

Figure 3-1

Rating and Underwriting

Administrative Expenses, Per Member Per Month

For the Year Ended December 31, 2013

	Commercial HMO		Commercial POS		Indemnity & PPO		Total Commercial
	Insured	ASO/ASC	Insured	ASO/ASC	Insured	ASO/ASC	
Low Value	\$0.04	\$0.09	\$0.04	\$0.08	\$0.03	\$0.10	\$0.04
25th Percentile	0.00	0.07	0.06	0.04	0.09	0.06	0.08
Median	0.01	0.07	0.06	0.04	0.09	0.09	0.11
Mean	0.18	0.40	0.70	0.05	0.33	0.15	0.15
75th Percentile	0.27	0.40	0.70	0.05	0.33	0.14	0.21
High Value	\$0.20	\$0.85	\$0.80	\$0.06	\$0.42	\$0.81	\$0.13
Standard Deviation	\$0.12	\$0.03	\$0.05	\$0.11	\$0.06	\$0.12	\$0.18
Coefficient of Variation	67%	36%	41%	63%	64%	83%	124%
Respondents	14	8	14	10	16	15	16

Data are for illustrative purposes. This presentation is not actual data from the study.

	FEP	Medicare Advantage	Medicaid HMO	Medicare Supplemental	Comprehensive Total	Stand-Alone Medicare Part D	Stand-Alone Dental
Low Value	\$0.05	\$0.05	\$0.01	\$0.08	\$0.03	\$0.03	\$0.00
25th Percentile	0.04	0.03	0.02	0.11	0.09	0.00	0.05
Median	0.20	0.19	0.03	0.15	0.10	0.01	0.10
Mean	0.15	0.14	0.10	0.09	0.04	0.09	0.20
75th Percentile	0.37	0.37	0.12	0.39	0.07	0.11	0.50
High Value	\$0.40	\$0.22	\$0.19	\$0.04	\$0.26	\$0.33	\$1.10
Standard Deviation	\$0.30	\$0.12	\$0.16	\$0.03	\$0.02	\$0.09	\$0.30
Coefficient of Variation	83%	83%	158%	34%	48%	104%	150%
Respondents	9	9	4	16	15	6	10

Key Highlights of SEER

- Administrative expenses are reported on a Per Member Per Month (PMPM) basis and as a Percent of Revenue for each Functional Area and across all product lines.
- Administrative costs are presented by Functional Area across each product line and by Product Line (as shown on the following tab).
- Universes comprised of Blue Cross Blue Shield, Independent / Provider - Sponsored, Larger Plans, Medicare and Medicaid.
- Results are provided in PDF and spreadsheet format.
- Scope of information varies between editions. Please call for additional information.

Figure 3-2

Rating and Underwriting

Administrative Expenses, Percent of Premiums or Fees

For the Year Ended December 31, 2013

	Commercial HMO		Commercial POS		Indemnity & PPO		Total Commercial	
	Insured	ASO/ASC	Insured	ASO/ASC	Insured	ASO/ASC		
Low Value	0.08%	0.24%	0.00%	0.07%	0.02%	0.18%	0.10%	
25th Percentile	0.04%	0.80%	0.07%	0.65%	0.05%	0.46%	0.01%	
Median	0.17%	0.27%	0.00%	1.58%	0.00%	0.65%	0.18%	
Mean	0.18%	1.71%	Data are for illustrative purposes. This presentation is not actual data from the study.				1.70%	0.02%
75th Percentile	0.08%	0.78%	0.23%	1.31%	0.07%	3.59%	0.16%	
High Value	0.98%	9.78%	0.59%	0.91%	0.76%	9.38%	0.69%	
Standard Deviation	0.13%	1.24%	0.05%	0.95%	0.01%	0.98%	0.01%	
Coefficient of Variation	71%	72%	38%	72%	57%	58%	48%	
Respondents	14	8	14	10	16	15	16	

	FEP	Medicare Advantage	Medicaid HMO	Medicare Supplemental	Comprehensive Total	Stand-Alone Medicare Part D	Stand-Alone Dental
	Low Value	0.01%	1.00%	0.01%	0.03%	0.08%	0.04%
25th Percentile	0.02%	2.00%	0.02%	0.06%	0.06%	0.07%	0.20%
Median	0.03%	3.00%	0.03%	0.07%	0.00%	0.19%	0.30%
Mean	0.04%	4.00%	0.04%	0.08%	0.00%	0.11%	0.30%
75th Percentile	0.05%	5.00%	0.05%	0.10%	0.10%	0.06%	0.40%
High Value	0.06%	6.00%	0.06%	0.30%	0.30%	0.08%	0.50%
Standard Deviation	0.00%	0.50%	0.50%	0.30%	0.24%	0.08%	0.10%
Coefficient of Variation	100%	88%	49%	30%	77%	72%	30%
Respondents	16	9	4	16	19	6	13

Every functional area includes the following data: low value, 25th percentile, median, mean, 75th percentile, high value, standard deviation and standard deviation / mean expressed Per Member Per Month and as Percent of Revenue. This presentation facilitates comparison of costs across different product lines.

