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June 22, 2015



Medicaid risk-based managed care: Analysis of administrative costs for 2014



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INTRODUCTION

Risk-based managed care is the platform from which Medicaid recipients receive healthcare benefits, at least in part, in more than 37 states in the United States. Managed care organizations (MCOs) of all varieties contract with state Medicaid agencies to deliver and manage the healthcare benefits under the Medicaid program in exchange for predetermined capitation revenue. Since the inception of the Patient Protection and Affordable Care Act (ACA) in 2010, and subsequent Medicaid expansion efforts in several states, the number of Medicaid beneficiaries as well as the number of MCOs operating in the Medicaid line of business have increased substantially.

Most states require that a contracted MCO also be a licensed health maintenance organization (HMO), which includes the requirement to file a statutory annual statement with the state insurance regulator. The statutory HMO annual statement is a standard reporting structure developed and maintained by the National Association of Insurance Commissioners (NAIC) with prescribed definitions allowing comparisons among various reporting entities.

This report summarizes the calendar year (CY) 2014 administrative expenses for organizations reporting Medicaid experience under the Title XIX Medicaid line of business on the NAIC annual statement. The information was compiled from the reported annual statements.¹ Companies may be excluded from this report for the following reasons:

- If they did not submit an annual statement
- If they have reported less than \$10 million in annual Medicaid (Title XIX) revenue
- If they are a specialized behavioral health or community care plan
- If premium revenues indicate a limited set of covered services
- If they are omitted from the NAIC database of annual statements utilized for this report

The primary purpose of this report is to provide reference and benchmarking information for certain key administrative expense categories used in the day-to-day analysis of Medicaid MCO financial performance. The administrative expenses are summarized on a composite basis for all reporting MCOs. Additionally, this report explores the differences among various types of MCOs using available segmentation attributes defined from the reported financial statements. Because the detailed expense information reported in the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* is combined across all lines of business, we have restricted our analysis to MCOs categorized as “Medicaid focused.” This allows us to analyze the expense breakdown associated with true Medicaid experience.

The primary purpose of this report is to provide reference and benchmarking information for certain key administrative expense categories used in the day-to-day analysis of Medicaid MCO financial performance.

The target audiences of this report include state Medicaid agency and MCO personnel responsible for reviewing and monitoring the financial results of a risk-based managed care program.

This report is correlated with the financial analysis report “Medicaid risk-based managed care: Analysis of financial results for 2014,” which has been produced based on CY 2014 financial statement information. A copy of this report can be obtained from the Milliman website (<http://us.milliman.com/insight/2015/Medicaid-risk-based-managed-care-Analysis-of-financial-results-for-2014/>). This is the first issuance of this report, but we anticipate that it will be routinely updated on an annual basis.

¹ National Association of Insurance Commissioners Annual Statement Database, as delivered by SNL Financial, LC, all rights reserved.

MEDICAID FOCUSED AND MEDICAID OTHER MCOs

The related financial analysis report, “Medicaid risk-based managed care: Analysis of financial results for 2014,” contains analysis of key financial metrics for 182 MCOs that operate in the Medicaid line of business. Because of the detailed nature of this report and the aggregated level on which administrative costs are reported in financial statements, the results presented in this report are limited to MCOs that were defined as “Medicaid focused.”

MCOs participating in Medicaid managed care programs may be a “Medicaid focused” plan or may participate in programs other than Medicaid. Please note that the revenue amounts not listed under the Title XIX Medicaid line of business are considered non-Medicaid for purposes of this report. To the extent that Children Health Insurance Program (CHIP) costs are reported in a line of business other than Medicaid, a plan may be categorized as “Medicaid other.” “Medicaid focused” refers to any MCO reporting \$10 million or more of Medicaid revenue, but also reporting other lines of business making up less than 10% of the total revenue.

MCOs participating in Medicaid managed care programs may be a “Medicaid focused” plan or may participate in programs other than Medicaid.

Figure 1 compares the market share and administrative loss ratio (ALR) for “Medicaid focused” and “Medicaid other” MCOs.

FIGURE 1: MEDICAID FOCUSED VERSUS MEDICAID OTHER

CHARACTERISTICS	MEDICAID FOCUSED	MEDICAID OTHER	COMPOSITE
NUMBER OF MCOs	80	102	182
MEDICAID REVENUE (IN \$ BILLIONS)	\$55.8	\$54.8	\$110.6
MEDICAID ADMINISTRATIVE LOSS RATIO	12.3%	11.5%	11.9%

The remainder of this report summarizes the reported administrative costs for only the “Medicaid focused” MCOs. This limitation allows for a better understanding of the metrics by using true Medicaid experience.

SUMMARY OF RESULTS

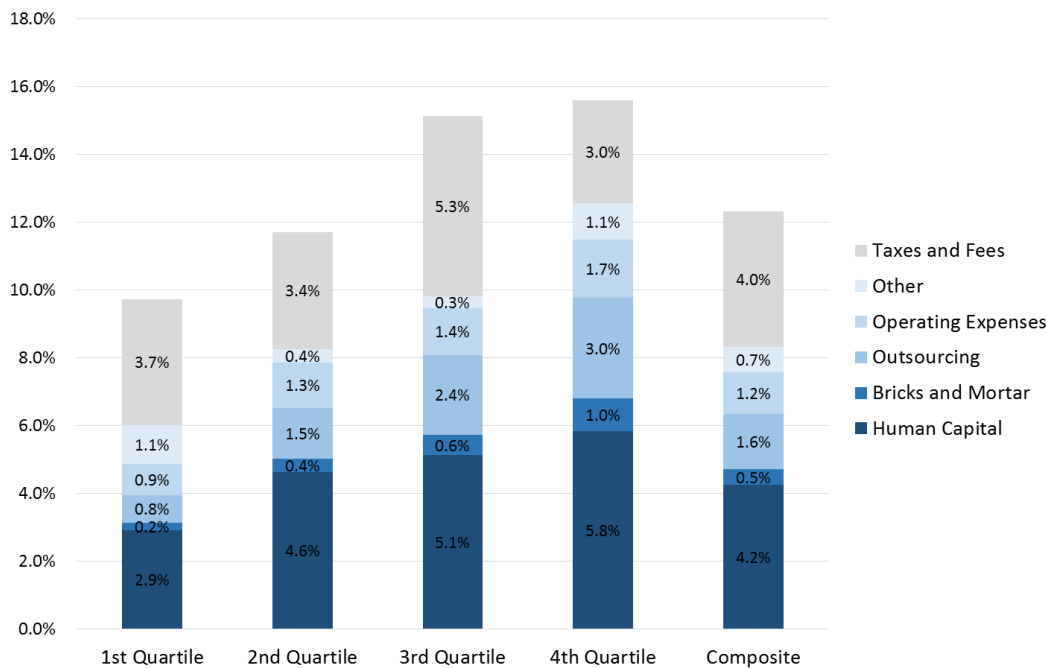
The CY 2014 annual statements for 32 states and territories comprising 80 MCOs were compiled to produce outcomes of key administrative expense categories for various company groupings. The distribution of results is summarized in this report to allow for user reference and benchmarking purposes.

The primary expense categories that are used in the *Analysis of Operations by Line of Business* page include the claim adjustment expenses (CAE) and general administrative expenses (GAE). The CAE and GAE categories are further stratified, illustrating additional subcategories of expenses for each in the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page, which is the basis of the administrative expense categories illustrated in this report. The primary metrics for each administrative category are the ALR and the per member per month (PMPM) administrative costs.

The CY 2014 annual statements for 32 states and territories comprising 80 MCOs were compiled to produce outcomes of key administrative expense categories for various company groupings.

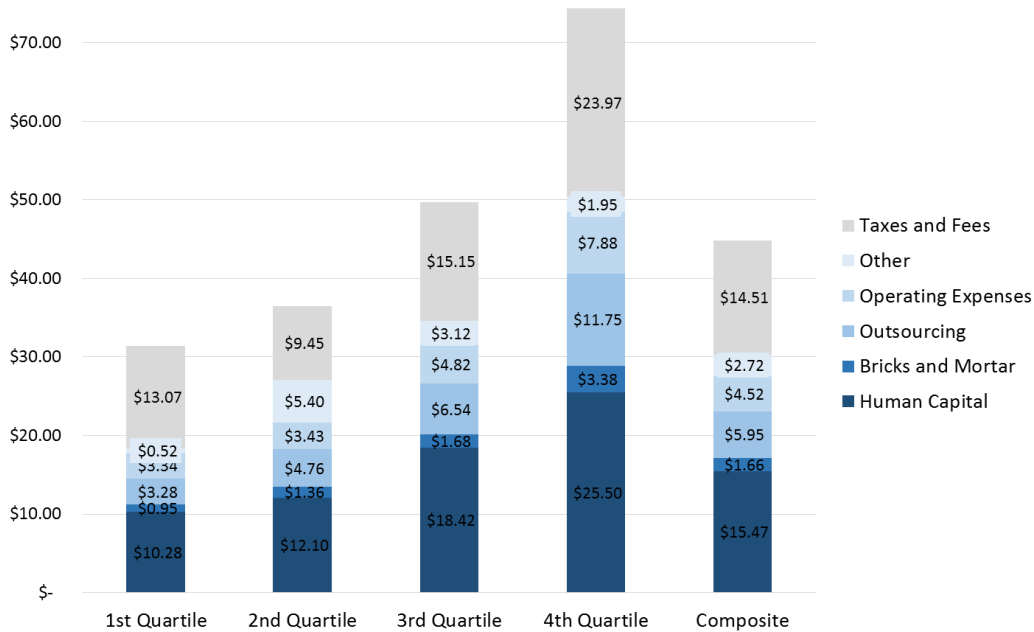
Figures 2 and 3 summarize the CY 2014 administrative expenses for the 80 companies meeting the criteria selected for this study. The administrative expenses are stratified by administrative cost categories summarized from the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page. Figure 2 illustrates the administrative costs on an ALR basis, while Figure 3 illustrates the administrative PMPM costs.

