closest of the four, 1.9% lower for Larger Plans at $7.46 PMPM, compared to $7.60 PMPM for all Blue Plans.

Figure 1

Larger Plans Costs by Functional Area Cluster, 2025 Results
Per Member Per Month

	Larger Plans				
Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation	Note: BCBS Median
Sales and Marketing	$9.69	$10.16	$15.04	28%	$11.81
Medical and Provider Management	7.12	7.46	8.21	17%	7.60
Account and Membership Administration	19.28	21.09	22.92	16%	22.48
Corporate Services	6.19	6.28	9.93	36%	7.77
Total Expenses	$41.19	$46.25	$56.15	20%	$51.50

In this *Plan Management Navigator*, "premiums" are premiums and/or premium equivalents. This assures comparability between fully insured and self-insured products. To calculate the denominator for premium equivalent, we add to the fees the health benefits of the self-insured group. Ratio comparisons of administrative expenses to premiums had similarities with PMPM results. As shown in Figure 2, Larger Plans' Total Expenses were lower by 0.2 percentage points, at 7.9% versus 8.1% for all Blues. Like the PMPM comparisons, Corporate Services was lower, 1.0% for the Larger Plans as against 1.3% for the set of all Blues, a difference of 0.3 percentage points. Account and Membership Administration was also lower, at 3.5% compared to 3.6% for all Blues, a difference of 0.1 percentage points.

Figure 2

Larger Plans Costs by Functional Area Cluster, 2025 Results
Percent of Premium or Premium Equivalents

	Larger Plans				
Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation	Note: BCBS Median
Sales and Marketing	1.7%	1.8%	2.4%	23%	1.9%
Medical and Provider Management	1.1%	1.2%	1.4%	17%	1.2%
Account and Membership Administration	3.2%	3.5%	3.7%	16%	3.6%
Corporate Services	1.0%	1.0%	1.5%	32%	1.3%
Total Expenses	7.1%	7.9%	8.4%	17%	8.1%

The other cost differences between the clusters were modest. Sales and Marketing was slightly lower for Larger Plans, at 1.8%, compared with all Blues, at 1.9%. Unlike the PMPM metric, Medical and Provider Management was essentially the same in both sets at 1.2% of premium.

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Costs of Larger Plans, PMPM by Product

Larger Plan product cost values PMPM are shown in Figure 3, with the Blue Cross Blue Shield universe values for the same products noted on the right side. The products vary greatly in their per member costs so this analysis is a step towards understanding the effect of product mix differences between the two universes.

The Plans have fourteen products, 11 that are comprehensive (hospital and physician services), and three additional products. Medicare Supplement is included with Comprehensive though it is a secondary payor. Conversely, at the preference of the panel, the expensive-to-administer Medicare SNP is excluded from Comprehensive despite its breadth of services.

Of the eleven Comprehensive products, the Larger Plans had lower costs in five: both the insured and ASO products of Indemnity and PPO, FEP, MA Group and Medicare Supplement. The set of all Blue Plans were lower in the insured and ASO products of Commercial HMO and in Commercial POS Insured. They were equal for MA Individual and Medicaid.

On a mix-adjusted basis, the advantage of the Larger Plans is smaller. Please see Figure 3 at the lines immediately below Comprehensive Total (Costs at Larger Average Mix and Costs at Blue Average Mix). Against a 10.2% Comprehensive product cost advantage, weighting the Blue products at the Larger Plan mix, Larger Plan costs are lower than Blue costs by 5.0%. Weighting the Larger Plan product costs at the Blue mix, Larger Plans have 5.4% lower costs.

Larger Plans had a greater commitment to expensive-to-administer MA, 5.9% of members versus 5.2%, though much of that was in the MA group product, 2.3% versus 1.2%. Larger Plans also had a slightly greater commitment to more expensive Commercial Insured products, 32.1% versus 31.4%, and less of a commitment to less expensive ASO, 42.2% versus 46.0%. They also had less commitment to low-cost FEP, 4.5% versus 5.0%. Medicaid was a larger proportion of the product portfolio among Larger Plans, 8.1% versus 5.5%. Medicare Supplement was also slightly more important for Larger Plans at 7.2% versus 6.9% for all Plans.

