

# SHERLOCK BENCHMARKS

Medicaid Edition



*Volume I*  
Financial Metrics

*Confidential & Trade Secrets*  
*Copyright © 2021 Sherlock Company. All Rights Reserved.*

This Page Intentionally Left Blank.

# SHERLOCK BENCHMARKS

## Medicaid Edition - 2021

### Volume I: Financial Metrics



SHERLOCK COMPANY

---

September 2021

*The use of this Report and its content (including data values, survey instruments, definitions and calculation methodologies) form and layout collectively, the Report) is governed by a non-exclusive license agreement or a mutual confidentiality agreement between Sherlock Company and its client that restricts the use of the Report to the client's internal purposes. Any distribution or reproduction, intentional or unintentional, of any materials contained herein without the express written permission of Sherlock Company is prohibited except as specified in the license or mutual confidentiality agreement. The agreement between the client and Sherlock Company does not convey any right of commercial use, nor effect any transfer of the Report or any portion thereof. This Report and its contents are also protected under one or more copyrights.*

*Copyright © 2021 Sherlock Company. All Rights Reserved. Photograph by Jay Fleming. Copyright © Jay Fleming.*

This Page Intentionally Left Blank.

# TABLE OF CONTENTS

## **Tab 1. Introduction and Background**

- Background, Organization, Conventions, Calculations and Procedures

## **Tab 2. Summary Analyses**

- Summary of Medians
- High Level Functional Expenses and Reconciliation to *Navigator* Publication
- Longitudinal Comparison
- Plan Specific Administrative Cost Growth

## **Tab 3. Functional Expenses, across Products**

- Identification of Variances due to Product Mix
- PMPM and Percent of Revenue Analyses on Facing Pages

## **Tab 4. Functional Expenses of Each Product, PMPM**

- Identification of Cost Variances within Products, expressed Per Member Per Month

## **Tab 5. Functional Expenses of Each Product, Percent of Premiums or Fees**

- Identification of Cost Variances within Products, expressed as Percent of Revenues

## **Tab 6. Expenses of Specialty Services and Other Self-Contained Activities**

- Includes Pharmacy, Behavioral Health, Healthcare Recoveries
- PMPM and Percent of Revenue Analyses on Facing Pages

## **Tab 7. Supplemental Schedules**

- Costs Charged by Parent Organization
- Depreciation and Amortization
- Strategic Project Expenses
- Individual Expenses - Under 65, Market Segments
- Group Expenses - Small, Middle Market and Large Group

This Page Intentionally Left Blank.

## TABLE OF CONTENTS, CONTINUED

### **Tab 8. Finance & Accounting Details and Information Systems Expenses, Allocated by Supported Functional Area**

- Use of Stop Loss, and its Profitability
- Balance Sheet Metrics, Capitalization Policy of Strategic Projects in Information Systems and Other Investments,
- Analysis of Strategic Projects, Metrics of Capital Intensity and Aging of PP&E
- Analysis of Taxes Stemming from Health Care Reform
- IS Allocations and Applications Summarized and Allocated to Functional Areas
- Analyzed Relative to Functional Area, as Allocated

### **Tab. 9. Costs of Medicaid Offered by Other Universes**

- Includes Independent/Provider-Sponsored, Blue Cross Blue Shield, and Medicaid Plans
- PMPM and Percent of Revenue Analyses of Medicaid HMO

### **Tab 10. Participant Characteristics**

- Selected Characteristics of Participants
- Includes Membership, Product Mix, Groups Served, Revenues, Health Care Costs, Earnings and Segment Summary

Tabs 2-10 contain their own Tables of Contents, with links, to locate specific product lines, expense categories or respondent characteristics.

This Page Intentionally Left Blank.



## Tab 2

### Summary Analyses

This section summarizes the Financial Metrics volume of the Sherlock Benchmarks. It includes a summary of median values, a functional area summary, a longitudinal (year-over-year) comparison, comparisons with other Sherlock Company reports and changes in participant plan cost growth.

The median values for each functional area and product are shown in this section. The summary of medians is intended to provide an immediate and accessible metric of central tendency for administrative costs in each product / expense cell. If your plan has submitted data to this survey, median values are printed in black if the plan has low costs and red if it has high costs.

The functional area summary provides a high level analysis by four high-level clusters of functional areas. Results are presented on a per member per month and percent of revenue basis. All of the expense classifications reported by the respondents have been summarized in this section. Revenues are defined as premiums or self-funded fees. Premiums and fees exclude those of pharmacy and behavioral health, as do their associated expenses.

