

For Immediate Release
September 25, 2012

Contact: Douglas B. Sherlock, CFA
215-628-2289
sherlock@sherlockco.com

Medicaid Plan Administrative Costs Surge on Information Systems and Medical Management Increases in 2011

Administrative expenses of selected Medicaid plans grew by 11.3% per member per month. Double-digit increases in Information Systems and Medical Management were central. While overall Sales and Marketing expenses declined, Product Development and Market Research sharply increased.

Douglas Sherlock, President of Sherlock Company, notes “These trends are consistent with adaptation to health care reform in which Medicaid plans are expected to play a leading role.” Most of the newly insured members will be through Medicaid, said Sherlock.

Core administrative expenses of Medicaid-focused plans had a median per member per month cost of \$25.32 PMPM and were 6.8% of premiums. Medicaid PMPM costs were \$22.01 PMPM and were 6.7% of premiums.

Results are from the 2012 Medicaid edition of the *Sherlock Expense Evaluation Report (SEER)*, a benchmarking study analyzing in-depth surveys of 11 Medicaid plans serving 5.2 million members. The eleven Medicaid plans had membership averaging 476,000 and collectively comprised 13.5% of all Medicaid risk-based members. Including supplemental schedules from other Sherlock Benchmark universes 19% of all Medicaid risk-based members are served by participating plans.

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 Medicaid plans, other universes include Blue Cross Blue Shield Plans, Medicare plans, Independent/Provider-Sponsored plans and TPAs. Collectively, the 62 participant organizations serve over 48 million insured Americans.

Additional information is available in *Plan Management Navigator* and is posted at www.sherlockco.com. The complete analysis is available in *SEER*.

We will also host a web conference on Wednesday, September 26 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/790614242>



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

###

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.