FIGURE 2: COMPOSITE ADMINISTRATIVE LOSS RATIO



Note: Companies were ranked and grouped by the ALR net of taxes and fees.

FIGURE 3: COMPOSITE ADMINISTRATIVE COSTS PMPM



Note: Companies were ranked and grouped by the administrative costs PMPM net of taxes and fees.

The results in Figures 2 and 3 illustrate the importance of analyzing the administrative costs net of taxes and fees, as there is significant variation in the taxes and fees between each quartile. Additionally, human capital and outsourcing appear to be significant components of the difference in the administrative costs between MCOs reporting lower administrative costs in the first and second quartiles and MCOs reporting higher administrative costs in the third and fourth quartiles.

Figure 4 summarizes the composite revenue and administrative expenses for the most recent five-year period for all companies matching the inclusion criteria indicated in this report. The companies in each year are not the same; however, the criteria used to select the companies are consistent from year to year. The revenue and expense categories have been limited to the Medicaid line of business and are based upon the information reported in the *Analysis of Operations by Line of Business* and the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* pages.

Human capital and outsourcing appear to be significant components of the difference in the administrative costs between MCOs.

FIGURE 4: COMPOSITE FINANCIAL RESULTS

CHARACTERISTICS	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
NUMBER OF COMPANIES	61	61	68	66	80
MEDICAID REVENUE (IN \$ BILLIONS)	\$28.7	\$31.3	\$34.8	\$33.1	\$55.8
MEMBER MONTHS (IN MILLIONS)	107	108	117	103	153
EXPENSE TYPE					
HUMAN CAPITAL	4.7%	4.6%	4.7%	4.7%	4.2%
BRICKS AND MORTAR	0.6%	0.6%	0.5%	0.5%	0.5%
OUTSOURCING	1.4%	1.4%	1.8%	1.8%	1.6%
OPERATING EXPENSES	1.5%	1.5%	1.4%	1.2%	1.2%
TAXES AND FEES	3.7%	4.1%	3.4%	3.4%	4.0%
OTHER	0.8%	0.8%	0.8%	0.8%	0.7%
TOTAL	12.8%	13.1%	12.6%	12.4%	12.3%
TOTAL – NET OF TAXES AND FEES					
	9.1%	9.0%	9.2%	9.0%	8.3%
TOTAL – NET OF TAXES AND FEES PMPM	\$24.19	\$25.87	\$27.24	\$28.89	\$30.32

Note: Values have been rounded.

Based upon Figure 4, the administrative loss ratio net of taxes and fees incurred by the “Medicaid focused” MCOs was consistent from CY 2010 to CY 2013, with an observed decline in CY 2014. However, the administrative cost PMPM has increased steadily from CY 2010 to CY 2014, including from CY 2013 to CY 2014. This decrease in the ALR combined with an increase in the administrative cost PMPM from CY 2013 to CY 2014 indicates that the administrative expenses did not increase at the same rate that revenue increased on a per-member basis.

A source of revenue that impacted CY 2014 experience, and will continue to affect future years, is the reporting of funds received to pay the ACA-required health insurer assessment fee. The timing of receipt and reporting of the health insurer assessment fee amounts by the MCOs in this report, and potential corporate income tax gross-ups, vary across states and reporting entities. It is possible that this or other ACA impacts has caused a material increase in the reported revenues and the administrative expenses in CY 2014.

Appendix 1 illustrates the mapping of Centers for Medicare and Medicaid Services (CMS) regions used in various groupings throughout this report.

Appendix 2 provides additional detail on the administrative loss ratio and administrative cost PMPM with respect to the “MCO Grouping” section of this report.

Appendix 3 provides the listing of each MCO as well as the company attributes assumed for purposes of the MCO groupings included in this report.

Appendix 4 provides the expense category assumptions included in this report.

METHODOLOGY

The expense categories used for purposes of this report included the claim adjustment expenses (CAE) and the general administrative expenses (GAE). Any administrative expenses reported in the Investment Expenses section of the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page are not included in this report. Further splits of the CAE and GAE based on information reported in the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page have been illustrated in the tables throughout this report, and these categories are described below.

The selected metric for analyzing the administrative expenses is the percent of revenue or administrative loss ratio (ALR). ALR is a common financial metric used to report and benchmark the financial performance of an MCO. The ALR represents the proportion of revenue that was used by the MCO to fund administrative expenses. The ALR is stated as a percentage with administrative expense in the numerator and revenue in the denominator.

In terms of the statutory annual statement, the ALR was defined as follows:

ALR =	<u>Claim Adjustment Expenses + General Administrative Expenses</u> Total Revenue
Where:	Claim Adjustment Expenses: Title XIX–Medicaid (P.7, L.19, C.8) General Administrative Expenses: Title XIX–Medicaid (P.7, L.20, C.8) Total Revenue: Title XIX–Medicaid (P.7, L.7, C.8)

The ALR requires interpretation and considerations, most notably the state and federal taxes levied on MCOs across the different states.

The administrative cost PMPM is the second metric for analyzing administrative expenses because of the fixed cost nature of certain components of the administrative expense. The administrative cost PMPM was defined as follows:

Admin PMPM =	<u>Claim Adjustment Expenses + General Administrative Expenses</u> Current Year Member Months
Where:	Claim Adjustment Expenses: Title XIX–Medicaid (P.7, L.19, C.8) General Administrative Expenses: Title XIX–Medicaid (P.7, L.20, C.8) Current Year Member Months: Title XIX Medicaid (P.30GT, L.6, C.9)

The administrative cost PMPM illustrated throughout the report is the administrative cost PMPM net of taxes and fees. Therefore, the administrative cost PMPM was calculated using the CAE and GAE net of taxes and fees.

The ALR requires interpretation and considerations, most notably the state and federal taxes levied on MCOs across the different states.

ADMINISTRATIVE EXPENSE CATEGORIES

For purposes of this report, the specific line items reported in the annual statement have been grouped into subcategories. The subcategories were selected to be intuitive groupings as well as meaningful with respect to their relative magnitudes.

The administrative expenses reported on the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page are broken out into 25 specific line items. These line items were grouped into six meaningful administrative expense categories to better illustrate the components of administrative cost incurred by the MCOs. The following descriptions outline each administrative expense category:

- **Human capital:** Administrative costs associated with the employment of MCO staff.
- **Bricks and mortar:** Administrative costs associated with maintaining the property the MCO uses to conduct business.
- **Outsourcing:** Administrative costs associated with functions outsourced to a third party.
- **Operating expenses:** Administrative costs associated with the day-to-day costs of running the MCO.
- **Taxes and fees:** Administrative costs associated with taxes and fees incurred by the MCO. Payroll taxes were assigned to the human capital category. Real estate taxes were assigned to the bricks and mortar category.
- **Other expenses:** Administrative costs for aggregate write-ins and reimbursements by uninsured plans and fiscal intermediaries. Reimbursements are excluded for “Medicaid focused” MCOs.

Appendix 4 illustrates the mapping from specific line items to the administrative expense categories.

The *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page illustrates administrative expenses across all lines of business. Throughout the figures illustrated in this report, the administrative costs in each administrative expense category were proportionally adjusted so the total Medicaid administrative expenses would match the amounts reported in the *Analysis of Operations by Line of Business* page.

Additionally, Line 19 and Line 20 of the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page, “Reimbursements by uninsured plans” and “Reimbursements from fiscal intermediaries,” were excluded from the administrative cost grouping, because these lines would likely be attributable to non-Medicaid business. To the extent that these line items contained reported administrative costs, those expenses were mapped to administrative expense categories consistent with the overall distribution of the other administrative costs for the MCO.

Because these adjustments were performed for figures including “Medicaid focused” MCOs only, the administrative expense category amounts illustrated will still approximate those for the Medicaid line of business, while reconciling to the Medicaid administrative loss ratio reported by the MCO in the *Analysis of Operations by Line of Business* page.

MCO GROUPING

MCOs reporting \$10 million or more in annual Medicaid (Title XIX) revenue, excluding specialized behavioral health and community care plans, were retained and categorized using certain key attributes. The attributes included the CMS region, annual Medicaid revenue, Medicaid revenue PMPM, affiliation type of MCO (independent or affiliated), MCO financial structure, pharmacy indicator, whether operating in a Medicaid expansion state, and underwriting (UW) gain or loss. The summaries by these attributes has been limited to MCOs that are defined as “Medicaid focused.”

