

For Immediate Release
July 9, 2013

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Blue Cross Blue Shield Plan Administrative Costs Were 8.9% of Premium in 2012

Administrative expenses of Blue Cross Blue Shield (Blue) Plans were 8.9% of premium in 2012. Administrative expenses grew by 5.1% per member but 3.8% after excluding the effects of a product mix change in favor of Medicare Advantage. Blue Plans reported median total administrative expenses of \$29.25 PMPM. Because of universe differences, total PMPM costs were actually lower than last year's results, \$29.25 as compared with \$29.87.

Increased Information Systems was responsible for most of the mix-adjusted growth, though Sales and Marketing costs grew fastest. Finance and Accounting and Corporate Executive costs declined.

Results are from the 2013 Blue Cross Blue Shield Plan edition of the *Sherlock Expense Evaluation Report (SEER)*. This benchmarking study analyzes in-depth surveys of 19 Blue Plans serving 34.1 million members. Surveyed Plans comprise 63% of the revenues of single state Plans, and one-half of Blue primary licensees.

A challenging economy and ACA make streamlining administrative costs a high priority for health plans. For instance, the declared purpose of the MLR rule is to "create incentives ... to become more efficient."

Sherlock benchmarks are considered "the gold standard" of benchmarks used to measure and manage health plan administrative activities. Organizations serving most Americans are users of Sherlock benchmarks.

Besides the Blue universe, other universes include Independent/Provider-Sponsored Plans, Medicare plans and Medicaid plans. Collectively, these organizations serve approximately 43 million insured Americans.

Additional information was published yesterday in *Plan Management Navigator*, and will be posted at <http://www.sherlockco.com/docs/navigator/Navigator%20July%2013.pdf>.

The complete analysis is available in *SEER*, available through participation or license.

We will discuss Sherlock findings in greater depth via web conference on Wednesday, July 10 from 2:00 PM to 3:00 PM Eastern Daylight Time. 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/444176882>.



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.

