

For Immediate Release
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**TPA Administrative Expense per Medical Employee per Month was \$20.94,
and per Medical Member Month was \$10.26 in 2011**

Administrative expenses for core services of selected TPAs were 88% of fees in 2011. This was \$11.87 per employee per month (PEPM) or \$5.79 per member per month (PMPM). Core Medical product costs were \$20.94 PEPM and \$10.26 PMPM.

Core administrative expenses exclude supplemental services as medical management, provider services and mental health.

Results are excerpted from the 2012 TPA edition of the *Sherlock Expense Evaluation Report (SEER)*, a benchmarking study of eight TPAs, collectively serving 3.1 million Americans of which 56% are Medical.

The surveyed TPAs are likely elite performers. They approach 25% of the largest TPAs. Function-by-function, these TPAs had lower costs than are typically found in competitive products of Blue Cross Blue Shield and Independent/Provider-Sponsored plans. Finally, they have accounting systems sufficiently robust to report with the granularity of the Sherlock survey. This may be an indicator of strong management as “you manage what you measure.”

Economic softness, the difficult credit environment and the effects of health care reform make this research unusually timely. Many health benefit organizations are optimizing their administrative expenses, and those serving 143 million insured Americans used last year’s *SEER* to guide that optimization.

The TPA universe is one of several surveyed by Sherlock Company. Other universes include Blue Cross Blue Shield, Independent/Provider-Sponsored, Larger plans, Medicare and Medicaid plans. Collectively, the 62 surveyed organizations serve nearly 50 million insured Americans.

Additional information was published yesterday in *Plan Management Navigator*, available upon request, or see our website, <http://www.sherlockco.com/navigator/>. The complete analysis is available in *SEER*. Please call for additional information or see the attached link, <http://www.sherlockco.com/seer.shtml>.

We will discuss the summary results during a web conference on Wednesday, September 5, 2012 2:00 PM - 3:00 PM EDT. Doug Sherlock will offer a brief presentation, followed by questions and answers. To participate, please register at:



<https://www2.gotomeeting.com/register/306856514>

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.