The MCO groupings selected encompass plan characteristics that were available on the reported financial statements and may be expected to exhibit differing results for the selected administrative expense groupings. The groupings are defined in greater detail below. Certain groupings result in small sample sizes for MCOs of certain characteristics, which may cause volatility and uncertainty in the illustrated results.

CMS REGION

Administrative functions and premium revenue are believed to vary by geographic location. As such, it may be inferred that at least some portion of the administrative expense results for an MCO are correlated to the geographic area in which the MCO is participating.

Administrative functions and premium revenue are believed to vary by geographic location.

Figure 5 illustrates the geographic segmentation of MCOs. The region was defined using the CMS regional definitions illustrated in Appendix 1 of this report. These definitions were taken from the CMS website (<http://www.cms.hhs.gov>). The region grouping is not the specific level at which premiums or capitations are established, however, and this could diminish the value of correlation among financial results at this grouping level.

Plans operating in the states of California and Arizona (with the exception of one that filed an NAIC statement) are not included in this report, which is due to the lack of consistency in reporting and separate identifications of Medicaid experience on the financial statement page.

FIGURE 5: CMS REGION

CMS REGION	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT-SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
REGION 1	4	4.1%	0.4%	1.1%	0.9%	1.0%	0.1%	7.6%	6.6%	\$ 29.69
REGION 2	3	5.2%	0.4%	1.2%	1.5%	4.0%	0.6%	12.8%	8.8%	\$ 35.12
REGION 3	12	3.2%	0.3%	0.8%	0.9%	2.9%	2.3%	10.3%	7.4%	\$ 30.84
REGION 4	16	4.5%	0.5%	1.9%	1.3%	2.7%	1.0%	11.9%	9.2%	\$ 33.30
REGION 5	21	4.0%	0.4%	1.4%	1.3%	7.0%	0.2%	14.3%	7.3%	\$ 29.96
REGION 6	9	5.2%	0.7%	2.5%	1.5%	3.6%	0.3%	13.7%	10.2%	\$ 36.50
REGION 7	7	4.0%	0.4%	2.1%	1.1%	1.6%	0.2%	9.3%	7.8%	\$ 29.84
REGION 8	1	6.0%	0.3%	1.4%	0.8%	0.0%	0.4%	8.9%	8.9%	\$ 22.92
REGION 9	3	5.3%	0.5%	1.8%	0.8%	1.4%	1.1%	10.8%	9.4%	\$ 13.50
REGION 10	4	5.1%	0.7%	2.9%	1.6%	2.8%	0.3%	13.4%	10.6%	\$ 23.80

Note: MCOs in Arizona and California are not included in Region 9, with the exception of one MCO that filed an NAIC statement.

The ALR is highest in regions 5, 6, and 10. However, the removal of taxes and fees lowers the Region 5 ALR to among the lowest. Many regions include a small sample size that may affect the credibility of the results.

ANNUAL MEDICAID REVENUE

The annual revenue under which the MCO operates may be a contributing factor to the resulting administrative expenses summarized in this report. Administrative expense percentages are believed to vary based on MCO size because of fixed and variable expense structures.

The drawback of developing conclusions based on annual Medicaid revenue is that often MCOs, at the organization or parent company level, are larger than the Medicaid revenue they report in a given state program. The business in other programs such as Medicare and commercial or business in other states may provide the economies of scale to spread costs and create efficiencies. We have attempted to limit this potential impact by limiting to “Medicaid focused” MCOs.

FIGURE 6: ANNUAL MEDICAID REVENUE

ANNUAL MEDICAID REVENUE	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT-SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
\$10 TO \$150 MILLION	15	4.2%	0.5%	2.4%	1.4%	1.0%	1.6%	11.0%	10.0%	\$ 28.62
\$150 TO \$400 MILLION	24	4.7%	0.6%	2.3%	1.4%	3.1%	0.6%	12.6%	9.5%	\$ 28.92
\$400 MILLION TO \$1 BILLION	21	4.9%	0.4%	1.8%	1.3%	3.5%	0.5%	12.4%	9.0%	\$ 29.96
MORE THAN \$1 BILLION	20	3.9%	0.4%	1.4%	1.2%	4.5%	0.8%	12.2%	7.7%	\$ 30.98

The results shown in Figure 6 indicate that the outsourcing component of the administrative costs declines as the MCO revenue increases, which is likely attributable to larger MCOs attaining the critical mass necessary to perform certain administrative functions in-house. Additionally, companies with the largest amount of revenue have the smallest ALR after removing applicable taxes and fees but the highest administrative cost PMPM. This phenomenon may be attributable to larger MCOs serving more complex and costly populations such as the disabled population.

MEDICAID REVENUE PMPM

Within Medicaid, there are various population types that observe significantly different claim costs. For example, the average claims PMPM for a typical Temporary Assistance for Needy Families (TANF) population is expected to be significantly less than for a disabled population. The segmentation of population was not available in the data used in this report. As such, the revenue PMPM was used as a proxy to indicate different population morbidities. The specific categories were based upon similar splits utilized in the corresponding financial performance report, “Medicaid risk-based managed care: Analysis of financial results for 2014.” The trend in states transitioning certain long-term care services into managed care may have applied upward pressure on the revenue PMPMs observed across the plans included in this report.

FIGURE 7: MEDICAID REVENUE PMPM

MEDICAID REVENUE PMPM	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT-SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
LESS THAN \$275	23	5.0%	0.7%	2.6%	1.5%	2.3%	0.7%	12.7%	10.4%	\$ 22.69
\$275 TO \$400	34	4.4%	0.4%	1.4%	1.2%	5.1%	0.3%	12.9%	7.8%	\$ 28.02
MORE THAN \$400	23	3.8%	0.4%	1.4%	1.1%	3.6%	1.2%	11.5%	8.0%	\$ 41.59

The results in Figure 7 indicate that the ALR net of taxes and fees is higher for MCOs with PMPM revenue less than \$275. This result is consistent with the concept that the administrative costs incurred by an MCO include a level of both fixed and variable costs, resulting in a higher ALR for lower-cost populations. The ALR for MCOs with \$275 to \$400 revenue PMPM and those over \$400 revenue PMPM varies by only 0.2% in CY 2014.

AFFILIATION TYPE OF MCO (INDEPENDENT OR AFFILIATED)

The annual statements of MCOs are reported at the legal entity level. Many MCOs create separate legal entities for the Medicaid line of business. This practice complicates a comparison of MCOs by total revenue or organizational size. These complications can be mitigated somewhat by using parent company information for the MCO legal entity, located on the jurat page of the annual statement.

Many researchers and analysts believe that an MCO that is affiliated with a larger organization will benefit from administrative efficiencies and other economies of scale because of its resource-sharing and overhead allocation capabilities. The economies of scale could also extend to claim items such as national prescription benefit management (PBM) contracts or stop-loss reinsurance contracts.

FIGURE 8: MCO AFFILIATION TYPE

MCO AFFILIATION TYPE	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT-SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
INDEPENDENT	16	4.0%	0.3%	1.4%	0.9%	0.6%	0.9%	8.1%	7.5%	\$ 21.86
AFFILIATED	64	4.3%	0.5%	1.7%	1.3%	4.5%	0.7%	13.0%	8.5%	\$ 32.06

The results shown in Figure 8 do not indicate that MCOs that are affiliated with larger organizations experience ALR values that are, on average, lower than the independent MCOs. To the contrary, the results indicate a higher average ALR for an MCO that is affiliated with a larger organization. These percentages are closer after removing taxes and fees, but are still 1.0% different. The small sample size of independent MCOs may affect this result.

MCO FINANCIAL STRUCTURE (PROFIT OR NONPROFIT)

The MCO financial structure was defined using the company type found on the jurat page of the annual statement. The segmentation of the financial structure includes for-profit and nonprofit MCOs.

The financial structure of an MCO is thought by some to be correlated to its resulting financial performance. For example, for-profit companies could be assumed to require lower ALRs to provide a greater return on investment for shareholders while nonprofit companies may be generally focused on a sufficient contribution to surplus to allow for ongoing research and development as well as other capital initiatives.

FIGURE 9: MCO FINANCIAL STRUCTURE

FINANCIAL STRUCTURE	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT-SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
FOR-PROFIT	62	4.5%	0.5%	1.9%	1.3%	4.0%	0.9%	13.0%	9.0%	\$ 34.05
NONPROFIT	18	3.6%	0.3%	1.0%	1.1%	4.0%	0.4%	10.4%	6.3%	\$ 20.78

The results shown in Figure 9 indicate that the for-profit MCOs exhibit a higher ALR compared with nonprofit MCOs, which appears to be driven mainly by payment for human capital and outsourcing activities. The low sample size for nonprofit MCOs may affect this result.