Total Commercial Insured costs were $61.29 PMPM for Larger Plans, 8.6% lower than for Blues as a whole at $67.08. Among the insured products of Commercial, only Indemnity and PPO was lower, at $58.37 versus $68.16, or 14.4%.

The ASO / ASC product administrative costs of Larger Plans were $33.74 PMPM, 2.1% lower than $34.46 for the Blue Plans as a whole. For ASO/ASC, Indemnity and PPO costs were a median of $33.13 PMPM, below the $33.89 for all Blues. Larger Plan products ran higher in the ASO/ASC product of Commercial HMO.

FEP (Federal Employee Program) is an insured product with few marketing costs relative to other products in Blue Plan portfolios. Median FEP costs for Larger Plans were $32.51, 5.8% lower than $34.50 PMPM for the Blue Plans as a whole.

Median costs for Larger Plan Individual and Group Medicare Advantage products were $147.41 PMPM and $107.64 PMPM, respectively. Not all Plans offered both products. Individual costs

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were the same as for all Blues at $147.41, while Group costs ran 4.9% lower than the $113.13 for all Blues.

Medicaid costs for Larger Plans were $38.19 PMPM, the same as for all Blues. Medicare Supplement was $37.62, 8.2% lower than $40.98 for all Plans.

While not included among Blue Comprehensive products, Medicare Advantage Special Needs Plans (SNP) were $281.29 PMPM for Larger Plans, 2.9% lower than $289.65 for all Blue Plans.

Among the specialty products, Stand-Alone Medicare Part D was 4.4% lower for Larger Plans, at $18.99 versus $19.87 for all Blues. Stand-Alone Dental was $3.28 for Larger Plans, 0.6% higher than for all Blue Plans.

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Figure 3

Larger Plans Costs by Product, 2025 Results
Per Member Per Month

Product	Larger Plans 25th Percentile	Median	75th Percentile	Coefficient of Variation	Note: BCBS Median
Commercial HMO					
Insured	$53.85	$57.79	$77.85	55%	$56.33
ASO / ASC	$31.47	$41.68	$42.14	34%	$38.59
Commercial POS					
Insured	$61.33	$63.53	$65.73	10%	$62.66
ASO / ASC*	NA	NA	NA	NA	$35.96
Indemnity & PPO					
Insured	$54.99	$58.37	$62.94	39%	$68.16
ASO / ASC	$27.80	$33.13	$39.16	19%	$33.89
Commercial Insured	$58.37	$61.29	$65.64	11%	$67.08
Commercial ASO/ASC	$27.56	$33.74	$39.16	20%	$34.46
Commercial Total	$36.85	$43.38	$51.03	26%	$45.14
FEP	$31.17	$32.51	$35.81	21%	$34.50
Medicare Advantage					
Individual	$121.08	$147.41	$149.43	29%	$147.41
Group	$100.48	$107.64	$114.75	10%	$113.13
Medicare Advantage Total	$120.60	$128.54	$136.13	19%	$134.34
Medicaid	$34.26	$38.19	$54.96	47%	$38.19
Medicare Supplement	$31.81	$37.62	$43.03	43%	$40.98
Comprehensive Total	$41.19	$46.25	$56.15	20%	$51.50
Costs at Larger Average Mix	–	*$48.04*	–	–	*$50.57*
Costs at Blue Average Mix	–	*$47.54*	–	–	*$50.23*
Medicare Advantage SNP	$262.00	$281.29	$289.65	10%	$289.65
Stand-Alone Medicare Part D	$16.00	$18.99	$19.43	22%	$19.87
Stand Alone Dental	$3.13	$3.28	$3.38	71%	$3.26

*NA – Not shown where fewer than two Plans reported data.

Costs of Larger Plans, Percent of Premium Equivalents by Product

The percent of premium ratio comparisons for each product are shown in Figure 4. Comprehensive Total costs of 7.9% of premiums for Larger Plans were 0.2 percentage points lower than for all Blue Plans.

