Plan Management Navigator
Analytics for Health Plan Administration

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Medicaid Administrative Cost Trends
First Cost Decline since 2009

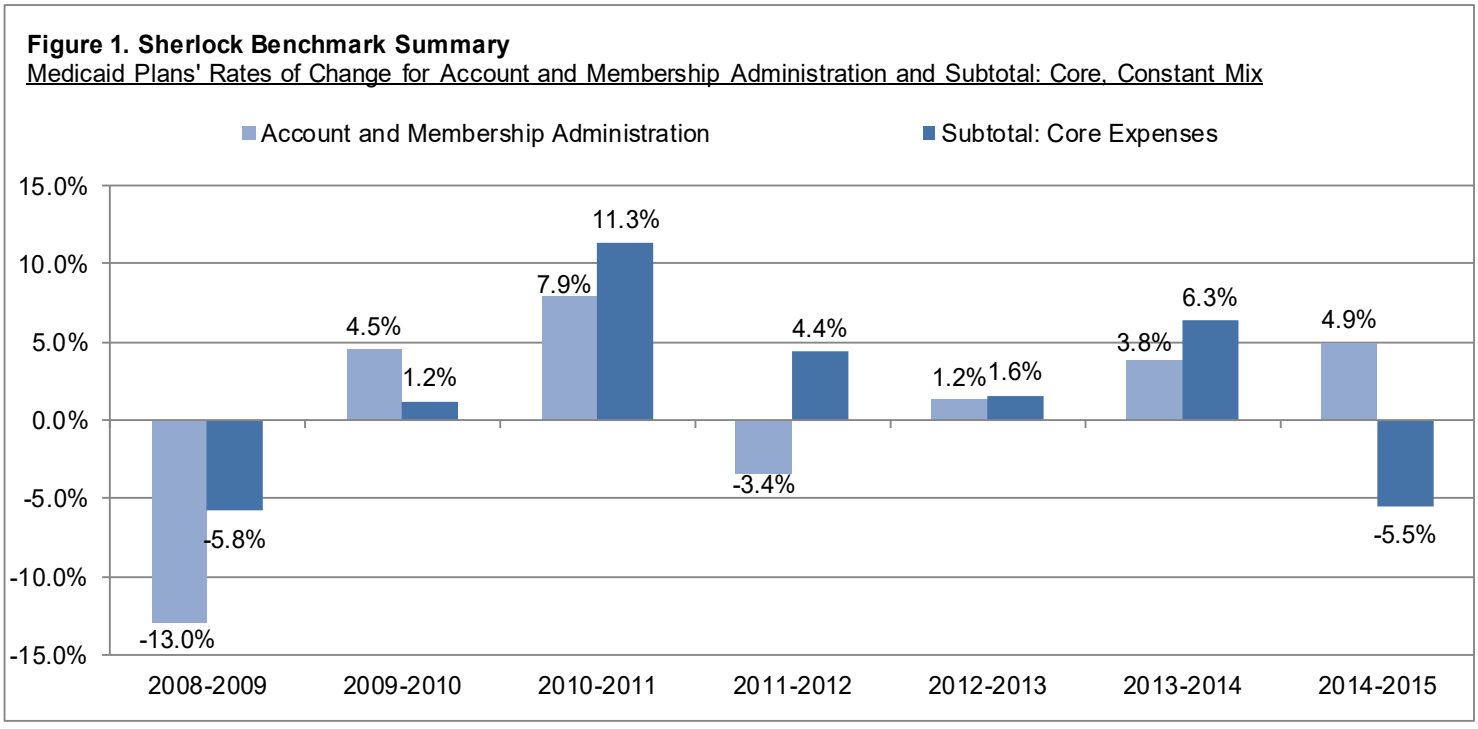
Summary

Health plans focused on Medicaid posted their first decline in administrative costs since 2009. However, the key Account and Membership Administration cluster of functions grew at their fastest rate since 2011.

Total expenses, PMPM, decreased by 5.5% for selected Medicaid health plans, and increased by 4.9% for Account and Membership Administration. This is shown in Figure 1, drawn from the 2015 Sherlock Benchmarking Study.