PHARMACY INDICATOR

Pharmacy benefits typically make up 20% to 25% of the total claim cost for Medicaid beneficiaries enrolled in managed care. Certain states include pharmacy within the capitation rate while others carve this and potentially other services out of the capitation agreement and make separate arrangements for their payment.

The purpose of reporting the administrative expense results for programs with or without pharmacy benefits in the capitation rates is due to the potential impact of the unique administrative structure of the pharmacy benefits.

FIGURE 10: PHARMACY INDICATOR

PHARMACY INDICATOR	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT-SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
PHARMACY INCLUDED	72	4.2%	0.5%	1.6%	1.2%	3.9%	0.8%	12.2%	8.3%	\$ 30.65
PHARMACY EXCLUDED	8	5.4%	0.4%	1.6%	1.4%	4.5%	0.3%	13.7%	9.2%	\$ 27.13

As indicated in Figure 10, the resulting mean values vary for MCOs that include pharmacy as compared with MCOs that carve out pharmacy. This result is intuitive as many believe that pharmacy benefits require less claim administration cost (as a percentage of revenue) to operate through the use of a pharmacy benefit manager (PBM).

MEDICAID EXPANSION STATES

The ACA provided states with the ability to expand coverage under Medicaid beginning in 2014. During calendar year 2014 we identified 26 states plus the District of Columbia that expanded Medicaid coverage. We have summarized the financial metrics for MCOs operating in states that expanded Medicaid coverage versus those that did not (as of December 31, 2014). It is believed that additional administrative functions may be required to operate the Medicaid expansion program in states that have opted to expand. Although there is a slight difference in the performance of plans across the split, there is not a direct relationship that can be drawn across the MCOs. Also of note is that despite the expansion of Medicaid coverage in 2014, the enrollees may not be completely enrolled in managed care on December 31.

FIGURE 11: STATE MEDICAID EXPANSION

STATE EXPANSION/ NO EXPANSION	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT- SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
EXPANSION STATE	40	4.2%	0.5%	1.5%	1.3%	4.7%	0.4%	12.6%	7.9%	\$ 29.60
NON-EXPANSION STATE	40	4.2%	0.5%	1.8%	1.1%	3.1%	1.2%	11.9%	8.8%	\$ 31.18

As this may not be a causal relationship, Figure 11 illustrates the difference in administrative expenses in managed care where states have opted to expand the Medicaid program under the ACA.

REPORTED GAIN OR LOSS

The MCO gain/(loss) is defined using the underwriting gain line item in the annual statement. MCOs reporting a positive value are included in the “Gain” grouping while MCOs reporting a negative value are included in the “Loss” grouping. This segmentation is intended to review the resulting administrative expense ratio values and determine whether the administrative expense appeared to be an indication of an MCO report of a gain or loss.

It is intuitive that MCOs reporting an underwriting gain would have lower ALRs than those reporting an underwriting loss. This segmentation is intended to review the average values, and to observe the relative contributions of each component to the gain or loss position.

FIGURE 12: MCO GAIN/LOSS

MCO GAIN / (LOSS)	N	HUMAN CAPITAL	BRICKS & MORTAR	OUT- SOURCING	OPERATING EXPENSES	TAXES AND FEES	OTHER	TOTAL	TOTAL – NET OF TAXES AND FEES	ADMIN PMPM – NET OF TAXES AND FEES
REPORTED A GAIN	50	4.1%	0.4%	1.4%	1.2%	4.3%	0.9%	12.3%	8.0%	\$ 29.50
REPORTED A LOSS	30	4.9%	0.7%	2.4%	1.4%	2.7%	0.3%	12.3%	9.6%	\$ 33.05

As observed in Figure 12, the mean values of the ALRs do not vary in total, but do have a significant difference after removing the effect of the taxes and fees. MCOs that reported a gain spent a lower percentage of revenue on all administrative expense categories, particularly the human capital and outsourcing categories.

CONCLUSION

Risk-based managed care represents a large portion of total Medicaid expenditures for CY 2014 and the amount of expenditures will continue to grow as Medicaid expansion programs trend to ultimate enrollment numbers and states continue to transition members out of fee-for-service environments. MCOs are an integral part of this delivery system and their financial results will help us understand the continued sustainability of risk-based managed care.

Reviewing the administrative expense structure for various companies will help us understand the efficiency and sustainability of risk-based managed care. The results provide reference and benchmarking information for administrative expense categories used in the day-to-day analysis of Medicaid MCO financial and administrative performance. The results observed for the MCOs were volatile in nature but did suggest certain correlations among the various MCO characteristics selected for this study.

It will be important to monitor the results over time as the world of healthcare finance continues to evolve and pose new challenges.

The results observed for the MCOs were volatile in nature but did suggest certain correlations among the various MCO characteristics selected for this study.

LIMITATIONS AND DATA RELIANCE

The results contained in this report were compiled using data and information obtained from the statutory annual statements for Medicaid MCOs filed with the respective state insurance regulators. The annual statements were retrieved as of May 21, 2015, from an online database. In addition to the limiting criteria used to select companies in this report, certain MCOs may be omitted from this report because of the timing of annual statement submissions or their exclusions from the online database. For example, California and Arizona are known to operate managed care programs, but are not included in this report (with the exception of one program, which filed an NAIC statement) because there were no annual statements found in the online database for them.

The information was relied upon as reported and without audit. We performed a limited review of the data for reasonableness and consistency. To the extent that the data reported contained material errors or omissions, the values contained within this report would likewise contain similar reporting errors.

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The views expressed in this research paper are made by the authors and do not represent the opinions of Milliman, Inc. Other Milliman consultants may hold different views.

QUALIFICATIONS

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report.

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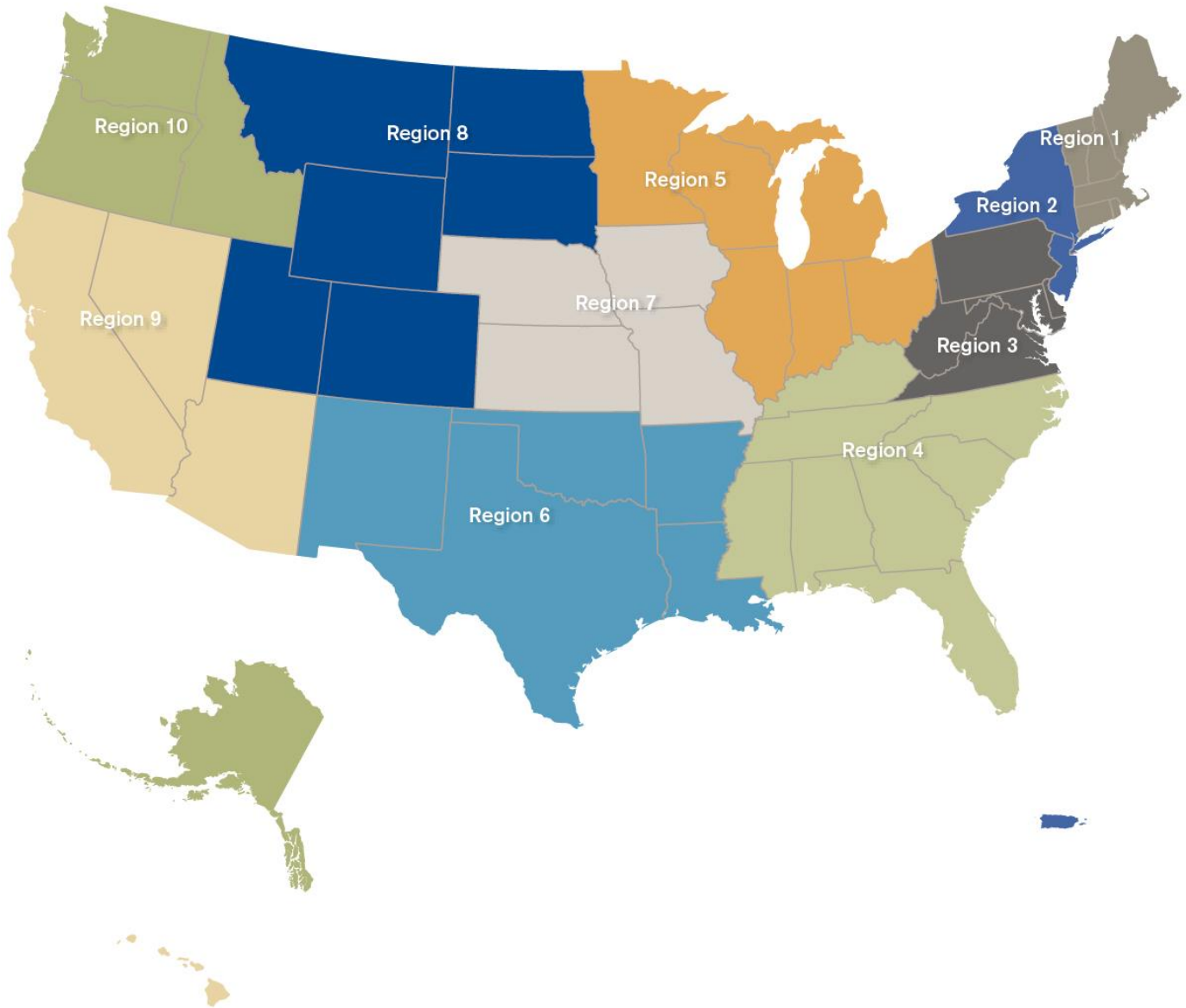
All authors have developed an expertise in the financial forecasting, pricing, reporting, and reserving of all types of health insurance, including for Medicaid and commercial populations. Much of Mr. Palmer's, Mr. Pettit's, and Mr. McCulla's experience is focused on Medicaid managed care consulting for both state Medicaid programs and Medicaid managed care plans in approximately 15 states.