Sherlock Benchmark values are provided in a slightly different form in *Plan Management Navigator* and figures in this tab facilitate their comparison.

Also, administrative cost growth is analyzed for health plans that participated in both this and the prior year.

Figure	Analysis	Page
	<b>Summary of Medians</b>	
<a href="#">2-1</a>	Per Member Per Month.....	<a href="#">4</a>
<a href="#">2-2</a>	Percent of Revenues.....	<a href="#">6</a>
<a href="#">2-3</a>	Participant Characteristics.....	<a href="#">8</a>
	<b>High Level Functional Expenses</b>	
<a href="#">2-4 &amp; 2-5</a>	Medical and Provider Management..... Provider Network Management and Services Medical Management / Quality Assurance / Wellness	<a href="#">12</a>
<a href="#">2-6 &amp; 2-7</a>	Account and Membership Administration..... Enrollment / Membership / Billing Customer Services Claim and Encounter Capture and Adjudication Information Systems Expenses	<a href="#">14</a>
<a href="#">2-8 &amp; 2-9</a>	Corporate Services..... Finance and Accounting Actuarial Corporate Services Function Corporate Executive & Governance Association Dues and License / Filing Fees	<a href="#">16</a>
<a href="#">2-10 &amp; 2-11</a>	Total Core Expenses.....	<a href="#">18</a>
<a href="#">2-12 &amp; 2-13</a>	Sales and Marketing..... Rating and Underwriting Marketing Sales External Broker Commissions Advertising and Promotion	<a href="#">20</a>
<a href="#">2-14 &amp; 2-15</a>	Subtotal Expenses (Excluding Miscellaneous Business Taxes).....	<a href="#">22</a>

**Summary Analyses, Continued**

Figure	Analysis	Page
<b>Figures Corresponding with Navigator Publication</b>		
<a href="#">2-16</a>	Pharmacy and Behavioral Health.....	<a href="#">23</a>
<a href="#">2-17</a>	Account and Membership Administration, Including Pharmacy and Behavioral Health.....	<a href="#">24</a>
<a href="#">2-18</a>	Total Expenses, Including Pharm and Behavioral Health, and Excluding Misc. Business Taxes....	<a href="#">26</a>
<b>Longitudinal Comparison</b>		
<a href="#">2-19</a>	Median Changes in Per Member Per Month Expenses, As-Reported.....	<a href="#">27</a>
<a href="#">2-20</a>	Median Changes in Per Member Per Month Expenses, Constant Mix.....	<a href="#">28</a>
<b>Plan Specific Administrative Cost Growth</b>		
<a href="#">2-21</a>	Percent Changes in PMPM Administrative Expenses, As-Reported.....	<a href="#">33</a>
<a href="#">2-22</a>	Percent Changes in PMPM Administrative Expenses, Constant-Mix.....	<a href="#">34</a>
<a href="#">2-23</a>	PMPM Changes as a Percent of Total PMPM Changes.....	<a href="#">36</a>
<a href="#">2-24</a>	Dollar Changes in Administrative Expenses.....	<a href="#">38</a>
<a href="#">2-25</a>	Dollar Changes as a Percent of Total, by Function.....	<a href="#">40</a>

## Tab 3

### Functional Expenses, Across Products

This section provides an analysis of specific functional expenses across product lines. Values are presented to account for whether services are provided internally or outsourced. Costs are presented on a per member per month and percent of premiums and/or fees basis. Premiums and fees exclude those attributable to pharmacy and behavioral health.