On a Percent of Premium or Premium Equivalents basis, Larger Plans' ratios were more likely to be lower. Nine of 11 products were lower, including Commercial POS ASO/ASC, which is not shown in Figure 4, and two were higher. Larger Plans were higher in percent ratios in only Commercial HMO Insured and Medicaid.

Notably, the Commercial HMO ASO and Commercial POS Insured products, which were higher for Larger Plans on a PMPM basis, were lower as a percent of premium. Larger Plans were also lower in each of the three specialty products of Medicare SNP, Stand-Alone Medicare Part D and Stand-Alone Dental.

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Holding mix constant widens the advantage of the Larger Plans on a percent of premium basis. Please see Figure 4 at the lines immediately below Comprehensive Total (Costs at Larger Average Mix and Costs at Blue Average Mix). Weighting product ratios at the Larger Plan mix, Larger Plan costs were 8.1% of premiums compared with 8.6% for all Blue Plans, 0.5 percentage points lower. Weighting at the Blue mix, Larger Plans were at 7.9% versus 8.6%, 0.7 percentage points lower. Both exceed the as-reported difference of 0.2 percentage points.

Figure 4

Larger Plans Costs by Product, 2025 Results
Percent of Premium or Premium Equivalents

	Larger Plans				
Product	25th Percentile	Median	75th Percentile	Coefficient of Variation	Note: BCBS Median
Commercial HMO					
Insured	7.9%	9.6%	12.8%	44%	8.3%
ASO / ASC	4.5%	5.3%	6.2%	32%	5.4%
Commercial POS					
Insured	7.8%	8.1%	8.4%	11%	8.7%
ASO / ASC*	NA	NA	NA	NA	6.3%
Indemnity & PPO					
Insured	8.5%	9.6%	10.1%	38%	10.6%
ASO / ASC	5.5%	5.7%	5.9%	10%	6.1%
Commercial Insured	9.1%	9.3%	10.5%	11%	10.4%
Commercial ASO/ASC	5.7%	5.7%	5.9%	9%	5.9%
Commercial Total	7.2%	7.3%	7.3%	14%	7.6%
FEP	3.8%	4.8%	5.1%	43%	5.4%
Medicare Advantage					
Individual	10.1%	10.7%	13.1%	20%	12.1%
Group	7.2%	8.1%	8.7%	19%	8.5%
Medicare Advantage Total	9.6%	10.0%	10.6%	11%	10.6%
Medicaid	9.1%	9.7%	10.1%	11%	9.3%
Medicare Supplement	14.9%	15.3%	26.1%	53%	18.4%
Comprehensive Total	7.1%	7.9%	8.4%	17%	8.1%
Costs at Larger Average Mix	–	*8.1%*	–	–	*8.6%*
Costs at Blue Average Mix	–	*7.9%*	–	–	*8.6%*
Medicare Advantage SNP	14.2%	14.6%	15.4%	8%	15.4%
Stand-Alone Medicare Part D	5.2%	6.0%	7.0%	28%	8.0%
Stand Alone Dental	12.0%	12.1%	17.1%	32%	17.4%

*NA – Not shown where fewer than two Plans reported data.

Cluster Comparisons when Sets are Mutually Exclusive

Since the Larger Plan universe is a subset of the Blue Cross Blue Shield universe, the above analyses could mute the cost differences between the Larger Plans and other Blue Plans. Figures 5 and 6 exclude the Larger Plans from the Blue Cross Blue Shield universe to overcome that effect.

The results were similar to those from Figures 1 and 2, that is, costs for Larger Plans were lower overall by both PMPMs and Percents, and the differences widened. Every cluster was lower for

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Larger Plans on a PMPM basis, while Medical and Provider Management was the only cluster higher for Larger Plans on a percent of premium equivalent basis.