The constant mix comparisons should be understood as "real" increases. That is, they eliminate the effect of changes in the product mix, such as the change in the importance of Medicare versus Medicaid in the product portfolios of these health plans.

Figure 1. Sherlock Benchmark Summary
Medicaid Plans' Rates of Change for Account and Membership Administration and Subtotal: Core, Constant Mix



Background on Medicaid and the Affordable Care Act

One of the central purposes of the Affordable Care Act is to reduce the proportion of Americans without health insurance. As shown in Figure 2, based on the US Census Bureau analyses, *Health Insurance Coverage in the United States* (September 2015 and 2016), the proportion of Americans uninsured declined from 13.3% to 9.1%, 4.3 percentage points, between 2013 and 2015. Subject to qualifications noted on the chart, of the 12.8 million newly covered, the 7.5 million additions to Medicaid comprised 58%. While Employment-based insurance moved only slightly, Direct Purchase was the fastest increase.

The US Census Bureau estimates are directionally supported by Gallup. According to Gallup, the percent of people aged 18 and older who say that they are uninsured fell from 21.2% (much higher than the Census Bureau estimate) in the second quarter 2013 to 13.3% in the second quarter of 2016. While "Plan fully paid for by self or family member" comprised the largest increase, of the 5.5 percentage point increase, Medicaid comprised 2.8 percentage points of it. Expanded eligibility, simplified enrollment processes and increased outreach are considered responsible.

According to the CMS, approximately 80% of Medicaid enrollees are served through managed care organizations (MCOs). In fact, MCOs are the only form of Medicaid available in 29 states (including the District of Columbia), according to the Kaiser Family Foundation. While current information is limited, Kaiser Family Foundation reports that, as of March 2015, 39.3 million people were served with comprehensive services by Medicaid Managed Care Organizations. According to the Commonwealth Fund, "almost 72 percent of people covered by Medicaid now are in some kind of managed care". More importantly "About half of Medicaid beneficiaries are in the type of managed care in which plans are paid a preset amount to cover all of a patient's medical needs. In 1995, just 15 percent were in such programs."

Figure 2. Sherlock Benchmark Summary
Health Insurance Coverage in the United States
(000's)

	2013		2014		2015		2015 Change	Percent Change	Cml. Change	Percent Change
Any Health Plan	271,606	86.7%	283,200	89.6%	289,903	90.9%	6,703	2.4%	18,297	6.7%
Any Private Plan	201,038	64.1%	208,700	66.0%	214,238	67.2%	5,538	2.7%	13,200	6.6%
Employment-based	174,418	55.7%	175,027	55.4%	177,540	55.7%	2,513	1.4%	3,122	1.8%
Direct purchase	35,755	11.4%	46,165	14.6%	52,057	16.3%	5,892	12.8%	16,302	45.6%
Any Government Plan	108,287	34.6%	115,470	36.5%	118,395	37.1%	2,925	2.5%	10,108	9.3%
Medicare	49,020	15.6%	50,546	16.0%	51,875	16.3%	1,329	2.6%	2,855	5.8%
Medicaid	54,919	17.5%	61,650	19.5%	62,384	19.6%	734	1.2%	7,465	13.6%
Military health care	14,016	4.5%	14,143	4.5%	14,849	4.7%	706	5.0%	833	5.9%
Uninsured	41,795	13.3%	32,968	10.4%	28,966	9.1%	-4,002	-12.1%	-12,829	-30.7%
Total	313,401		316,168		318,878		2,701	0.9%	5,468	1.7%

Source: Health Insurance Coverage in the United States, https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-257.pdf

Note: According to the analysis "Individuals are considered to be uninsured if they do not have health insurance coverage for the entire calendar year" and "The estimates by type of coverage are not mutually exclusive; people can be covered by more than one type of health insurance during the year."

Of 51 states including the District of Columbia, as of July 7, 2016, 32 adopted the Medicaid expansion and 19 had not. Expansion likely accelerated growth; according to the Kaiser Family Foundation, across the 29 expansion states in FY 2015, "enrollment increased on average by 18.0% and total spending increased by 17.7%." By contrast, Medicaid enrollment as a whole "increased on average by 13.8% in FY 2015 and Medicaid spending increased by 13.9%." There were 11 organizations participating in this year's benchmarking study, of those, six also participated last year. Of the five new plans 4 were in expansion states. Of the six plans that continuously participated 5 were in expansion states.