<b>Functional Area</b>	<b>Page</b>
<b>Medical and Provider Management</b>	
Provider Network Management and Services.....	<a href="#">44</a>
(a) Provider Relations Services.....	<a href="#">46</a>
(b) Provider Contracting.....	<a href="#">48</a>
(1) Provider Configuration.....	<a href="#">50</a>
(2) Other Provider Contracting.....	<a href="#">52</a>
(d) Other Provider Network Management and Services.....	<a href="#">54</a>
Medical Management / Quality Assurance / Wellness.....	<a href="#">56</a>
(a) Pre-Certification.....	<a href="#">58</a>
(b) Case Management.....	<a href="#">60</a>
(c) Disease Management.....	<a href="#">62</a>
(d) Nurse Information Line.....	<a href="#">64</a>
(e) Health and Wellness.....	<a href="#">66</a>
(f) Quality Components.....	<a href="#">68</a>
(g) Medical Informatics.....	<a href="#">70</a>
(h) Utilization Review.....	<a href="#">72</a>
(i) Other Medical Management.....	<a href="#">74</a>
<b>Account and Membership Administration</b>	
Enrollment / Membership / Billing.....	<a href="#">76</a>
(a) Enrollment and Membership.....	<a href="#">78</a>
(b) Billing.....	<a href="#">80</a>
Customer Services.....	<a href="#">82</a>
(a) Member Services.....	<a href="#">84</a>
(b) Printed Materials and Other.....	<a href="#">86</a>
Claim and Encounter Capture and Adjudication.....	<a href="#">88</a>
(a) COB and Subrogation.....	<a href="#">90</a>
(d) Other Claim and Encounter Capture and Adjudication.....	<a href="#">92</a>
Information Systems Expenses.....	<a href="#">94</a>
(a) Operations and Support Services.....	<a href="#">96</a>
(b) Applications Maintenance.....	<a href="#">98</a>
(1) Benefit Configuration.....	<a href="#">100</a>
(2) All Other Applications Maintenance.....	<a href="#">102</a>
(c) Application Acquisition and Development.....	<a href="#">104</a>
(d) Security Administration and Enforcement.....	<a href="#">106</a>

**Functional Expenses, Across Products, continued**

<b>Functional Area</b>	<b>Page</b>
<b>Corporate Services Cluster</b>	
Finance and Accounting.....	<a href="#">108</a>
(a) Credit Card Fees.....	<a href="#">110</a>
(b) All Other Finance and Accounting.....	<a href="#">112</a>
Actuarial.....	<a href="#">114</a>
Corporate Services Function.....	<a href="#">116</a>
(a) Human Resources.....	<a href="#">118</a>
(b) Legal.....	<a href="#">120</a>
(1) Compliance.....	<a href="#">122</a>
(2) Government Affairs.....	<a href="#">124</a>
(3) Outside Litigation.....	<a href="#">126</a>
(4) Fraud, Waste and Abuse.....	<a href="#">128</a>
(5) All Other Legal.....	<a href="#">130</a>
(c) Facilities.....	<a href="#">132</a>
(e) Audit.....	<a href="#">134</a>
(f) Purchasing.....	<a href="#">136</a>
(g) Imaging.....	<a href="#">138</a>
(h) Printing and Mailroom.....	<a href="#">140</a>
(i) Risk Management.....	<a href="#">142</a>
(j) Other Corporate Services.....	<a href="#">144</a>
Corporate Executive & Governance.....	<a href="#">146</a>
Association Dues and License/Filing Fees .....	<a href="#">148</a>
<b>Total Core Expenses.....</b>	<b><a href="#">150</a></b>
<b>Sales and Marketing</b>	
Rating and Underwriting.....	<a href="#">152</a>
(b) Risk Adjustment.....	<a href="#">154</a>
(c) All Other Rating and Underwriting.....	<a href="#">156</a>
Marketing.....	<a href="#">158</a>
(a) Product Development and Market Research.....	<a href="#">160</a>
(b) Member and Group Communication.....	<a href="#">162</a>
(c) Other Marketing.....	<a href="#">164</a>
Sales.....	<a href="#">166</a>
(a) Account Services.....	<a href="#">168</a>
(b) Internal Commissions.....	<a href="#">170</a>
(c) Other Sales.....	<a href="#">172</a>
External Broker Commissions.....	<a href="#">174</a>

**Functional Expenses, Across Products, continued**

<b>Functional Area</b>	<b>Page</b>
<b>Sales and Marketing, Continued</b>	
Advertising and Promotion.....	<a href="#">176</a>
(a) Media and Advertising.....	<a href="#">178</a>
(b) Charitable Contributions.....	<a href="#">180</a>
<b>Subtotal Expenses</b> .....	<a href="#">182</a>
Miscellaneous Business Taxes.....	<a href="#">184</a>
<b>Total Expenses</b> .....	<a href="#">186</a>

Tab 4

**Functional Expenses of Each Product, PMPM**

This section provides an analysis of the expense composition of each product. All expenses for each product are included in each table. Costs are presented on a per member per month basis. Each section includes a statistical analysis of product expenses.