Figure 5 shows that Total Median Expenses were $6.35 PMPM, or 12.1%, lower for Larger Plans. (This compares to the $5.25 PMPM or 10.2% lower expenses for Larger Plans shown in Figure 1.) Larger Plans' Sales and Marketing was lower by $3.30 PMPM, or 24.5%, and Corporate Services was lower by $1.87 PMPM, or 22.9%. Account and Membership Administration and Medical and Provider Management clusters were lower for Larger Plans compared to Other Blue Plans by $1.55 PMPM or 6.8% and $0.29 PMPM or 3.7%, respectively.

Figure 5

Larger vs. Other Blue Costs by Functional Area Cluster, 2025 Results
Per Member Per Month, Medians Except for Differences

Functional Area	Larger Plans	Other Blue†	Dollar Difference	Percent Difference
Sales and Marketing	$10.16	$13.46	($3.30)	-24.5%
Medical and Provider Management	7.46	7.75	(0.29)	-3.7%
Account and Membership Administration	21.09	22.64	(1.55)	-6.8%
Corporate Services	6.28	8.15	(1.87)	-22.9%
Total Expenses	$46.25	$52.60	($6.35)	-12.1%

†Only includes Blue Plans not included in the Larger Plans universe

Figure 6 shows medians on a percent of premium equivalents basis for Larger Plans and Other Blue Plans. Results were similar to previous figures as Larger Plans were lower cost with Comprehensive Total, by 0.3 percentage points to 7.9%. Account and Membership Administration was lower for Larger Plans by 0.8 percentage points to 3.5% of premiums.

Sales and Marketing was also lower for Larger Plans, 1.8% of premiums versus 2.0%, as was the Corporate Services cluster, by 0.3 percentage points to 1.0%. Conversely, Medical and Provider Management was marginally *higher* for Larger Plans.

Figure 6

Larger vs. Other Blue Costs by Functional Area Cluster, 2025 Results
Percent of Premium or Premium Equivalents, Medians Except for Differences

Functional Area	Larger Plans	Other Blue†	Pct. Pt. Difference	Percent Difference
Sales and Marketing	1.8%	2.0%	-0.2%	-10.1%
Medical and Provider Management	1.2%	1.2%	0.0%	1.3%
Account and Membership Administration	3.5%	4.4%	-0.8%	-19.3%
Corporate Services	1.0%	1.3%	-0.3%	-23.0%
Total Expenses	7.9%	8.2%	-0.3%	-3.4%

†Only includes Blue Plans not included in the Larger Plans universe

Product Comparisons when Sets are Mutually Exclusive

Comparing Blue and Larger Plans by product yields similar results when the Plans are mutually exclusive as when they are not, as shown in Figure 7. Comprehensive expenses are $46.25 versus $52.60 for the Other Blue Plans. Every Comprehensive product PMPM cost comparison between the discrete sets was directionally the same as the overlapping sets, other than the

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two products that were equal in Figure 3. MA Individual was lower for Larger Plans by 0.3% and Medicaid was higher by 9.5%. For Comprehensive Total the PMPM cost difference is 12.1% lower when mutually exclusive while the difference is 10.2% when it is not.

Figure 7

Larger Plans vs. Other Blue Costs by Product, 2025 Results
Per Member Per Month, Medians Except for Differences