ACKNOWLEDGEMENTS

The authors gratefully acknowledge Mr. Justin Birrell, FSA, MAAA, principal and consulting actuary in the Seattle office of Milliman, for his peer review and comments during the writing of this report.

Additionally, the authors express gratitude to the health actuarial staff in the Indianapolis office of Milliman for their data mining and statistical support during the writing of this report.

APPENDIX 1



APPENDIX 2

ADMINISTRATIVE LOSS RATIO: CY 2014 RESULTS

MCO GROUPING	CATEGORY	N	Revenue		PERCENTILE				
			(in \$ billions)	MEAN	10 TH	25 TH	50 TH	75 TH	90 TH
COMPOSITE	COMPOSITE	80	55.8	12.3%	7.8%	9.1%	12.5%	14.9%	16.7%
CMS REGION	REGION 1	4	2.8	7.6%	6.9%	8.0%	10.9%	13.3%	13.5%
	REGION 2	3	3.0	12.8%	12.7%	12.8%	13.0%	13.6%	14.0%
	REGION 3	12	8.9	10.3%	8.4%	9.0%	11.9%	15.5%	16.3%
	REGION 4	16	11.6	11.9%	8.0%	9.1%	11.9%	14.6%	16.1%
	REGION 5	21	16.3	14.3%	7.1%	11.2%	13.6%	15.9%	17.9%
	REGION 6	9	6.4	13.7%	9.9%	11.6%	13.3%	15.7%	17.7%
	REGION 7	7	3.1	9.3%	8.3%	9.1%	10.2%	11.9%	14.1%
	REGION 8	1	0.0	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
	REGION 9	3	1.4	10.8%	8.2%	8.2%	8.7%	12.8%	15.5%
	REGION 10	4	2.4	13.4%	7.6%	8.2%	11.3%	14.0%	14.1%
ANNUAL REVENUE	\$10 TO \$150 MILLION	15	1.2	11.0%	7.3%	8.5%	11.0%	13.9%	15.0%
	\$150 TO \$400 MILLION	24	6.8	12.6%	9.2%	10.5%	13.1%	14.2%	15.9%
	\$400 MILLION TO \$1 BILLION	21	14.7	12.4%	8.2%	8.6%	13.3%	16.1%	16.6%
	MORE THAN \$1 BILLION	20	33.2	12.2%	7.3%	8.9%	12.7%	15.3%	18.0%
REVENUE PMPM	LESS THAN \$275	23	9.8	12.7%	8.2%	9.2%	11.1%	14.2%	16.4%
	\$275 TO \$400	34	23.2	12.9%	8.7%	11.2%	13.3%	14.5%	15.9%
	MORE THAN \$400	23	22.8	11.5%	6.9%	8.2%	11.2%	16.3%	17.9%
MCO AFFILIATION TYPE	INDEPENDENT	16	7.6	8.1%	7.1%	8.3%	8.8%	11.3%	13.6%
	AFFILIATED	64	48.2	13.0%	8.1%	10.0%	13.4%	15.3%	17.1%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	62	41.7	13.0%	8.3%	10.0%	13.4%	15.4%	17.1%
	NONPROFIT	18	14.1	10.4%	6.5%	7.8%	9.0%	13.0%	14.2%
PHARMACY INDICATOR	INCLUDED	72	51.6	12.2%	7.6%	8.9%	12.6%	14.9%	16.8%
	EXCLUDED	8	4.2	13.7%	9.0%	10.1%	11.9%	15.2%	16.1%
EXPANSION STATUS	EXPANSION STATE	40	31.1	12.6%	7.1%	8.5%	12.4%	15.2%	17.7%
	NON-EXPANSION STATE	40	24.7	11.9%	8.3%	9.6%	12.6%	14.6%	16.2%
GAIN / (LOSS) POSITION	REPORTED A GAIN	50	43.6	12.3%	7.9%	8.8%	11.8%	15.0%	16.7%
	REPORTED A LOSS	30	12.2	12.3%	7.7%	9.7%	13.4%	14.8%	16.7%

ADMINISTRATIVE LOSS RATIO NET OF TAXES: CY 2014 RESULTS

MCO GROUPING	CATEGORY	N	Revenue		PERCENTILE				
			(in \$ billions)	MEAN	10 TH	25 TH	50 TH	75 TH	90 TH
COMPOSITE	COMPOSITE	80	55.8	8.3%	6.1%	7.3%	8.7%	11.0%	12.9%
CMS REGION	REGION 1	4	2.8	6.6%	6.1%	6.4%	8.8%	11.1%	11.1%
	REGION 2	3	3.0	8.8%	8.5%	8.6%	9.0%	11.5%	13.1%
	REGION 3	12	8.9	7.4%	6.2%	7.1%	8.7%	11.2%	13.1%
	REGION 4	16	11.6	9.2%	6.1%	7.3%	9.7%	11.7%	12.9%
	REGION 5	21	16.3	7.3%	5.3%	6.6%	8.1%	9.5%	10.8%
	REGION 6	9	6.4	10.2%	8.0%	8.8%	9.9%	11.2%	13.2%
	REGION 7	7	3.1	7.8%	6.6%	7.6%	9.2%	10.9%	12.7%
	REGION 8	1	0.0	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
	REGION 9	3	1.4	9.4%	8.2%	8.2%	8.5%	10.3%	11.5%
	REGION 10	4	2.4	10.6%	7.5%	8.1%	9.4%	10.7%	11.3%
ANNUAL REVENUE	\$10 TO \$150 MILLION	15	1.2	10.0%	6.9%	7.8%	9.8%	11.5%	13.3%
	\$150 TO \$400 MILLION	24	6.8	9.5%	6.4%	8.0%	9.9%	11.5%	13.2%
	\$400 MILLION TO \$1 BILLION	21	14.7	9.0%	6.0%	7.0%	8.7%	10.8%	12.3%
	MORE THAN \$1 BILLION	20	33.2	7.7%	6.0%	6.9%	8.1%	9.4%	10.6%
REVENUE PMPM	LESS THAN \$275	23	9.8	10.4%	7.6%	8.3%	9.9%	11.8%	13.4%
	\$275 TO \$400	34	23.2	7.8%	5.6%	7.6%	8.6%	10.7%	11.7%
	MORE THAN \$400	23	22.8	8.0%	5.8%	6.4%	7.9%	9.9%	12.5%
MCO AFFILIATION TYPE	INDEPENDENT	16	7.6	7.5%	6.5%	7.6%	8.4%	10.9%	12.7%
	AFFILIATED	64	48.2	8.5%	6.0%	7.3%	9.1%	10.9%	12.8%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	62	41.7	9.0%	6.4%	7.9%	9.7%	11.5%	13.2%
	NONPROFIT	18	14.1	6.3%	5.5%	6.4%	7.6%	8.2%	8.6%
PHARMACY INDICATOR	INCLUDED	72	51.6	8.3%	6.0%	7.2%	8.6%	11.0%	12.6%
	EXCLUDED	8	4.2	9.2%	8.0%	8.6%	9.6%	10.7%	12.4%
EXPANSION STATUS	EXPANSION STATE	40	31.1	7.9%	5.6%	6.9%	8.2%	10.1%	11.5%
	NON-EXPANSION STATE	40	24.7	8.8%	6.6%	8.1%	9.5%	11.6%	13.6%
GAIN / (LOSS) POSITION	REPORTED A GAIN	50	43.6	8.0%	6.0%	7.0%	8.4%	10.0%	11.4%
	REPORTED A LOSS	30	12.2	9.6%	6.8%	8.2%	10.3%	12.3%	14.1%