<b>Figure</b>	<b>Product</b>	<b>Page</b>
	<b>Total</b>	
<a href="#">4-1</a>	Comprehensive Total.....	<a href="#">190</a>
	<b>Commercial</b>	
<a href="#">4-2</a>	Commercial HMO, Insured.....	<a href="#">192</a>
<a href="#">4-3</a>	Commercial POS, Insured.....	<a href="#">194</a>
<a href="#">4-4</a>	Commercial Indemnity & PPO, Insured.....	<a href="#">196</a>
<a href="#">4-5</a>	Commercial Total, Insured.....	<a href="#">198</a>
<a href="#">4-6</a>	Commercial, ASO/ASC.....	<a href="#">200</a>
<a href="#">4-7</a>	Commercial Total.....	<a href="#">202</a>
	<b>Medicare</b>	
<a href="#">4-8</a>	Medicare Advantage.....	<a href="#">204</a>
<a href="#">4-9</a>	Medicare SNP.....	<a href="#">206</a>
<a href="#">4-10</a>	Medicare Total.....	<a href="#">208</a>
<a href="#">4-11</a>	Medicare Supplement.....	<a href="#">210</a>
	<b>Medicaid</b>	
<a href="#">4-12</a>	Medicaid HMO.....	<a href="#">212</a>
<a href="#">4-13</a>	Medicaid CHIP.....	<a href="#">214</a>
<a href="#">4-14</a>	Medicaid Total.....	<a href="#">216</a>
<a href="#">4-15</a>	MLTSS.....	<a href="#">218</a>

Tab 5

**Functional Expenses of Each Product, Percent of Premiums and/or Fees**

This section provides an analysis of the expense composition of each product. All expenses for each product are included in each table. Each figure includes a statistical analysis of expenses. Costs are presented on a percent of premiums and/or fees basis. Premiums and fees exclude those of pharmacy and behavioral health, as do associated expenses.

<b>Figure</b>	<b>Product</b>	<b>Page</b>
	<b>Total</b>	
<a href="#">5-1</a>	Comprehensive Total.....	<a href="#">222</a>
	<b>Commercial</b>	
<a href="#">5-2</a>	Commercial HMO, Insured.....	<a href="#">224</a>
<a href="#">5-3</a>	Commercial POS, Insured.....	<a href="#">226</a>
<a href="#">5-4</a>	Commercial Indemnity & PPO, Insured.....	<a href="#">228</a>
<a href="#">5-5</a>	Commercial Total, Insured.....	<a href="#">230</a>
<a href="#">5-6</a>	Commercial, ASO/ASC.....	<a href="#">232</a>
<a href="#">5-7</a>	Commercial Total.....	<a href="#">234</a>
	<b>Medicare</b>	
<a href="#">5-8</a>	Medicare Advantage.....	<a href="#">236</a>
<a href="#">5-9</a>	Medicare SNP.....	<a href="#">238</a>
<a href="#">5-10</a>	Medicare Total.....	<a href="#">240</a>
<a href="#">5-11</a>	Medicare Supplement.....	<a href="#">242</a>
	<b>Medicaid</b>	
<a href="#">5-12</a>	Medicaid HMO.....	<a href="#">244</a>
<a href="#">5-13</a>	Medicaid CHIP.....	<a href="#">246</a>
<a href="#">5-14</a>	Medicaid Total.....	<a href="#">248</a>
<a href="#">5-15</a>	MLTSS.....	<a href="#">250</a>

## Tab 6

### Expenses of Specialty Services and Other Self-Contained Activities

This section provides an analysis of specialty and other self-contained net or total expenses across products. These activities are Pharmacy, Behavioral Health and COB and Subrogation. Values are presented on a per member per month and percent of premiums or premiums equivalent basis.

In calculating ratios, premiums and equivalents exclude pharmacy and behavioral health, except they are respectively included for pharmacy and behavioral health functions. Membership refers to all members except in the case of pharmacy, in which only pharmacy members are used if available.

While Pharmacy and Behavioral Health are excluded from the total expenses found in Tabs 3-5, Healthcare Recoveries contains a more detailed analysis of COB and Subrogation and Provider Recoveries included in those tabs.

