

For Immediate Release  
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## **Medicare Plan Administrative Costs Accelerate on Sales, Medical Management Growth in 2012**

Administrative expenses of selected Medicare plans grew by 7.3% per member per month (PMPM). Double-digit increases in the Sales and Marketing cluster of functions and the Medical Management function were the central factors in cost growth.

Douglas Sherlock, President of Sherlock Company, notes "Membership growth, at a median rate of 6.2%, exceeded the 5.7% increase for Medicare Advantage as a whole during 2012. Cost trends may reflect growth and corporate goals to enhance quality and reduce health care costs."

The median administrative expenses of Medicare-focused plans were \$44.57 PMPM and were 8.7% of premiums. Medicare Advantage costs were \$80.76 PMPM and were 8.7% of premiums.

Results are from the 2013 Medicare edition of the *Sherlock Expense Evaluation Report (SEER)*, a benchmarking study analyzing in-depth surveys of 11 Medicare plans. Serving 1.2 million members, these plans on average have 58% of their revenues in this product. This analysis also contains cost information from 24 other plans serving an additional 1.2 million Medicare members. Thus, Sherlock benchmarks comprise the experience of approximately 19% all Medicare Advantage beneficiaries.

Sherlock Company's benchmarks support plans' streamlining efforts. Health plans serving most insured people use current 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 Medicare plans, other universes include Blue Cross Blue Shield Plans, Medicaid plans and Independent/Provider-Sponsored plans. Collectively, the 42 participant organizations serve 43 million insured Americans.

Additional information is available in *Plan Management Navigator* and is posted at [www.sherlockco.com](http://www.sherlockco.com). The complete analysis is available in *SEER*.

We will also host a web conference on Wednesday, September 25 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/485975714>



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](http://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.