ADMINISTRATIVE COSTS PMPM: CY 2014 RESULTS

MCO GROUPING	CATEGORY	N	Revenue		PERCENTILE				
			(in \$ billions)	MEAN	10 TH	25 TH	50 TH	75 TH	90 TH
COMPOSITE	COMPOSITE	80	55.8	\$ 44.83	\$ 22.87	\$ 31.45	\$ 41.91	\$ 54.04	\$ 78.59
CMS REGION	REGION 1	4	2.8	\$ 34.22	\$ 31.85	\$ 39.89	\$ 45.33	\$ 46.59	\$ 47.11
	REGION 2	3	3.0	\$ 50.90	\$ 49.86	\$ 50.81	\$ 52.85	\$ 58.53	\$ 62.21
	REGION 3	12	8.9	\$ 42.87	\$ 31.06	\$ 34.81	\$ 39.59	\$ 55.81	\$ 64.51
	REGION 4	16	11.6	\$ 43.17	\$ 29.60	\$ 33.62	\$ 41.58	\$ 50.47	\$ 76.09
	REGION 5	21	16.3	\$ 58.61	\$ 24.69	\$ 40.75	\$ 51.20	\$ 72.64	\$ 112.19
	REGION 6	9	6.4	\$ 49.22	\$ 26.19	\$ 35.35	\$ 40.33	\$ 53.40	\$ 100.35
	REGION 7	7	3.1	\$ 35.80	\$ 22.53	\$ 25.37	\$ 32.14	\$ 44.71	\$ 53.43
	REGION 8	1	0.0	\$ 22.98	\$ 22.98	\$ 22.98	\$ 22.98	\$ 22.98	\$ 22.98
	REGION 9	3	1.4	\$ 15.55	\$ 11.76	\$ 15.76	\$ 22.59	\$ 30.74	\$ 35.73
	REGION 10	4	2.4	\$ 30.20	\$ 19.31	\$ 19.70	\$ 24.61	\$ 30.22	\$ 31.90
ANNUAL REVENUE	\$10 TO \$150 MILLION	15	1.2	\$ 31.45	\$ 18.29	\$ 22.53	\$ 37.78	\$ 43.97	\$ 52.13
	\$150 TO \$400 MILLION	24	6.8	\$ 38.30	\$ 24.32	\$ 29.57	\$ 38.36	\$ 48.58	\$ 91.48
	\$400 MILLION TO \$1 BILLION	21	14.7	\$ 41.57	\$ 26.19	\$ 36.28	\$ 48.58	\$ 65.77	\$ 103.49
	MORE THAN \$1 BILLION	20	33.2	\$ 48.98	\$ 30.07	\$ 36.57	\$ 45.98	\$ 58.44	\$ 86.02
REVENUE PMPM	LESS THAN \$275	23	9.8	\$ 27.77	\$ 15.12	\$ 22.05	\$ 28.03	\$ 35.14	\$ 41.36
	\$275 TO \$400	34	23.2	\$ 46.38	\$ 29.25	\$ 36.97	\$ 45.42	\$ 51.93	\$ 57.77
	MORE THAN \$400	23	22.8	\$ 60.14	\$ 37.22	\$ 43.76	\$ 63.75	\$ 86.80	\$ 136.47
MCO AFFILIATION TYPE	INDEPENDENT	16	7.6	\$ 23.56	\$ 15.16	\$ 22.73	\$ 29.83	\$ 37.01	\$ 48.03
	AFFILIATED	64	48.2	\$ 49.21	\$ 27.51	\$ 36.20	\$ 44.91	\$ 58.31	\$ 99.81
MCO FINANCIAL STRUCTURE	FOR-PROFIT	62	41.7	\$ 49.08	\$ 27.54	\$ 35.91	\$ 43.98	\$ 59.35	\$ 102.13
	NONPROFIT	18	14.1	\$ 33.96	\$ 13.26	\$ 22.14	\$ 32.39	\$ 45.05	\$ 50.03
PHARMACY INDICATOR	INCLUDED	72	51.6	\$ 45.28	\$ 23.99	\$ 33.90	\$ 43.36	\$ 54.73	\$ 88.88
	EXCLUDED	8	4.2	\$ 40.51	\$ 17.17	\$ 23.06	\$ 29.26	\$ 43.29	\$ 56.78
EXPANSION STATUS	EXPANSION STATE	40	31.1	\$ 47.15	\$ 22.26	\$ 34.69	\$ 44.17	\$ 57.98	\$ 110.16
	NON-EXPANSION STATE	40	24.7	\$ 42.10	\$ 24.41	\$ 29.99	\$ 41.60	\$ 51.90	\$ 65.24
GAIN / (LOSS) POSITION	REPORTED A GAIN	50	43.6	\$ 45.59	\$ 23.88	\$ 34.23	\$ 42.94	\$ 53.24	\$ 76.55
	REPORTED A LOSS	30	12.2	\$ 42.34	\$ 21.75	\$ 29.53	\$ 40.84	\$ 53.87	\$ 87.44

ADMINISTRATIVE COSTS PMPM NET OF TAXES: CY 2014 RESULTS

MCO GROUPING	CATEGORY	N	Revenue		PERCENTILE				
			(in \$ billions)	MEAN	10 TH	25 TH	50 TH	75 TH	90 TH
COMPOSITE	COMPOSITE	80	55.8	\$ 30.32	\$ 18.50	\$ 23.86	\$ 31.29	\$ 38.61	\$ 57.41
CMS REGION	REGION 1	4	2.8	\$ 29.69	\$ 28.35	\$ 32.94	\$ 35.91	\$ 37.25	\$ 38.89
	REGION 2	3	3.0	\$ 35.12	\$ 33.33	\$ 34.13	\$ 36.78	\$ 49.90	\$ 58.57
	REGION 3	12	8.9	\$ 30.84	\$ 23.73	\$ 27.44	\$ 33.66	\$ 38.44	\$ 43.95
	REGION 4	16	11.6	\$ 33.30	\$ 23.44	\$ 26.95	\$ 34.36	\$ 38.72	\$ 58.60
	REGION 5	21	16.3	\$ 29.96	\$ 16.10	\$ 22.25	\$ 31.02	\$ 43.70	\$ 82.34
	REGION 6	9	6.4	\$ 36.50	\$ 21.19	\$ 26.61	\$ 30.37	\$ 40.18	\$ 69.88
	REGION 7	7	3.1	\$ 29.84	\$ 19.16	\$ 22.39	\$ 28.96	\$ 37.55	\$ 42.49
	REGION 8	1	0.0	\$ 22.92	\$ 22.92	\$ 22.92	\$ 22.92	\$ 22.92	\$ 22.92
	REGION 9	3	1.4	\$ 13.50	\$ 11.76	\$ 15.76	\$ 22.01	\$ 25.01	\$ 26.56
	REGION 10	4	2.4	\$ 23.80	\$ 19.14	\$ 19.58	\$ 21.98	\$ 24.22	\$ 24.38
ANNUAL REVENUE	\$10 TO \$150 MILLION	15	1.2	\$ 28.62	\$ 18.33	\$ 21.12	\$ 32.14	\$ 38.01	\$ 43.38
	\$150 TO \$400 MILLION	24	6.8	\$ 28.92	\$ 18.22	\$ 23.48	\$ 28.38	\$ 35.77	\$ 82.40
	\$400 MILLION TO \$1 BILLION	21	14.7	\$ 29.96	\$ 19.16	\$ 26.02	\$ 35.48	\$ 38.82	\$ 79.54
	MORE THAN \$1 BILLION	20	33.2	\$ 30.98	\$ 22.76	\$ 25.71	\$ 32.06	\$ 39.70	\$ 46.86
REVENUE PMPM	LESS THAN \$275	23	9.8	\$ 22.69	\$ 14.99	\$ 19.00	\$ 24.40	\$ 29.46	\$ 34.50
	\$275 TO \$400	34	23.2	\$ 28.02	\$ 19.77	\$ 23.89	\$ 30.94	\$ 37.58	\$ 40.48
	MORE THAN \$400	23	22.8	\$ 41.59	\$ 28.37	\$ 35.39	\$ 42.91	\$ 62.97	\$ 112.90
MCO AFFILIATION TYPE	INDEPENDENT	16	7.6	\$ 21.86	\$ 14.57	\$ 20.36	\$ 28.94	\$ 35.38	\$ 41.30
	AFFILIATED	64	48.2	\$ 32.06	\$ 20.21	\$ 24.97	\$ 32.08	\$ 39.74	\$ 71.87
MCO FINANCIAL STRUCTURE	FOR-PROFIT	62	41.7	\$ 34.05	\$ 21.58	\$ 26.28	\$ 34.14	\$ 40.82	\$ 74.02
	NONPROFIT	18	14.1	\$ 20.78	\$ 13.14	\$ 18.47	\$ 22.11	\$ 28.55	\$ 34.61
PHARMACY INDICATOR	INCLUDED	72	51.6	\$ 30.65	\$ 19.60	\$ 24.23	\$ 32.25	\$ 39.72	\$ 65.41
	EXCLUDED	8	4.2	\$ 27.13	\$ 16.27	\$ 19.51	\$ 26.88	\$ 32.95	\$ 35.93
EXPANSION STATUS	EXPANSION STATE	40	31.1	\$ 29.60	\$ 17.90	\$ 22.11	\$ 29.30	\$ 40.47	\$ 74.44
	NON-EXPANSION STATE	40	24.7	\$ 31.18	\$ 20.58	\$ 25.77	\$ 33.44	\$ 37.17	\$ 49.72
GAIN / (LOSS) POSITION	REPORTED A GAIN	50	43.6	\$ 29.50	\$ 18.85	\$ 23.74	\$ 31.56	\$ 37.63	\$ 50.10
	REPORTED A LOSS	30	12.2	\$ 33.05	\$ 19.59	\$ 23.94	\$ 31.85	\$ 44.24	\$ 80.64