Figures	Function	Page
	<b>Pharmacy</b>	
<a href="#">6-1 &amp; 6-2</a>	Administration.....	<a href="#">254</a>
<a href="#">6-3 &amp; 6-4</a>	Gross Benefits.....	<a href="#">256</a>
<a href="#">6-5 &amp; 6-6</a>	Rebates.....	<a href="#">258</a>
<a href="#">6-7 &amp; 6-8</a>	Total Pharmacy Costs.....	<a href="#">260</a>
<a href="#">6-9</a>	Percentage of Plans that Outsource Formulary Management.....	<a href="#">262</a>
	<b>Behavioral Health</b>	
<a href="#">6-10 &amp; 6-11</a>	Administration.....	<a href="#">262</a>
<a href="#">6-12 &amp; 6-13</a>	Benefits.....	<a href="#">264</a>
<a href="#">6-14 &amp; 6-15</a>	Total Behavioral Health Costs.....	<a href="#">266</a>
	<b>Healthcare Recoveries</b>	
<a href="#">6-16 &amp; 6-17</a>	COB and Subrogation Recoveries.....	<a href="#">268</a>
<a href="#">6-18 &amp; 6-19</a>	Fraud, Waste and Abuse Recoveries.....	<a href="#">270</a>



## Tab 7

### Supplemental Schedules

- **Costs Charged by Parent Organization** reports the size and scope of costs that are charged to the health plan from its parent organization (e.g. legal services, accounting, etc.). It can also provide a gauge of the reasonableness of such services, though it should be understood that this application is limited since the precise nature of the services for which the parent bills is unknown.
- **Depreciation and Amortization** reports the size and scope of depreciation and amortization expenses. The non-cash expenses of depreciation and amortization are included in the functions that they support in the main schedule of the administrative expense survey form. In this schedule, only depreciation and amortization expenses are included in each functional area.
- **Strategic Project Expenses** reports the size and scope of those expenses that are considered by your plan to be part of strategic projects. Expenses are reported by functional area. "Strategic" here is intentionally vague, as the purpose of this schedule is to allow plans to compare the amount of expenses that they consider strategic with other plans.
- **Individual Expenses** reports those expenses that are for Individual contracts only. This includes ACA compliant members on and off exchange and grandfathered, non-ACA compliant members. Expenses are reported by functional area.
- **Market Segments** reports various metrics for Individual, Small, Middle, Middle/Large and Large groups.

In all schedules, revenues are defined as premiums and fees excluding pharmacy and behavioral health.

Figure	Schedule	Page
<b>Costs Charged by Parent Organization</b>		
<a href="#">7-1</a>	Per Member Per Month.....	<a href="#">275</a>
<a href="#">7-2</a>	Percent of Premiums and Fees.....	<a href="#">277</a>
<a href="#">7-3</a>	Percent of Total Function Administrative Expenses.....	<a href="#">279</a>
<b>Depreciation and Amortization</b>		
<a href="#">7-4</a>	Per Member Per Month.....	<a href="#">281</a>
<a href="#">7-5</a>	Percent of Premiums and Fees.....	<a href="#">283</a>
<a href="#">7-6</a>	Percent of Total Function Administrative Expenses.....	<a href="#">285</a>
<b>Individual Expenses - Under 65</b>		
Per Member Per Month		
<a href="#">7-7</a>	ACA.....	<a href="#">287</a>
<a href="#">7-8</a>	Non-ACA.....	<a href="#">289</a>
<a href="#">7-9</a>	Total Individual.....	<a href="#">291</a>
<b>Group, PMPM</b>		
<a href="#">7-10</a>	Small.....	<a href="#">293</a>
<a href="#">7-11</a>	Middle Market.....	<a href="#">295</a>
<a href="#">7-12</a>	Large.....	<a href="#">297</a>
<a href="#">7-13</a>	Total Group.....	<a href="#">299</a>

**Supplemental Schedules, Continued**

Figure	Schedule	Page
	<b>Individual Expenses - Under 65</b>	
	Percent of Premiums	
<a href="#">7-14</a>	ACA.....	<a href="#">301</a>
<a href="#">7-15</a>	Non-ACA.....	<a href="#">303</a>
<a href="#">7-16</a>	Total Individual.....	<a href="#">305</a>
	<b>Group, Percent of Premiums</b>	
<a href="#">7-17</a>	Small.....	<a href="#">307</a>
<a href="#">7-18</a>	Middle Market.....	<a href="#">309</a>
<a href="#">7-19</a>	Large.....	<a href="#">311</a>
<a href="#">7-20</a>	Total Group.....	<a href="#">313</a>
	<b>Market Segments Additional Data</b>	
<a href="#">7-21</a>	Membership.....	<a href="#">315</a>
<a href="#">7-22</a>	Revenues.....	<a href="#">316</a>
<a href="#">7-23</a>	Commissions Expenses, PMPM.....	<a href="#">317</a>
<a href="#">7-24</a>	Commissions Expenses, Percent of Revenue.....	<a href="#">319</a>

## Tab 8

### Finance and Accounting Details

This includes Stop Loss metrics, which relates to Plan working capital as well as product design. Other topics include metrics of financial condition and liquidity, aging of Property, Plant and Equipment, non-cash expenses, capitalization vs. expense of strategic projects and an analysis of taxes stemming from health care reform.