Product	Larger Plans	Other Blue†	PMPM Difference	Percent Difference
Commercial HMO				
Insured	$57.79	$53.97	$3.82	7.1%
ASO / ASC	$41.68	$36.32	$5.37	14.8%
Commercial POS				
Insured	$63.53	$62.66	$0.87	1.4%
ASO / ASC*	NA	$35.60	NA	NA
Indemnity & PPO				
Insured	$58.37	$69.94	-$11.57	-16.5%
ASO / ASC	$33.13	$34.66	-$1.53	-4.4%
Commercial Insured	$61.29	$69.09	-$7.80	-11.3%
Commercial ASO/ASC	$33.74	$35.17	-$1.43	-4.1%
Commercial Total	$43.38	$45.46	-$2.08	-4.6%
FEP	$32.51	$38.45	-$5.94	-15.4%
Medicare Advantage				
Individual	$147.41	$147.92	-$0.51	-0.3%
Group	$107.64	$123.66	-$16.02	-13.0%
Medicare Advantage Total	$128.54	$147.90	-$19.37	-13.1%
Medicaid	$38.19	$34.89	$3.30	9.5%
Medicare Supplement	$37.62	$41.04	-$3.41	-8.3%
Comprehensive Total	**$46.25**	**$52.60**	**-$6.35**	**-12.1%**
Costs at Other Blue Average Mix	*$47.18*	*$50.84*	*-$3.67*	*-7.2%*
Costs at Larger Average Mix	*$48.04*	*$51.07*	*-$3.03*	*-5.9%*
Medicare Advantage SNP*	$281.29	NA	NA	NA
Stand-Alone Medicare Part D	$18.99	$25.26	-$6.27	-24.8%
Stand Alone Dental	$3.28	$3.24	$0.04	1.2%

†Only includes Blue Plans not included in the Larger Plans universe
*NA – Not shown where fewer than two Plans reported data.

Figure 8 shows this same comparison when expenses are expressed as a percent of premium or premium equivalents. Comprehensive expenses are 7.9% of premiums versus 8.2% for the Other Blue Plans. Product percent cost comparisons were similar to those shown in Figure 4. Every Comprehensive product was directionally the same, with Larger Plans higher in only Commercial HMO Insured and Medicaid.

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Figure 8

Larger Plans vs. Other Blue Costs by Product, 2025 Results
Percent of Premium or Premium Equivalents, Medians Except for Differences

Product	Larger Plans	Other Blue†	Pct. Pt. Difference	Percent Difference
Commercial HMO				
Insured	9.6%	8.3%	1.3%	15.6%
ASO / ASC	5.3%	5.6%	-0.4%	-6.4%
Commercial POS				
Insured	8.1%	9.5%	-1.4%	-14.8%
ASO / ASC*	NA	7.4%	NA	NA
Indemnity & PPO				
Insured	9.6%	11.5%	-1.9%	-16.8%
ASO / ASC	5.7%	6.4%	-0.7%	-10.8%
Commercial Insured	9.3%	11.5%	-2.2%	-19.3%
Commercial ASO/ASC	5.7%	6.6%	-0.9%	-13.4%
Commercial Total	7.3%	7.6%	-0.3%	-4.3%
FEP	4.8%	5.9%	-1.1%	-18.6%
Medicare Advantage				
Individual	10.7%	13.0%	-2.3%	-17.6%
Group	8.1%	11.1%	-3.0%	-27.3%
Medicare Advantage Total	10.0%	12.8%	-2.7%	-21.6%
Medicaid	9.7%	7.9%	1.8%	23.1%
Medicare Supplement	15.3%	18.5%	-3.1%	-17.0%
Comprehensive Total	**7.9%**	**8.2%**	**-0.3%**	**-3.4%**
Costs at Other Blue Average Mix	*7.8%*	*9.0%*	*-1.2%*	*-13.5%*
Costs at Larger Average Mix	*8.1%*	*9.0%*	*-0.8%*	*-9.3%*
Medicare Advantage SNP*	14.6%	NA	NA	NA
Stand-Alone Medicare Part D	6.0%	9.8%	-3.9%	-39.3%
Stand Alone Dental	12.1%	18.9%	-6.8%	-35.9%

†Only includes Blue Plans not included in the Larger Plans universe
*NA – Not shown where fewer than two Plans reported data.

Effect of Mix on PMPM Comparisons

Figure 9 shows average product mix for Larger Plans and Other Blue Plans. They are relatively similar in many respects. The Larger Plans tend to have a product mix that is more expensive to administer, such as more Medicare Advantage, 5.9% versus 4.7%, and Commercial Insured, 32.1% versus 30.9%. They also have less exposure to lower cost products such as ASO/ASC, 42.2% versus 48.6%, and FEP, 4.5% versus 5.3%. Medicaid is more than two times as important for Larger Plans, 8.1% versus 3.7%.