APPENDIX 3

MCO GROUPING ASSUMPTIONS, 2014

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
ARIZONA	MERCY MARICOPA INTEGRATED CARE	REGION 9	\$400M TO \$1 B	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION
COLORADO	ROCKY MTN HLTH MAINTENANCE ORG	REGION 8	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
DISTRICT OF COLUMBIA	AMERIHEALTH DC INC.	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
DISTRICT OF COLUMBIA	TRUSTED HEALTH PLAN	REGION 3	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION
FLORIDA	AIDS HLTHCR FNDTN MCO OF FL	REGION 4	\$10M TO \$150M	\$400+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	AMERIGROUP FLORIDA INC.	REGION 4	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
FLORIDA	COVENTRY HEALTH CARE OF FL INC	REGION 4	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	FLORIDA MHS INC.	REGION 4	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	FREEDOM HEALTH INC.	REGION 4	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	HUMANA MEDICAL PLAN INC.	REGION 4	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	MEDICA HEALTH PLANS OF FL INC.	REGION 4	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
FLORIDA	MOLINA HEALTHCARE OF FL INC.	REGION 4	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	PREFERRED CARE PARTNERS INC.	REGION 4	\$10M TO \$150M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
FLORIDA	PREFERRED MEDICAL PLAN INC.	REGION 4	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	SIMPLY HEALTHCARE PLANS INC.	REGION 4	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
FLORIDA	SUNSHINE HEALTH	REGION 4	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
FLORIDA	UNITEDHEALT HCARE OF FL INC.	REGION 4	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
FLORIDA	WELLCARE OF FLORIDA INC.	REGION 4	\$1 B+	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
GEORGIA	AMGP GEORGIA MANAGED CARE CO.	REGION 4	\$400M TO \$1 B	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
GEORGIA	PEACH STATE HEALTH PLAN INC.	REGION 4	\$1 B+	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
GEORGIA	WELLCARE OF GEORGIA INC.	REGION 4	\$1 B+	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
HAWAII	ALOHACARE	REGION 9	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
HAWAII	HAWAII MEDICAL SERVICE ASSN.	REGION 9	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION
HAWAII	KAISER FNDTN HLTH PLAN INC. HI	REGION 9	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
HAWAII	WELLCARE HEALTH INS OF AZ INC.	REGION 9	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
ILLINOIS	AETNA BETTER HLTH INC. (IL)	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
ILLINOIS	HARMONY HEALTH PLANS OF IL INC	REGION 5	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
ILLINOIS	HEALTH ALLIANCE CONNECT INC.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
ILLINOIS	HEALTH ALLIANCE MED PLANS INC.	REGION 5	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
ILLINOIS	HEALTHSPRING OF TENNESSEE INC.	REGION 5	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
ILLINOIS	ILLINICARE HEALTH	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
ILLINOIS	MERIDIAN HEALTH PLAN OF IL INC	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
ILLINOIS	MOLINA HEALTHCARE OF IL INC	REGION 5	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
INDIANA	ANTHEM INSURANCE COMPANIES INC	REGION 5	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	EXPANSION
INDIANA	MDWISE INC.	REGION 5	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - NO	GAIN	EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
IOWA	MERIDIAN HEALTH PLAN OF IA INC	REGION 7	\$10M TO \$150M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	EXPANSION
KANSAS	AMERIGROUP KANSAS INC.	REGION 7	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
KANSAS	SUNFLOWER STATE HLTH PLAN INC.	REGION 7	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
KANSAS	UNITEDHEALT HCARE OF THE MW INC	REGION 7	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
KENTUCKY	ANTHEM HEALTH PLANS OF KY INC.	REGION 4	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
KENTUCKY	ANTHEM KY MNGD CARE PLAN INC.	REGION 4	\$10M TO \$150M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
KENTUCKY	COVENTRY HEALTH & LIFE INS CO.	REGION 4	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
KENTUCKY	HUMANA HEALTH PLAN INC.	REGION 4	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
KENTUCKY	UNIVERSITY HEALTH CARE INC.	REGION 4	\$1 B+	\$400+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION
KENTUCKY	WELLCARE HLTH INS CO. OF KY	REGION 4	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
LOUISIANA	AMERIGROUP LOUISIANA INC.	REGION 6	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
LOUISIANA	AMERIHEALTH CARITAS LA INC.	REGION 6	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
LOUISIANA	LA HEALTHCARE CONNECTIONS INC.	REGION 6	\$400M TO \$1 B	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
MARYLAND	AMERIGROUP MARYLAND INC.	REGION 3	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MARYLAND	KAISER FOUNDATION HEALTH PLAN	REGION 3	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MARYLAND	MEDSTAR FAMILY CHOICE INC.	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MARYLAND	UNITEDHEALT HCARE	REGION 3	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
MASSACHUSETTS	BOSTON MED CENTER HEALTH PLAN	REGION 1	\$1 B+	\$400+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
MASSACHUSETTS	CELTICARE HLTH PLAN OF MA INC.	REGION 1	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MASSACHUSETTS	FALLON COMMUNITY HLTH PLAN INC	REGION 1	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
MASSACHUSETTS	HEALTH NEW ENGLAND INC.	REGION 1	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MASSACHUSETTS	NEIGHBORHOOD HEALTH PLAN INC.	REGION 1	\$1 B+	\$400+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
MASSACHUSETTS	TUFTS HEALTH PUBLIC PLANS INC.	REGION 1	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	AETNA BETTER HEALTH OF MI INC.	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	BLUE CROSS COMPLETE OF MI	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MICHIGAN	HAP MIDWEST HEALTH PLAN INC.	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	HARBOR HEALTH PLAN INC.	REGION 5	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	HEALTHPLUS PARTNERS INC.	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MICHIGAN	MCLAREN HEALTH PLAN INC.	REGION 5	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	MERIDIAN HLTH PLAN OF MI INC.	REGION 5	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	MOLINA HEALTHCARE OF MI INC.	REGION 5	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	PRIORITY HEALTH CHOICE INC.	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MICHIGAN	SPARROW PHP	REGION 5	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MICHIGAN	TOTAL HEALTH CARE INC.	REGION 5	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
MICHIGAN	UNITEDHEALTH CARE CMNTY (MI)	REGION 5	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
MICHIGAN	UPPER PENINSULA HLTH PLAN LLC	REGION 5	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MINNESOTA	HEALTHPARTNERS INC.	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
MINNESOTA	HMO MINNESOTA	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
MINNESOTA	MEDICA HEALTH PLANS	REGION 5	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
MINNESOTA	METROPOLITAN HEALTH PLAN	REGION 5	\$10M TO \$150M	\$400+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
MINNESOTA	UCARE MINNESOTA	REGION 5	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
MISSISSIPPI	MAGNOLIA HEALTH PLAN INC.	REGION 4	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
MISSISSIPPI	UNITEDHEALTHCARE OF MS INC.	REGION 4	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
MISSOURI	HEALTHCARE USA OF MISSOURI LLC	REGION 7	\$400M TO \$1 B	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
MISSOURI	HOME STATE HEALTH PLAN INC.	REGION 7	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION
MISSOURI	MISSOURI CARE INC.	REGION 7	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
NEBRASKA	AMERIHEALTH NEBRASKA INC.	REGION 7	\$10M TO \$150M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION
NEBRASKA	COVENTRY HEALTH CARE OF NE INC	REGION 7	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
NEBRASKA	UNITEDHEALTHCARE (MIDLANDS)	REGION 7	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
NEVADA	AMERIGROUP NEVADA INC.	REGION 9	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NEVADA	HEALTH PLAN OF NEVADA INC.	REGION 9	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NEW HAMPSHIRE	GRANITE CARE-MERIDIAN HEALTH	REGION 1	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
NEW HAMPSHIRE	GRANITE STATE HEALTH PLAN INC.	REGION 1	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
NEW JERSEY	AMERICHoice OF NEW JERSEY INC.	REGION 2	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NEW JERSEY	AMERIGROUP NEW JERSEY INC.	REGION 2	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NEW JERSEY	HEALTHFIRST HEALTH PLAN OF NJ	REGION 2	\$10M TO \$150M	\$275 TO \$400	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
NEW JERSEY	HORIZON HEALTHCARE OF NJ INC.	REGION 2	\$1 B+	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
NEW JERSEY	WELLCARE HLTH PLANS OF NJ INC.	REGION 2	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
NEW MEXICO	HCSC INSURANCE SERVICES CO.	REGION 6	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
NEW MEXICO	MOLINA HEALTHCARE OF NM INC.	REGION 6	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
NEW MEXICO	PRESBYTERIAN HEALTH PLAN INC.	REGION 6	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NEW MEXICO	UNITEDHEALTHCARE OF NEW MEXICO	REGION 6	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NEW YORK	CAP DISTRICT PHYSICIANS' HLTH	REGION 2	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
NEW YORK	ELDERPLAN INC.	REGION 2	\$400M TO \$1 B	\$400+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION
NEW YORK	EXCELLUS HEALTH PLAN INC.	REGION 2	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
NEW YORK	HEALTH INS PLAN OF GREATER NY	REGION 2	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
NEW YORK	HEALTHNOW NEW YORK INC.	REGION 2	\$150M TO \$400M	\$400+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
NEW YORK	INDEPENDENT HEALTH ASSN.	REGION 2	\$150M TO \$400M	\$400+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
NEW YORK	MVP HEALTH PLAN INC.	REGION 2	\$10M TO \$150M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION
NEW YORK	UNITEDHEALTHCARE OF NY INC.	REGION 2	\$1 B+	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
NORTH DAKOTA	SANFORD HEALTH PLAN	REGION 8	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
OHIO	AETNA BETTER HEALTH INC. (OH)	REGION 5	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
OHIO	BUCKEYE CMNTY HEALTH PLAN INC.	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
OHIO	CARESOURCE	REGION 5	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
OHIO	MOLINA HEALTHCARE OF OHIO INC.	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
OHIO	PARAMOUNT ADVANTAGE	REGION 5	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
OHIO	UNITEDHEALTH HCARE CMNTY (OH)	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
OREGON	PROVIDENCE HEALTH ASSURANCE	REGION 10	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
OREGON	TRILLIUM CMNTY HEALTH PLAN INC	REGION 10	\$150M TO \$400M	\$275 TO \$400	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION
PENNSYLVANIA	AETNA BETTER HEALTH INC. (PA)	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
PENNSYLVANIA	GATEWAY HEALTH PLAN INC.	REGION 3	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	NON-EXPANSION
PENNSYLVANIA	GEISINGER HEALTH PLAN	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	NON-EXPANSION
PENNSYLVANIA	HEALTHAMERICA PENNSYLVANIA INC	REGION 3	\$150M TO \$400M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
PENNSYLVANIA	UNITEDHEALTH HCARE OF PA INC.	REGION 3	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
PENNSYLVANIA	UPMC FOR YOU INC.	REGION 3	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
PENNSYLVANIA	VISTA HEALTH PLAN (PA)	REGION 3	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
RHODE ISLAND	NEIGHBORHOOD HEALTH PLAN OF RI	REGION 1	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION
RHODE ISLAND	UNITEDHEALTH HCARE (NEW ENGLAND)	REGION 1	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
SOUTH CAROLINA	ABSOLUTE TOTAL CARE INC.	REGION 4	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
SOUTH CAROLINA	ADVICARE CORP.	REGION 4	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
SOUTH CAROLINA	BLUECHOICE HEALTHPLAN OF SC	REGION 4	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
SOUTH CAROLINA	MOLINA HEALTHCARE OF SC INC.	REGION 4	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
SOUTH CAROLINA	SELECT HEALTH OF SC INC.	REGION 4	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
SOUTH CAROLINA	WELLCARE OF SOUTH CAROLINA INC	REGION 4	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
TENNESSEE	AMERIGROUP TENNESSEE INC.	REGION 4	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
TENNESSEE	UNITEDHEALTH CARE PLAN	REGION 4	\$1 B+	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
TENNESSEE	VOLUNTEER STATE HLTH PLAN INC.	REGION 4	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
TEXAS	AETNA HEALTH INC. (A TX CORP.)	REGION 6	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	AMERIGROUP INSURANCE CO.	REGION 6	\$150M TO \$400M	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	AMERIGROUP TEXAS INC.	REGION 6	\$1 B+	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	BANKERS RESERVE LIFE INS CO.	REGION 6	\$1 B+	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	COMMUNITY FIRST HLTH PLANS INC	REGION 6	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	COMMUNITY HEALTH CHOICE INC.	REGION 6	\$400M TO \$1 B	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	COOK CHILDREN'S HEALTH PLAN	REGION 6	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	DRISCOLL CHILDREN'S HLTH PLAN	REGION 6	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	LOSS	NON-EXPANSION
TEXAS	EL PASO FIRST HEALTH PLANS INC	REGION 6	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
TEXAS	MOLINA HLTHCR OF TEXAS INC.	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
TEXAS	PARKLAND CMNTY HEALTH PLAN INC	REGION 6	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	SCOTT & WHITE HEALTH PLAN	REGION 6	\$10M TO \$150M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	SENDERO HEALTH PLANS INC.	REGION 6	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	NON-EXPANSION
TEXAS	SETON HEALTH PLAN INC.	REGION 6	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
TEXAS	SHA L.L.C.	REGION 6	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
TEXAS	SUPERIOR HEALTHPLAN INC.	REGION 6	\$1 B+	\$275 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	TEXAS CHILDREN'S HLTH PLAN INC	REGION 6	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
TEXAS	UNITEDHEALT HCARE CMNTY (TX)	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
UTAH	HEALTH CHOICE UTAH INC.	REGION 8	\$10M TO \$150M	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
UTAH	MOLINA HEALTHCARE OF UTAH INC.	REGION 8	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
UTAH	SELECTHEALTH INC.	REGION 8	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
VIRGINIA	CARILION CLINIC MEDICARE RSRC	REGION 3	\$10M TO \$150M	\$275 TO \$400	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
VIRGINIA	COVENTRY HLTHCARE OF VA INC.	REGION 3	\$150M TO \$400M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
VIRGINIA	HEALTHKEEPER INC.	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION
VIRGINIA	INTOTAL HEALTH LLC	REGION 3	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION
VIRGINIA	OPTIMA HEALTH PLAN	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION
VIRGINIA	VIRGINIA PREMIER HLTH PLAN INC	REGION 3	\$400M TO \$1 B	\$275 TO \$400	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
WASHINGTON	COLUMBIA UNITED PROVIDERS INC.	REGION 10	\$10M TO \$150M	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	EXPANSION
WASHINGTON	COMMUNITY HEALTH PLAN OF WA	REGION 10	\$400M TO \$1 B	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION
WASHINGTON	COORDINATED CARE CORP.	REGION 10	\$400M TO \$1 B	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
WASHINGTON	MOLINA HEALTHCARE OF WA INC.	REGION 10	\$1 B+	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
WASHINGTON	UNITEDHEALTH HCARE OF WA INC.	REGION 10	\$400M TO \$1 B	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION
WEST VIRGINIA	COVENTRY HEALTH CARE OF WV INC	REGION 3	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
WEST VIRGINIA	HEALTH PLAN OF THE UPPER OH	REGION 3	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION
WEST VIRGINIA	UNICARE HEALTH PLAN OF WV INC.	REGION 3	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION
WISCONSIN	CHILDREN'S CMNTY HLTH PLAN INC	REGION 5	\$150M TO \$400M	LESS THAN \$275	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	COMPCARE HEALTH SVCS INS CORP.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	DEAN HEALTH PLAN INC.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	GROUP HLTH COOP OF EAU CLAIRE	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	GUNDERSEN HEALTH PLAN INC.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	HEALTH TRADITION HEALTH PLAN	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	INDEPENDENT CARE HEALTH PLAN	REGION 5	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	MERCYCARE HMO INC.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION
WISCONSIN	MHS HEALTH WISCONSIN	REGION 5	\$10M TO \$150M	\$275 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	MOLINA HEALTHCARE OF WI INC.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
WISCONSIN	NETWORK HEALTH PLAN	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION
WISCONSIN	PHYSICIANS PLUS INSURANCE CORP	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION
WISCONSIN	SECURITY HEALTH PLAN OF WI INC	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	UNITEDHEALTH HCARE OF WI INC.	REGION 5	\$150M TO \$400M	LESS THAN \$275	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION
WISCONSIN	UNITY HEALTH PLANS INS CORP.	REGION 5	\$10M TO \$150M	LESS THAN \$275	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION

