

For Immediate Release
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Blue Cross Blue Shield Administrative Costs Were 9.1% of Premium in 2011

Administrative expenses of Blue Cross Blue Shield plans fell to 9.1% of premium in 2011, compared with 9.2% in 2010 and 9.7% in 2009. While total administrative costs grew at an increasing rate, the central Account and Membership Administration cluster increased by 0.5%, per member per month, holding product mix constant. This cluster includes Enrollment, Claims, Customer Services and Information Systems. Costs to adapt to the new health insurance environment impacted other operating activities.

Blue plans reported median total administrative expenses of \$29.87 PMPM.

These results are excerpted from the 2012 Blue Cross Blue Shield edition of the *Sherlock Expense Evaluation Report (SEER)*, a benchmarking study analyzing in-depth surveys of 63% of Blue plans that collectively serve 36.2 million members.

A challenging economy and the new legal environment make streamlining administrative costs a high priority for health plans. Weak employment puts pressure on prices, product design and membership. The Affordable Care Act compounds these challenges: the declared purpose of the MLR rule is to “create incentives ... to become more efficient.”

Sherlock Company’s benchmarks support plans’ streamlining efforts. Health plans serving 143 million Americans use 2011 editions of Sherlock benchmarks. These include the vast majority of Blue Cross Blue Shield plans and 70% of the health plan board members of America’s Health Insurance Plans.

Besides the Blue universe, other universes include Independent/Provider-Sponsored plans, Medicare plans, Medicaid plans and TPAs. Collectively, the 60 organizations serve approximately 48 million insured Americans.

Additional information will be published early next week in *Plan Management Navigator*, and will be posted at www.sherlockco.com. The complete analysis is available in *SEER*.

We will also host a web conference on Wednesday, July 11 from 2:00 PM to 3:00 PM Eastern Daylight Time to discuss the summary results. Douglas Sherlock will offer a brief presentation, followed by questions and answers. To participate in the web conference, please register at:

<https://www2.gotomeeting.com/register/546310794>



Once registered, dial-in information and a link to connect to the web will be provided in a confirmation email.

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Sherlock Company (www.sherlockco.com), based in North Wales, Pennsylvania, provides informed solutions for health plan financial management. Since its founding in 1987, Sherlock Company has been known for its impartiality and technical competence in service to its clients.