Stop-Loss insurance is often sold to self-insured (ASO/ASC) customers of health plans. Since stop-loss has different economic characteristics than ASO/ASC but they are often sold together, it can be illuminating to look at stop-loss and ASO/ASC products as though they were combined. In this section, we report the proportion of ASO/ASC membership that purchases stop-loss coverage and the costs and revenues of the product on a stand-alone basis. We also report the combined economics of the ASO/ASC plus the stop loss insurance to get a complete view of these complementary products. These analyses are performed with and without prescription drug and behavioral health benefits, expenses and associated revenues.

This section also includes metrics of financial efficiency, financial strength, capital intensity, amortization policies, strategic projects and ACA taxes and fees.

Figure	Schedule	Page
	<b>Stop-Loss</b>	
<a href="#">8-1</a>	Stop-Loss Sold Members as a Percent of Self-Insured Members.....	<a href="#">325</a>
<a href="#">8-1</a>	Stop-Loss Only.....	<a href="#">325</a>
<a href="#">8-2</a>	Self-Insured Fees Plus Stop-Loss.....	<a href="#">325</a>
<a href="#">8-2</a>	Self-Insured Premium-Equivalents Plus Stop-Loss.....	<a href="#">326</a>
	<b>Finance and Accounting Metrics</b>	
<a href="#">8-3</a>	Equity Turnover.....	<a href="#">327</a>
<a href="#">8-3</a>	Operating Return on Equity.....	<a href="#">327</a>
<a href="#">8-3</a>	Days of Accounts Receivable.....	<a href="#">327</a>
<a href="#">8-3</a>	Days of Premiums Receivable.....	<a href="#">327</a>
<a href="#">8-3</a>	Current Ratio.....	<a href="#">327</a>
<a href="#">8-3</a>	RBC Ratio.....	<a href="#">327</a>
<a href="#">8-3</a>	Days to Close.....	<a href="#">327</a>
<a href="#">8-3</a>	Percentage of Plans that are Provider Affiliated.....	<a href="#">327</a>
	<b>Property, Plant and Equipment</b>	
<a href="#">8-4</a>	Property, Plant and Equipment Value, PMPM.....	<a href="#">328</a>
<a href="#">8-4</a>	Non-Cash Expenses, PMPM.....	<a href="#">328</a>
<a href="#">8-4</a>	Non-Cash Expenses as a Percent of Total Function Administrative Expenses.....	<a href="#">328</a>
<a href="#">8-4</a>	Average Age in Years of Property, Plant and Equipment.....	<a href="#">328</a>

**Finance and Accounting Details, Continued**

Figure	Schedule	Page
	<b>Information Systems Strategic Projects - Capitalized vs. Expensed</b>	
<a href="#">8-5</a>	Per Member Per Month.....	<a href="#">329</a>
<a href="#">8-6</a>	Percent of Projects.....	<a href="#">330</a>
<a href="#">8-7</a>	Capitalized vs. Expensed as a Percent of Total Functions.....	<a href="#">331</a>
	<b>All Other Strategic Projects - Capitalized vs. Expensed</b>	
<a href="#">8-8</a>	Per Member Per Month.....	<a href="#">332</a>
<a href="#">8-9</a>	Percent of Projects.....	<a href="#">333</a>
<a href="#">8-10</a>	Capitalized vs. Expensed as a Percent of Total Functions.....	<a href="#">334</a>
<a href="#">8-11</a>	Additional Metrics.....	<a href="#">335</a>
	<b>ACA-Related Taxes and Fees</b>	
<a href="#">8-12</a>	Per Member Per Month.....	<a href="#">336</a>
<a href="#">8-12</a>	Percent of Premiums and Fees.....	<a href="#">336</a>
<a href="#">8-12</a>	Note: Membership and Revenue Denominators.....	<a href="#">336</a>

## Information Systems, Allocated by Supported Functional Areas

This section provides an analysis of functional expenses, allocating Information Systems expense to the functional areas that it supports. These allocations are then analyzed to determine the impact on each functional area, how it varies between functional areas and the importance of staffing costs relative to the reallocated expenses.