Figure 4-1

All Products*
Administrative Expenses, Per Member Per Month

Data are for illustrative purposes. This presentation is not the actual data from the study.

For the Year Ended December 31, 2013

Functional Area	Low Value	25th Percentile	Median	Mean	75th Percentile	High Value	Standard Deviation	Coefficient of Variation	Respondents
Sales and Marketing									
Rating and Underwriting	\$0.09	\$0.22	\$0.18	\$0.42	\$0.36	\$0.92	\$0.11	84%	17
(a) Employer Group Reporting	0.02	0.05	0.16	0.32	0.21	0.76	0.50	180%	17
(c) All Other Rating and Underwriting	0.69	0.77	1.07	1.55	1.19	1.81	0.42	54%	18
Marketing	0.28	0.37	0.52	0.57	0.88	1.76	0.20	64%	16
(a) Product Development and Market Research	0.01	0.07	0.07	0.09	0.24	0.49	0.18	65%	16
(b) Member and Group Communication	0.06	0.10	0.54	0.25	0.90	0.91	0.16	79%	16
(c) Other Marketing	2.56	1.29	2.65	3.35	4.62	9.01	1.16	69%	18
Sales	0.16	0.42	0.28	0.77	0.74	0.89	0.40	55%	18
(a) Account Services	0.51	0.81	0.82	0.61	0.73	1.15	0.43	21%	18
(c) Other Sales	0.53	1.11	1.40	1.10	2.06	1.18	0.27	39%	18
Commissions (external)	0.59	0.57				2.17	0.35	55%	18
Advertising and Promotion	0.05	0.18				0.61	0.22	49%	16
(a) Media and Advertising	0.06	0.09				0.70	0.16	70%	16
(b) Charitable Contributions	0.01	0.03				0.26	0.10	86%	12
Total Sales and Marketing	\$3.02	\$4.06				\$12.06	\$1.56	50%	18
Medical and Provider Management									
Provider Network Management and Services	\$0.59	\$0.57	\$0.62	\$1.12	\$1.80	\$2.17	\$0.35	55%	18
(a) Provider Relations Services	0.05	0.18	0.19	0.44	0.62	0.61	0.22	49%	16
(b) Provider Contracting	0.06	0.09	0.31	0.21	0.39	0.70	0.16	70%	16
(c) Provider Audit / Billing Validation	0.01	0.03	0.06	0.05	0.13	0.26	0.10	86%	12
(d) Other Provider Network Management and Services	0.04	0.17	0.38	0.29	0.24	0.99	0.35	112%	16
Medical Management / Quality Assurance / Wellness	1.06	1.58	1.76	2.13	2.19	2.14	0.53	27%	18
(a) Pre-Certification	0.02	0.13	0.27	0.32	0.51	0.75	0.14	76%	13
(b) Case Management	0.06	0.16	0.32	0.21	0.32	1.13	0.31	90%	16
(c) Disease Management	0.03	0.06	0.24	0.17	0.33	0.63	0.22	127%	13
(d) Nurse-based Counseling	0.00	0.01	0.13	0.15	0.32	0.48	0.12	72%	11
(e) Health and Wellness	0.47	0.51	0.31	0.60	0.52	0.86	0.51	56%	16
(f) Quality Components	0.01	0.05	0.10	0.20	0.50	0.60	0.30	83%	18
(g) Medical Informatics	0.10	0.20	0.25	0.26	0.30	0.60	0.30	60%	17
(h) Utilization Review	0.05	0.10	0.20	0.25	0.50	1.00	0.50	89%	18
(i) Other Medical Management	0.70	0.60	0.55	0.75	1.50	3.00	0.90	90%	18
Total Medical and Provider Management	\$3.00	\$3.05	\$6.00	\$8.00	\$9.00	\$13.00	\$1.75	70%	18

The analysis of product lines by functional areas provides the same statistical measures as the previous presentation.

*All Products consists of Comprehensive Total plus Stand-Alone Part D and Stand-Alone Dental.

Figure 4-1 (continued)

All Products
Administrative Expenses, Per Member Per Month

Data are for illustrative purposes. This presentation is not the actual data from the study.