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Figure 9

Larger Plans Costs by Product, 2025 Results
Average Product Mix

Product	Larger Plans	Other Blue†	Pct. Pt. Difference
Commercial HMO			
Insured	10.8%	1.7%	9.0%
ASO / ASC	4.0%	1.4%	2.6%
Commercial POS			
Insured	0.2%	4.6%	-4.5%
ASO / ASC	0.2%	2.6%	-2.4%
Indemnity & PPO			
Insured	21.2%	24.5%	-3.3%
ASO / ASC	38.1%	44.6%	-6.5%
Commercial Insured	32.1%	30.9%	1.2%
Commercial ASO/ASC	42.2%	48.6%	-6.4%
Commercial Total	74.3%	79.5%	-5.2%
FEP	4.5%	5.3%	-0.8%
Medicare Advantage			
Individual	3.6%	4.3%	-0.7%
Group	2.3%	0.4%	1.9%
Medicare Advantage Total	5.9%	4.7%	1.2%
Medicaid	8.1%	3.7%	4.4%
Medicare Supplement	7.2%	6.8%	0.4%
Comprehensive Total	100.0%	100.0%	0.0%

**Only includes Blue Plans not included in the Larger Plans universe*

Holding mix constant narrows, but does not reverse, the advantage of the Larger Plans. *Please see Figure 7 at the lines immediately below Comprehensive Total (**Costs at Other Blue Average Mix** and **Costs at Larger Average Mix**).* Reweighting expenses to the Other Blue average mix resulted in expenses for Other Blue Plans of $50.84 compared to Larger Plans at $47.18, which is $3.67 PMPM or 7.2% lower for Larger Plans. Similarly, when product expenses were reweighted to the Larger mix, Larger Plans held a cost advantage over the Other Blue Plans at $48.04 PMPM, which was lower by $3.03 or 5.9%. *These weighted totals differ from the total Comprehensive values shown in Figure 7 because of our use of medians and because not all Plans offer all products.*

Effect of Mix on Percent of Premium Comparisons

Figure 8 shows product expenses on a percent of premium equivalents basis for Larger Plans compared to Other Blue Plans. While similar to Figure 4, after reweighting Larger Plans had lower expenses in Comprehensive Total by a wider margin than as reported.

Costs reweighted at the Other Blue Plans Average Mix resulted in lower costs for Larger Plans, 7.8% compared to 9.0% for the Other Blues. *Please see Figure 8 immediately below the Comprehensive Total line (**Costs at Other Blue Average Mix** and **Costs at Larger Average Mix**).* Likewise, costs reweighted at the Larger Plan mix also resulted in *lower* costs for Larger Plans at 8.1% versus 9.0% for the Other Blue Plans.

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Conclusion

Both Percents of Premiums and PMPM costs illustrate the importance of considering product mix in the evaluation of health plan costs. Larger Plans have an as-reported advantage compared with Other Blue Plans. When reweighted to equalize for product mix, Larger Plans are also lower than Other Blue Plans by 5.9% to 7.2% on a PMPM basis and by 0.8 to 1.2 percentage points of premiums.

Characteristics of Larger Plans and Other Blue Universes

Collectively, Larger Plans serve 31.9 million people under Comprehensive Products. Total Commercial comprises 25.5 million, or 80% of total members in Larger Plans. Of those Commercial members, about 62% or 15.8 million are served under self-insured ASO/ASC products. Medicaid and Medicare Advantage membership totals 2.0 million and 1.3 million, respectively. FEP comprises a total of 1.4 million people, while Medicare Supplement serves 1.7 million. Please see Figure 10.

Larger Plans' median mix for premiums or fees for Total Commercial is 63.2%, while Commercial Insured and ASO is 58.5% and 4.2%, respectively. Medicare Supplement represents a median of 3.0% of premiums, while FEP is 9.3%. Medicaid and Medicare Advantage is 9.0% and 11.1%, respectively.

The median Larger Plan served 3.9 million members and the median Blue Cross Blue Shield Plan served 2.0 million members. Excluding the Larger Plans, the Other Blue Plans served a median of 1.5 million members.