"Real" Trends

When we calculate our rates of change, we include only those plans that participate in both measurement years. Otherwise, we would conflate the effect of the introduction of high or low cost organizations with actual trends.

We go one step further when we calculate Constant Mix trends. Since each product offered by a health plan has different costs, a change in product mix can also distort the actual trend in costs. For instance, Medicare Advantage members require more customer inquiries, representatives and costs, so a change in product mix in favor of Medicare Advantage would increase total PMPM costs irrespective of the underlying trends in the inputs.

A more realistic way of looking at cost trends eliminates the effect of the change in product mix. Happily, each of the plans submits all of their costs segmented by product. So it is easy to eliminate this product mix effect - we reweight the continuously participating plan costs so that the prior year's product mix matches that of the current year. Unless noted otherwise, this analysis will focus on the constant mix rates of change.

Figure 3. Sherlock Benchmark Summary
Source of Insurance Coverage

	Q2 2013	Q2 2014	Q2 2015	Q2 2016	2016 Change	Cml. Change
Current or Former Employer	44.4%	43.5%	43.4%	43.5%	0.1%	-0.9%
Plan Fully Paid for by Self or Famil	16.7%	20.7%	20.9%	21.8%	0.9%	5.1%
Medicaid	6.8%	8.4%	9.5%	9.6%	0.1%	2.8%
Medicare	6.4%	6.9%	7.6%	7.4%	-0.2%	1.0%
Military / Veterans	4.3%	4.7%	4.9%	4.9%	0.0%	0.6%
A Union	2.8%	2.5%	2.5%	2.5%	0.0%	-0.3%
(Something Else)	3.8%	3.8%	4.1%	4.3%	0.2%	0.5%
No Insurance	21.2%	16.2%	13.8%	13.3%	-0.5%	-7.9%

Source: U.S. Uninsured Rate Remains at Historical Low of 11.0%
http://www.gallup.com/poll/193556/uninsured-rate-remains-historical-low.aspx

Trends in Expense Clusters

After eliminating the effect of product mix changes, the 2015 per member Core administrative costs declined by 5.5%. As reported costs declined by 10.3% PMPM. The functions that comprise Core Expenses include all of the administrative activities of Medicaid focused health plans, except those of Sales and Marketing. State laws governing Sales and Marketing for Medicaid vary so we separate activities like Sales, Marketing, Rating and Underwriting, Advertising and Promotion and Broker Commissions from Core costs to preserve comparability.

The sharper decline in costs on an as reported basis than on a constant mix basis stems from a mix shift in favor of relatively low cost Medicaid products. The effect of the mix change reduced cost trends by 5.1 percentage points. Membership for the continuously participating plans increased in 2015 versus 2014 at a median rate of 11.1% and at a mean rate of 12.3%. While Commercial's share declined (especially the insured share), Medicare and Medicaid increased.

Medicaid product growth was particularly robust, increasing at a median rate of 22.2%. Growth in products sold to seniors was also robust with the Medicare products increasing at median rate of 13.0%. By contrast, while ASO increased by 7.0%, commercial insured decreased at a median rate of 9.2%.

Except for Account and Membership Administration, all operating expense clusters declined, both on an as reported basis and on a constant mix basis. Moreover, in each case of decline, the rate accelerated.

Account and Membership Administration increased, and its rate of change accelerated on both an as reported and constant mix basis. Growth increased from last year's trend of 3.8% to 4.9%. This was the highest rate of growth since 2011.

Figure 4. Sherlock Benchmark Summary

Medicaid Plans' Median Changes in Per Member Per Month Expenses

	2014 Data		2015 Data	
Functional Area	**As Reported**	**Constant Mix**	**As Reported**	**Constant Mix**
Medical and Provider Management	4.6%	5.6%	-2.8%	-4.5%
Account and Membership Administration	3.1%	3.8%	6.0%	4.9%
Corporate Services	4.3%	5.5%	-9.4%	-9.2%
Subtotal: Core Expenses	6.1%	6.3%	-10.3%	-5.5%
Sales and Marketing	-4.8%	-4.2%	-6.2%	-5.3%
Total Expenses	2.9%	3.3%	-4.1%	-5.8%

Information Systems was overwhelmingly responsible for this acceleration on both an as reported and constant mix basis. It increased at mid and high single digit rates, respectively. While Enrollment and Claims declined on a PMPM basis, Customer Services costs slightly grew on an as reported basis and declined on a constant mix basis at a low single digit rate.