APPENDIX 4

ADMINISTRATIVE CATEGORY DEFINITIONS

ADMINISTRATIVE EXPENSE BREAKDOWN	U&I EXHIBIT PART 3 EXPENSES (COLUMNS 3-4)
Human Capital	
Salaries, wages, and other benefits	Line 2
Boards, bureaus, and association fees	Line 15
Insurance, except on real estate	Line 16
Payroll taxes	Line 23.4
Bricks and Mortar	
Rent	Line 1
Occupancy, depreciation, and amortization	Line 11
Real estate expenses	Line 21
Real estate taxes	Line 22
Outsourcing	
Auditing, actuarial, and other consulting services	Line 6
Outsourced services including EDP, claims, and other services	Line 14
Operating Expenses	
Commissions	Line 3
Legal fees and expenses	Line 4
Certifications and accreditation fees	Line 5
Traveling expenses	Line 7
Marketing and Advertising	Line 8
Postage, express, and telephone	Line 9
Printing and office supplies	Line 10
Equipment	Line 12
Cost or depreciation of EDP equipment and software	Line 13
Collection and bank service charges	Line 17
Group service and administration fees	Line 18
Investment expenses not included elsewhere	Line 24
Taxes and Fees	
State and local insurance taxes	Line 23.1
State premium taxes	Line 23.2
Regulatory authority licenses and fees	Line 23.3
Other (excluding federal income and real estate taxes)	Line 23.5
Other	
Aggregate write-ins for expenses	Line 25
Reimbursements by uninsured plans ³	Line 19
Reimbursements from fiscal intermediaries ³	Line 20

³ Excluded except for in Figure 1.



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