For the Year Ended December 31, 2013

Functional Area	Low Value	25th Percentile	Median	Mean	75th Percentile	High Value	Standard Deviation	Coefficient of Variation	Respondents
Account and Membership Administration									
Enrollment / Membership / Billing	\$0.51	\$0.81	\$0.82	\$0.61	\$0.73	\$1.15	\$0.43	21%	18
Customer Services	0.53	1.11	1.40	1.10	2.06	1.18	0.27	39%	18
Claim and Encounter Capture and Adjudication									
(a) COB and Subrogation	0.03	0.08	0.13	0.10	0.15	0.23	0.12	54%	16
(b) BlueCard Home and Custom Par Fees	0.20	0.75	1.15	2.00	2.50	3.33	1.27	70%	18
(c) Medicare Crossover Fees	0.05	0.06	0.07	0.06	0.08	0.10	0.10	25%	16
(e) Other Claim and Encounter Capture and Adjudication	0.93	0.82	2.30	1.80	2.31	3.16	0.97	19%	16
Total IS Expenditures (as expensed)	1.71	3.26	4.87	4.98	7.74	3.99	1.42	22%	18
IS Operations and Support Services									
(a) IS Operations and Support Services	0.92	0.94	1.85	1.97	2.00	3.35	0.42	44%	16
IS Applications Maintenance									
(b) IS Applications Maintenance	0.10	0.54	1.15	0.57	1.67	2.24	0.53	46%	15
Benefit Configuration									
(1) Benefit Configuration	0.00	0.05	0.30	0.45	0.90	1.50	0.80	120%	8
All Other Applications Maintenance									
(2) All Other Applications Maintenance	0.50	0.55	0.75	0.76	1.76	3.00	0.99	75%	13
IS Applications Acquisition and Development									
(c) IS Applications Acquisition and Development	0.29	0.71	1.01	1.63	2.18	2.00	1.36	65%	16
Stage III Amortization Costs									
(1) Stage III Amortization Costs	0.03	0.12	0.14	0.43	0.24	1.14	0.40	127%	12
Pre-Planning and Project Costs									
(2) Pre-Planning and Project Costs	0.07	0.26	0.53	0.48	0.67	1.35	0.25	33%	11
IT Security Admin. and Enforcement									
(d) IT Security Admin. and Enforcement	0.02	0.04	0.07	0.04	0.12	0.16	0.03	52%	14
Total Account and Membership Administration	\$6.60	\$12.00				1.00	\$5.56	89%	18
Corporate Services									
<i>The analysis of product lines by functional areas provides the same statistical measures as the previous presentation.</i>									
Finance and Accounting	\$0.33	\$0.28				0.75	\$0.42	39%	18
Actuarial	0.05	0.08				0.53	0.12	70%	18
Corporate Services	2.18	1.81	4.13	2.99	2.91	4.07	1.26	40%	18
Human Resources									
(a) Human Resources	0.15	0.15	0.27	0.69	0.61	1.03	0.35	108%	18
Legal									
(b) Legal	0.22	0.31	0.17	0.45	0.65	0.61	0.12	50%	18
Compliance									
(1) Compliance	0.00	0.04	0.15	0.20	0.20	0.75	0.30	120%	18
Government Affairs									
(2) Government Affairs	0.00	0.05	0.16	0.23	0.30	0.35	0.12	75%	18
All Other Legal									
(3) All Other Legal	0.10	0.20	0.22	0.35	0.40	0.80	0.25	75%	18
Facilities									
(c) Facilities	0.24	0.86	0.82	1.25	1.45	1.23	0.33	51%	18
OPEB									
(d) OPEB	0.01	0.40	0.50	0.55	0.70	2.30	0.75	123%	16
Audit									
(e) Audit	0.02	0.19	0.50	0.60	0.80	1.30	0.25	80%	18
Purchasing									
(f) Purchasing	0.00	0.01	0.02	0.03	0.03	0.05	0.02	20%	18
Imaging									
(g) Imaging	0.02	0.04	0.06	0.08	0.10	0.30	0.20	23%	18
Printing and Mailroom									
(h) Printing and Mailroom	0.01	0.02	0.03	0.04	0.05	0.06	0.10	17%	18
Other Corporate Services									
(i) Other Corporate Services	0.31	0.45	1.48	2.11	1.37	3.25	0.73	97%	18
Corporate Executive & Governance	0.12	0.11	0.36	0.81	0.57	3.49	1.02	143%	18
Association Dues and License/Filing Fees	0.05	0.10	0.11	0.18	0.13	0.32	0.08	59%	18
Total Corporate Services	\$2.45	\$3.50	\$4.50	\$6.00	\$8.00	\$16.00	\$2.50	103%	18
Subtotal Expenses	\$13.67	\$12.91	\$23.45	\$16.60	\$15.49	\$37.46	\$5.57	20%	18
Miscellaneous Business Taxes	0.04	0.57	0.81	0.96	1.61	1.79	1.45	93%	12
Total Expenses	\$21.01	\$12.74	\$22.44	\$23.51	\$36.39	\$26.41	\$3.12	29%	18

*All Products consists of Comprehensive Total plus Stand-Alone Part D and Stand-Alone Dental.