Staffing ratios, including outsourced staffing, appeared to have slightly increased. The proportion of Account and Membership Administration FTEs that were outsourced appears to have declined.

Unlike the approach we use in the Sherlock Benchmarks themselves, we include administrative costs of Pharmacy, Mental Health and ICD-10 Information Systems in Account and Membership Administration for the purposes of reporting in the *Plan Management Navigator.* These expenses surged by low double digit rate and high single digit rate, as reported and constant mix, respectively.

Medical and Provider Management costs were lower, both on an as reported and on a constant mix basis. This cluster's decline in growth was the first time since 2009. Medical and Provider Management costs declined at a median rate 4.5% versus an increase of 5.6% last year. We have thought for a number of years that one possible effect of the MLR rules was to reduce the return on investment in medical management and the 2015 trend is consistent with that possibility. Medical Management was lower on both an as reported and constant mix basis, but Provider Network was higher.

Corporate Services costs declined sharply, especially in Finance and Accounting and Corporate Executive and Governance. Actuarial expenses also decreased PMPM by near double digits, the first decline since 2011. The Corporate Services function, which includes HR, Legal, Facilities and so forth, also declined.

Staffing ratios appeared to have increased for this universe. For Medicaid HMO product offered by this universe, we estimate that their core staffing ratios were a median of 19.55 FTEs per 10,000 members.

As noted previously, Sales and Marketing is not included as a Core expense. Nevertheless, this cluster is central to the Commercial and Medicare products that are offered by these Medicaid-focused plans. Expenses decreased compared with prior year's results. This was the third year in a row of cost declines in this cluster, on both an as reported and constant mix basis. Sales expenses and Marketing costs were sharply lower, as was Advertising and Promotion. Broker Commissions declined on an as reported basis, but were higher on a constant mix basis. But Rating and Underwriting costs surged by low 20 and high teens percents, as reported and constant mix, respectively.

Including the effect of Sales and Marketing expenses, total per member expenses declined at a median rate of 4.1% on an as reported basis and 5.8%.

While an actual administrative expense, we have not included the effect of Miscellaneous Business Taxes in these trends. The median PMPM cost of this in 2015 is $6.43 compared with $5.00 in 2014 and $1.76 in 2013. These taxes grew at a median rate of approximately 34.8% on an as reported basis and by 33.6% on a constant mix basis in 2015. It now comprises approximately 15% of total administrative costs.

Costs of Medicaid Plans, by PMPM Cluster

As noted above, we summarize the administrative costs of Medicaid plans into three clusters, plus the Sales and Marketing Cluster. In Figure 5, however, costs are reported for all of the plans rather than for the continuing plans. In this section, we'll touch on comparisons with the results reported last year, notwithstanding this limitation. The prior year's values are shown in Appendix A.

Core administrative expenses, excluding Miscellaneous Business Taxes, totaled $29.06 PMPM. The costs were 3.8% higher than reported in 2014 in Appendix A. This displays an increase rather than the as-reported or the constant mix decline. But as previously mentioned, this in part includes the effect of an industry product mix shift. This is consistent with the possibility that this year's universe has higher underlying core costs than last years, though the performance of plans that did not participate cannot be known. (On a total expense basis, this same analysis would indicate a universe that is lower cost than last year.)

Because of product and universe mix differences, strict comparisons between the values of last year's comparisons are not possible. Also, since each median value is calculated separately (and they are median values after all), the cluster values will not sum to the total.