The first analysis, "Information Systems Allocations," includes all IS expenses such as infrastructure and software. The second analysis is only for applications that can be traced to specific functional areas.

This analysis is based on Comprehensive Total data. Revenues are defined as premiums and self-funded fees. Premiums and fees exclude those of pharmacy and mental health, as do associated expenses. "Loaded" means that the information systems allocations have been added to the reported functional area costs.

Figure	Schedule	Page
<b>Information Systems Allocations</b>		
<a href="#">8-13</a>	Information Systems Allocations, PMPM.....	<a href="#">338</a>
<a href="#">8-14</a>	IS Allocations as a Percent Revenue.....	<a href="#">339</a>
<a href="#">8-15</a>	Percent of IS Costs Allocated to Each Functional Area.....	<a href="#">340</a>
<a href="#">8-16</a>	IS Loaded Functional Area Expenses PMPM.....	<a href="#">341</a>
<a href="#">8-17</a>	IS Costs as a Percent of Loaded Functional Area Costs.....	<a href="#">342</a>
<a href="#">8-18</a>	IS Staffing Costs as a Percent of Loaded Functional Area Costs.....	<a href="#">343</a>
<b>Information Systems Applications Allocations</b>		
<a href="#">8-19</a>	Applications Information Systems Dollar Allocations, PMPM.....	<a href="#">344</a>
<a href="#">8-20</a>	Applications IS Dollar Allocations as a Percent Revenue.....	<a href="#">345</a>
<a href="#">8-21</a>	Percent of Applications IS Costs Allocated to Each Functional Area.....	<a href="#">346</a>
<a href="#">8-22</a>	Applications IS Loaded Functional Area Expenses PMPM.....	<a href="#">347</a>
<a href="#">8-23</a>	Applications IS Costs as a Percent of Loaded Functional Area Costs.....	<a href="#">348</a>

---

## Tab 9

### Costs of Medicaid Offered by Other Universes

This section provides an analysis of Medicaid HMO plans that are offered by other universes in Sherlock Company's benchmarking study for 2021. Data is presented on a per member per month and a percent of revenue basis.

Revenues are defined as premiums or self-funded fees. Premiums and fees exclude those of pharmacy and mental health, as do associated expenses.

---

Figure	Schedule	Page
	<b>Medicaid HMO</b>	
<a href="#">9-1</a>	Independent / Provider - Sponsored (IPS) Per Member Per Month.....	<a href="#">350</a>
<a href="#">9-2</a>	Independent / Provider - Sponsored Percent of Revenue.....	<a href="#">352</a>
<a href="#">9-3</a>	Blue Cross Blue Shield (BCBS) - Per Member Per Month.....	<a href="#">354</a>
<a href="#">9-4</a>	Blue Cross Blue Shield - Percent of Revenue.....	<a href="#">356</a>
<a href="#">9-5</a>	IPS and BCBS - Per Member Per Month.....	<a href="#">358</a>
<a href="#">9-6</a>	IPS and BCBS - Percent of Revenue.....	<a href="#">360</a>
<a href="#">9-7</a>	Medicaid, IPS, and BCBS - Per Member Per Month.....	<a href="#">362</a>
<a href="#">9-8</a>	Medicaid, IPS, and BCBS - Percent of Revenue.....	<a href="#">364</a>

## Tab 10

### Participant Characteristics

This section provides a profile of the respondents to this edition of the benchmarking study. We summarize membership, product mix, groups served, revenues, medical expenses, profit margin and other key attributes.