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Figure 10

Selected Characteristics of Sherlock Benchmark Universes
Results reflect the year ended December 31, 2025.

	Blue Cross Blue Shield	Larger	Independent / Provider-Sponsored	Medicaid	Medicare
Sample Size					
Number of Participants	12	5	12	12	11
Total Membership (000's)[1]	41,229	31,883	8,865	8,380	15,399
Median Membership (000's)	2,003	3,947	695	612	1,171
Mean Membership (000's)	3,436	6,377	739	698	1,400
Supplemental Content					
Medicaid or Medicare Membership from Other Universes (000's)	NA	NA	NA	1,570	881
Total Medicaid or Medicare Product Members (000's)	NA	NA	NA	6,559	2,940
Market Mix (Premiums and Fees)					
Commercial[2]					
Median	63.7%	63.2%	51.5%	12.9%	46.0%
Average	59.9%	55.9%	51.2%	17.2%	43.3%
Medicare Advantage and SNP					
Median	12.6%	11.1%	23.8%	17.0%	35.4%
Average	16.8%	19.2%	21.0%	18.1%	34.2%
Medicaid Total					
Median	0.0%	9.0%	16.3%	50.6%	16.1%
Average	5.7%	8.5%	19.7%	55.6%	17.2%
Product Mix					
Percent Managed Care (Premiums and Fees)[3]					
Median	34.5%	40.5%	79.2%	93.4%	66.3%
Average	31.8%	45.3%	74.0%	83.4%	66.8%
Percent ASO (Members)					
Median	48.1%	48.5%	16.6%	4.0%	25.8%
Average	46.0%	42.2%	22.3%	11.6%	31.6%
States Served	18	10	23	17	11

Attributes are for the year ended December 31, 2025.

[1]Membership reflects only "comprehensive" products which may include commercial and government products.
[2]Commercial excludes FEP.
[3]Managed Care is the sum of Medicare Advantage, Medicaid Total and Commercial HMO.

Invitation to the 2027 Sherlock Benchmarking Study

The *Sherlock Benchmarks* are the health plan industry's metrics informing the management of administrative activities. They are based on validated surveys of 29 health plans serving 53 million Americans and provide costs and their drivers on key administrative activities. The Benchmarks are reported in multiple universes of health plans: Larger Plans, Blue Cross Blue Shield, Independent / Provider-Sponsored, Medicare and Medicaid.

The *Sherlock Benchmarks* are the "gold standard" of health plan administrative cost benchmarks. Health plans use them to determine whether their administrative costs are competitive, to prioritize for improvement among numerous specific activities and to identify cost drivers such as staffing ratios that, overall and within functions, can help implement those improvements.

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The 2027 study will mark the 30th consecutive year of the *Sherlock Benchmarks*, reflecting a cumulative experience of nearly 1,100 health plan years. ***We invite you to consider participating.***

Since June 2023, the *Sherlock Benchmarks* have been used by health plans serving, without duplication, 200 million insured Americans. Twelve U.S.-based Blue Cross Blue Shield primary licensees, serving approximately 41.2 million people, participate in this year's Sherlock Benchmarking Study for Blue Cross Blue Shield Plans. Together, these Plans serve 58% of all Blue Cross Blue Shield Plan members not served by publicly traded Plans.

Participation is similarly broad among the Independent / Provider-Sponsored universe. Health plans serving 53% of the members served by the Alliance of Community Health Plans (excluding ACHP's staff model plans) participate in 2026's *Sherlock Benchmarks*, as do health plans serving 58% of the members served by the Health Plan Alliance.

Report publication is expected to begin in late June 2027, with timing varying by universe. Because actionable outputs require relatively granular inputs, participation does call for some effort on the part of plans. The cost, however, is relatively modest.

The *Sherlock Benchmarks* are also available to license. Please reach out to Douglas Sherlock at sherlock@sherlockco.com or 215-628-2289 if you are interested in either participation or licensing. *You will be among good company*.

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