Figure 5. Sherlock Benchmark Summary
Medicaid Plans' Costs by Functional Area Cluster, 2015 Data
Per Member Per Month

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medical and Provider Management	$6.24	$7.19	$8.64	22%
Account and Membership Administration	12.36	13.74	16.48	30%
Corporate Services	5.23	5.70	6.73	20%
Subtotal: Core Expenses	$24.02	$29.06	$30.37	21%
Sales and Marketing	$4.48	$8.56	$10.56	52%
Total Expenses	$32.34	$35.50	$40.31	24%

Account and Membership Administration's high cost weight makes its change especially important to the overall trend. Note that it is more than the combined size of Medical and Provider Management and Corporate Services. The costs for this cluster had a median value of $13.74 PMPM and it was 2.4% more than last year.

Medical and Provider Management costs, the second largest cluster, was 7.2% lower than reported last year. The median PMPM costs for this cluster was $7.19.

The Corporate Services cluster of functions costs, which had a median value of $5.70 PMPM. It was 3.8% higher than reported for 2014.

Sales and Marketing is not included with the core expenses and is the second largest cluster of functions. This year's costs for this cluster was $8.56, 11.8% lower than the values for the prior year.

The values tended to slightly cluster more in 2015 versus 2014. The coefficient of variation for Core Expenses declined from 22% in 2014 to 21% in 2015. Most notably Medical and Provider Management increasingly clustered as the coefficient of variation decreased by 26% to 22%.

Figure 6. Sherlock Benchmark Summary
Medicaid Plans' Costs by Product, 2015 Data
Per Member Per Month

Product	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medicaid Total	$21.33	$26.60	$31.89	27%
HMO	$20.93	$27.62	$31.91	27%
CHIP	$18.97	$25.24	$31.28	43%
Medicare	$75.12	$81.05	$92.52	22%
Advantage	$73.29	$77.16	$85.26	15%
SNP	$128.95	$138.85	$246.93	66%
Commercial Insured Total	$39.70	$44.81	$49.97	35%
HMO	$39.17	$43.28	$53.38	34%
POS	$38.45	$43.20	$44.29	15%
Indemnity & PPO	$38.10	$47.06	$50.72	26%
Commercial ASO	$21.37	$24.67	$25.14	19%
Medicare Supplement	$22.97	$27.73	$47.25	46%
Comprehensive Total	$32.34	$35.50	$40.31	24%

Costs of Medicaid Plans, PMPM by Product

We report health plan administrative costs segmented by products as well as by function. For this analysis, we report total costs rather than core costs.

Analyzing costs by product is important since the products' costs are very different. For instance, the PMPM Sales and Marketing costs for Insured Commercial Products greatly exceed that of their Medicaid counterparts because of state rules governing such programs.

Medicaid products were relatively low cost at $26.60 PMPM. Medicaid HMO was slightly higher at $27.62 and CHIP was $25.24.

Indemnity and PPO Insured, at $47.06 PMPM, were nearly double that of the $24.67 PMPM for ASO products. Similarly, Medicare Advantage costs, at $77.16 PMPM were higher than Commercial HMO Insured of $43.28 since administrative activities are driven in part by the underlying health care cost requirements of the enrolled seniors versus the under 65 population. POS was the low administrative cost commercial insured product at $43.20 PMPM.

Medicare SNP is the most expensive product at $138.85 PMPM, followed by Medicare Advantage. (We believe that this is overwhelmingly Dual Eligibles.) The commercial ASO product was the lowest cost followed by Medicaid among comprehensive products.

To aid readers in the use of this analysis, we have also posted this content in the form of an application on our website, http://www.sherlockco.com/seer/calculator.shtml. While few organizations actually operate with entirely separate staff and other costs for each product, by using this model, you can actually apply the values in Figure 6 to your membership to estimate what your enterprise administrative costs would be if you operated at the median values for each of your products. If you insert your actual administrative costs, the model also provides a PMPM and percent comparison.

Costs of Medicaid Plans, Percent of Premiums by Product

Administrative expenses comprised 8.6% of premiums for Medicaid plans in 2015. While Medicare SNP is the highest cost product on a PMPM basis, it is 10.1% of premiums, much closer compared with all comprehensive products. Medicare Advantage expense ratio is 8.1% of premiums, below average for the products offered by this universe.

Commercial insured products range from 8.3% of premiums to 11.0% of premiums. By contrast, commercial ASO is 5.8% of premium equivalents. (We employ "premium equivalents" as the denominator of these products sold to self-insured groups.)

Medicaid plans had a median value of 7.5% with Medicaid HMO at 7.2% and CHIP at 11.7%.