Figure	Characteristic	Page
<b>Membership</b>		
<a href="#">10-1</a>	Member Months - Individual and Group (000's).....	<a href="#">369</a>
<a href="#">10-2</a>	Average Members - Individual and Group (000's).....	<a href="#">370</a>
<a href="#">10-3</a>	Average Members - Individual (000's).....	<a href="#">371</a>
<a href="#">10-4</a>	Average Members - Group (000's).....	<a href="#">372</a>
<a href="#">10-5</a>	Change in Average Membership.....	<a href="#">373</a>
<a href="#">10-6</a>	Mix - Product Membership as a Percent of Total Comprehensive Membership.....	<a href="#">374</a>
<a href="#">10-7</a>	Mix - Individual Membership as Percent of Total Product Membership.....	<a href="#">375</a>
<a href="#">10-8</a>	Mix - Group Membership as Percent of Total Product Membership.....	<a href="#">376</a>
<a href="#">10-9</a>	Average Number of Groups Served.....	<a href="#">377</a>
<a href="#">10-10</a>	Average Group Size (Member Months / Groups Months).....	<a href="#">378</a>
<a href="#">10-11</a>	Change in Average Number of Groups Served.....	<a href="#">379</a>
<b>Revenues</b>		
<a href="#">10-12</a>	Premiums and/or Self Funded Fees (000,000's).....	<a href="#">380</a>
<a href="#">10-13</a>	Premiums and/or Premium Equivalents (000,000's).....	<a href="#">381</a>
<a href="#">10-14</a>	Premiums and/or Self Funded Fees (Excluding Rx and B.H.) (000,000's).....	<a href="#">382</a>
<a href="#">10-15</a>	Premiums and/or Premium Equivalents (Excluding Rx and B.H.) (000,000's).....	<a href="#">383</a>
<a href="#">10-16</a>	Premiums and/or Self Funded Fees PMPM.....	<a href="#">384</a>
<a href="#">10-17</a>	Premiums and/or Premium Equivalents PMPM.....	<a href="#">385</a>
<a href="#">10-18</a>	Premiums and/or Self Funded Fees PMPM (Excluding Rx and B.H.).....	<a href="#">386</a>
<a href="#">10-19</a>	Premiums and/or Premium Equivalents PMPM (Excluding Rx and B.H.).....	<a href="#">387</a>
<a href="#">10-20</a>	Change in Gross Premiums/Self Funded Fees, PMPM.....	<a href="#">388</a>
<a href="#">10-21</a>	Mix - Premiums and Self-Funded Fees as a Percent of Overall Total Premiums and Self-Funded Fees.....	<a href="#">389</a>
<a href="#">10-22</a>	Mix - Premiums and Premium Equivalents as a Percent of Overall Total Prem. and Prem. Equivalents.....	<a href="#">390</a>
<b>Health Care Costs</b>		
<a href="#">10-23</a>	Health and Other Benefit Costs PMPM.....	<a href="#">391</a>
<a href="#">10-24</a>	Health and Other Benefit Costs PMPM (Excluding Rx and B.H.).....	<a href="#">392</a>
<a href="#">10-25</a>	Health Benefits Ratio (MLR) (Benefits / Premiums & Premium Equivalents).....	<a href="#">393</a>
<a href="#">10-26</a>	Health Benefits Ratio (MLR) (Benefits / Premiums & Premium Equivalents) (Excluding Rx and B.H.).....	<a href="#">394</a>
<a href="#">10-27</a>	Change in Net Health and Other Benefit Costs, PMPM.....	<a href="#">395</a>
<b>Administrative Expenses</b>		
<a href="#">10-28</a>	Administrative Costs PMPM (Excluding Rx and B.H.).....	<a href="#">396</a>
<a href="#">10-29</a>	Administrative Expense Ratio (Premiums and Fees) (Excluding Rx and B.H.).....	<a href="#">397</a>
<a href="#">10-30</a>	Administrative Expense Ratio (Premium and Fees) (Including Rx and B.H.).....	<a href="#">398</a>
<a href="#">10-31</a>	Administrative Expense Ratio (Premium Equivalents) (Excluding Rx and B.H.).....	<a href="#">399</a>
<a href="#">10-32</a>	Administrative Expense Ratio (Premium Equivalents) (Including Rx and B.H.).....	<a href="#">400</a>

**Participant Characteristics, Continued**

<b>Figure</b>	<b>Schedule</b>	<b>Page</b>
	<b>Profit</b>	
<a href="#">10-33</a>	Operating Earnings PMPM.....	<a href="#">401</a>
<a href="#">10-34</a>	Operating Margin.....	<a href="#">402</a>
	<b>Characteristics by Segment</b>	
<a href="#">10-35</a>	ACA, Under 65.....	<a href="#">403</a>
<a href="#">10-36</a>	Non-ACA, Under 65.....	<a href="#">404</a>
<a href="#">10-37</a>	Total Individual.....	<a href="#">405</a>
<a href="#">10-38</a>	Small Group.....	<a href="#">406</a>
<a href="#">10-39</a>	Middle Market.....	<a href="#">407</a>
<a href="#">10-40</a>	Large Group.....	<a href="#">408</a>
<a href="#">10-41</a>	Total Group.....	<a href="#">409</a>



# SHERLOCK BENCHMARKS

*Medicaid Edition - 2021*

Volume I – Financial Metrics