Costs of Medicaid Plans, by Percents, by Cluster

Core administrative costs comprise 6.6% of the premiums, calculated on a premium equivalent basis. This is slightly lower than the 7.1% reported last year. While Account and Membership Administration remained steady as a percent of premiums at 3.8%, all other clusters of functions declined. Medical and Provider Management's decline was 0.3 percentage points to 1.7%. This was followed by a decline of 0.1 percentage point for Corporate Services to 1.9%. Sales and Marketing declined the most at 0.4 percentage point to 1.9%. It appears that the values were more likely to cluster as well: except for Sales and Marketing, the coefficients of variation were narrower this year compared with last year.

Figure 7. Sherlock Benchmark Summary

Medicaid Plans' Costs by Product, 2015 Data

Percent of Premium Equivalents

Product	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medicaid Total	6.9%	7.5%	7.7%	12.3%
HMO	6.9%	7.2%	7.6%	12.9%
CHIP	9.6%	11.7%	14.0%	42.1%
Medicare	7.6%	8.4%	10.5%	27.9%
Advantage	6.9%	8.1%	8.9%	27.8%
SNP	9.5%	10.1%	17.2%	60.4%
Commercial Insured Total	9.8%	10.6%	14.4%	56.3%
HMO	9.6%	10.8%	16.7%	59.0%
POS	7.8%	8.3%	9.7%	22.1%
Indemnity & PPO	9.8%	11.0%	11.0%	23.2%
Commercial ASO	5.7%	5.8%	6.4%	15.1%
Medicare Supplement	11.2%	12.4%	13.7%	52.7%
Comprehensive Total	7.8%	8.6%	8.7%	13.0%

Comparisons Across Universes

Health plans in other Sherlock Benchmark universes also offer Medicaid products. In this section, we compare the results of the Medicaid products offered by Blue Cross Blue Shield Plans and Independent/Provider-Sponsored plans to those of organizations focused on Medicaid. We define "focused" to be those plans that have a disproportionate commitment to the Medicaid product.

Since the data definitions are the same across the various universes, it is possible to directly compare our Medicaid universe with Blue Cross Blue Shield Plans and Independent / Provider – Sponsored plans. Together, these three universes serve 5.9 million Medicaid members.

Shown in Figure 9, compared with the Medicaid plans, Blue Cross Blue Shield Plans had core costs that were $8.19 PMPM more than the Medicaid Plans and, measured as a percent of premiums, were 2.8 percentage points greater. The IPS plans were lower in PMPM, but higher as percent of premium. Very similar results occur when comparing total costs across the data sets. Both scale and focus may affect the relative performance of these health plan sets.

There is variation between the plans but Blue Cross Blue Shield Plans tend to have slightly lower Provider and Medical Management than the Medicaid products of the Medicaid plans. They have higher Account and Membership Administration, Corporate Services and Sales and Marketing expenses, leading to overall higher costs. Independent / Provider – Sponsored plans in the Medicaid product had lower costs in all clusters compared to the Medicaid universe. Again, there is a great deal of variation between the plans. Central to the low costs of the Medicaid products of the IPS plans is Medical Management costs. Notably, plans in this universe often are linked to provider systems, often giving rise to narrow panels and the management efficiencies that this implies.

The Medicaid plans had somewhat lower health benefit ratios with a median of 87% versus 89% for Independent / Provider – Sponsored plans and 90% for Blue Cross Blue Shield Plans.

Figure 8. Sherlock Benchmark Summary
Medicaid Plans' Costs by Functional Area Cluster, 2015 Data
Percent of Premium Equivalents

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medical and Provider Management	1.4%	1.7%	2.0%	28%
Account and Membership Administration	2.9%	3.8%	3.9%	25%
Corporate Services	1.7%	1.9%	2.1%	16%
Subtotal: Core Expenses	6.2%	6.6%	7.4%	18%
Sales and Marketing	1.2%	1.9%	2.3%	43%
Total Expenses	7.8%	8.6%	8.7%	13.0%

Figure 9. Sherlock Benchmark Summary

Medicaid HMO Product Characteristics by Universe, 2015 Data

	Medicaid	IPS	Blue	Combined
Core Costs				
Per Member Per Month				
25th Percentile	$18.50	$15.99	$30.63	$17.48
Median	24.15	17.23	32.34	27.13
75th Percentile	28.33	32.38	37.05	31.72
Coefficient of Variation	28%	46%	26%	36%
Percent of Premiums and Equivalents				
25th Percentile	6.2%	7.3%	9.0%	6.3%
Median	6.4%	9.4%	9.2%	7.0%
75th Percentile	7.0%	9.7%	10.4%	9.0%
Coefficient of Variation	15%	25%	22%	28%
Total Costs				
Per Member Per Month				
25th Percentile	$20.93	$17.34	$32.72	$18.95
Median	27.62	17.97	35.22	29.74
75th Percentile	31.91	35.69	40.89	32.86
Coefficient of Variation	27%	49%	23%	36%
Percent of Premiums and Equivalents				
25th Percentile	6.9%	8.2%	9.9%	6.9%
Median	7.2%	9.9%	10.4%	7.6%
75th Percentile	7.6%	10.5%	11.5%	9.9%
Coefficient of Variation	13%	23%	18%	27%
Plans Offering Medicaid	11	7	4	22
Medicaid HMO Members (millions)	4.55	0.67	0.67	5.89
Comprehensive Total Members (millions)	7.94	4.78	19.03	31.75

About the Sherlock Benchmarks and the Medicaid Universe

These results are excerpted from the Medicaid edition of the 2016 *Sherlock Expense Evaluation Report*. The results are based on our detailed surveys of 2015 operating parameters of 11 Medicaid plans. In addition, the results of health coverage products sold to seniors by Medicaid, Blue Cross Blue Shield and Independent / Provider – Sponsored plans are also included. Accordingly, much more information is available by licensing the Sherlock Benchmarks.

Including all of Sherlock Benchmarks, those published in 2016 will be the culmination of the experience of approximately 740 health plan years. We also have universes of Blue Cross Blue Shield Plans, Larger Health Plans, Independent / Provider-Sponsored Plans and Medicaid Plans.

Sherlock Benchmarks are often referred to as the gold standard for operational and financial metrics for health plans. Health plans serving most insured Americans are users of the Sherlock Benchmarks.

We hope you will not hesitate to contact us (sherlock@sherlockco.com) if you are interested in licensing these materials or if we can answer any further questions about them or this *Navigator*.

Appendix A. Sherlock Benchmark Summary

Medicaid Plans' Costs by Functional Area Cluster, 2014 Data

Per Member Per Month

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medical and Provider Management	$4.91	$7.75	$8.75	26%
Account and Membership Administration	12.73	13.42	16.26	30%
Corporate Services	5.25	6.32	7.21	22%
Subtotal: Core Expenses	$25.09	$27.99	$31.04	22%
Sales and Marketing	$7.37	$9.71	$11.56	29%
Total Expenses	$31.98	$37.69	$42.73	20%

Appendix B. Sherlock Benchmark Summary

Medicaid Plans' Costs by Functional Area Cluster, 2014 Data

Percent of Premium Equivalents

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medical and Provider Management	1.4%	2.0%	2.1%	25%
Account and Membership Administration	3.2%	3.7%	3.9%	27%
Corporate Services	1.8%	2.0%	2.4%	22%
Subtotal: Core Expenses	6.4%	7.1%	7.5%	20%
Sales and Marketing	1.9%	2.3%	18.5%	19%
Total Expenses	8.5%	9.6%	10.0%	13.8%

Appendix C. Sherlock Benchmark Summary

Functions Included in Each Administrative Expense Cluster

Core Functions:

Provider & Medical Management
- Provider Network Management and Services
- Medical Management / Quality Assurance / Wellness

Account & Membership Administration
- Enrollment / Membership / Billing
- Customer Services
- Claim and Encounter Capture and Adjudication
- Total Information System Expenditures (as expensed)

Corporate Services
- Finance and Accounting
- Actuarial
- Corporate Services Function
- Corporate Executive and Governance
- Association Dues and License/Filing Fees

Non-Core Functions:

Sales & Marketing
- Rating and Underwriting
- Marketing
- Sales
- Commissions (external)
- Advertising and Promotion

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