

Figure 3-1

1. Rating and Underwriting Administrative Expenses, Per Member Per Month

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

For the Year Ended December 31, 2020

Metric	Low Value	25th Percentile	Median	Mean	75th Percentile	High Value	Standard Deviation	Coefficient of Variation	Respondents
Commercial HMO									
Insured	\$0.51	\$0.71	\$1.08	\$3.10	\$2.93	\$11.47	\$2.63	136%	9
ASO/ASC	0.33	0.54	0.74	0.80	1.08	1.41	0.14	29%	8
Commercial POS									
Insured	0.47	0.74	1.21	1.28	1.91	2.34	0.34	42%	6
ASO/ASC	0.16	0.33	0.68	0.59	0.83	1.10	0.20	56%	5
Indemnity & PPO									
Insured	0.27	0.56	1.39	1.82	2.78	5.74	0.86	75%	14
ASO/ASC	0.11	0.38	0.58	0.57	0.72	1.26	0.14	40%	14
Commercial Insured	0.44	0.63	1.47	1.89	2.79	5.67	0.82	70%	14
Commercial ASO/ASC	0.12	0.37	0.58	0.57	0.73	1.24	0.14	39%	14
Commercial Total	0.34	0.54	0.88	1.01	1.49	2.35	0.28	44%	14
FEP	0.00	0.00	0.03	0.12	0.15	0.69	0.11	146%	14
Medicare Supplement	0.03	0.08	0.30	0.81	0.92	4.52	0.89	176%	14
Medicare Advantage Individual	0.67	5.70	10.26	13.41	19.56	40.21	5.96	71%	12
Medicare Advantage Group	3.32	7.35	13.52	16.45	28.42	36.74	5.85	57%	8
Medicare Advantage Total	0.69	5.71	10.28	13.08	19.62	37.55	5.60	69%	12
Medicaid HMO	0.05	0.12	0.42	0.78	1.07	2.07	0.54	110%	5
Comprehensive Total	\$0.27	\$0.55	\$0.97	\$1.47	\$2.39	\$4.64	\$0.66	72%	14
Medicare Advantage SNP	3.57	4.22	8.96	8.22	13.42	14.91	3.84	75%	3
Stand-Alone Medicare Part D	0.02	0.05	0.09	0.36	0.65	1.36	0.29	128%	9
Stand-Alone Dental	\$0.00	\$0.02	\$0.06	\$0.08	\$0.12	\$0.30	\$0.05	106%	12

Key Highlights of the *Sherlock Benchmarks*

- 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

1. Rating and Underwriting

Administrative Expenses, Percent of Premiums and/or Fees

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

For the Year Ended December 31, 2020

Metric	Low Value	25th Percentile	Median	Mean	75th Percentile	High Value	Standard Deviation	Coefficient of Variation	Respondents
Commercial HMO									
Insured	0.14%	0.19%	0.23%	0.78%	0.67%	3.35%	0.68%	121%	9
ASO/ASC	1.64%	2.02%	2.37%	3.28%	4.96%	7.21%	0.74%	31%	8
Commercial POS									
Insured	0.10%	0.14%	0.28%	0.30%	0.49%	0.64%	0.09%	40%	6
ASO/ASC	0.97%	1.99%	2.50%	2.66%	3.40%	5.40%	0.90%	47%	5
Indemnity & PPO									
Insured	0.09%	0.14%	0.36%	0.43%	0.72%	1.30%	0.16%	52%	14
ASO/ASC	0.59%	1.45%	2.30%	2.43%	3.44%	5.99%	0.60%	35%	14
Commercial Insured	0.10%	0.16%	0.37%	0.44%	0.71%	1.28%	0.15%	48%	14
Commercial ASO/ASC	0.60%	1.46%	2.38%	2.42%	3.44%	5.76%	0.57%	33%	14
Commercial Total	0.19%	0.30%	0.53%	0.60%	0.92%	1.58%	0.16%	38%	14
FEP	0.00%	0.00%	0.01%	0.02%	0.03%	0.14%	0.02%	112%	14
Medicare Supplement	0.01%	0.04%	0.14%	0.48%	0.39%	3.23%	0.57%	165%	14
Medicare Advantage Individual	0.11%	0.81%	1.36%	1.77%	2.79%	5.81%	0.73%	58%	12
Medicare Advantage Group	0.38%	0.72%	1.24%	1.62%	2.78%	4.28%	0.57%	50%	8
Medicare Advantage Total	0.11%	0.79%	1.35%	1.61%	2.77%	4.68%	0.58%	50%	12
Medicaid HMO	0.01%	0.03%	0.19%	0.22%	0.24%	0.57%	0.13%	84%	5
Comprehensive Total	0.13%	0.27%	0.54%	0.65%	0.90%	2.15%	0.25%	54%	14
Medicare Advantage SNP	0.38%	0.45%	0.99%	0.84%	1.47%	1.63%	0.37%	62%	3
Stand-Alone Medicare Part D	0.02%	0.07%	0.09%	0.24%	0.63%	0.83%	0.14%	78%	9
Stand-Alone Dental	0.00%	0.08%	0.31%	0.33%	0.62%	0.97%	0.14%	59%	12

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

For the Year Ended December 31, 2020

Functional Area	Low Value	25th Percentile	Median	Mean	75th Percentile	High Value	Standard Deviation	Coefficient of Variation	Respondents
Sales and Marketing									
1. Rating and Underwriting	\$0.27	\$0.52	\$1.04	\$1.32	\$2.05	\$4.44	\$0.46	59%	14
(a) Employer Group Reporting	0.00	0.08	0.16	0.21	0.37	0.76	0.09	71%	12
(b) Risk Adjustment	0.07	0.32	0.67	0.92	1.44	3.37	0.39	71%	12
(c) Other Rating and Underwriting	0.07	0.18	0.30	0.35	0.55	0.95	0.09	45%	13
2. Marketing	0.57	0.99	1.50	1.78	2.21	5.70	0.57	54%	14
(a) Product Development and Market Research	0.22	0.33	0.54	0.79	1.08	2.93	0.30	66%	14
(b) Member and Group Communication	0.02	0.15	0.30	0.39	0.70	1.22	0.13	60%	14
(c) Other Marketing	0.18	0.32	0.49	0.61	0.76	1.98	0.21	58%	14
3. Sales	1.25	1.72	2.21	2.46	3.74	4.66	0.30	21%	14
(a) Account Services	0.24	0.47	0.94	0.93	1.52	2.26	0.21	39%	14
(b) Internal Sales Commissions	0.06	0.22	0.34	0.33	0.48	0.75	0.07	35%	14
(c) Other Sales	0.37	0.71	1.26	1.21	1.70	2.62	0.22	31%	14
4. External Broker Commissions	2.00	5.26	6.86	7.94	10.49	22.40	1.88	40%	14
5. Advertising and Promotion	0.47	0.90	1.23	1.53	1.98	4.75	0.41	45%	14
(a) Media and Advertising	0.36	0.70	1.08	1.18	1.73	2.95	0.26	37%	14
(b) Charitable Contributions	0.00	0.06	0.24	0.38	0.42	1.92	0.22	101%	13
Sales and Marketing	\$6.17	\$9.45	\$14.01	\$15.04	\$22.05	\$34.87	\$2.68	30%	14
Medical and Provider Management									
6. Provider Network Management and Services	\$0.91	\$1.85	\$2.67	\$2.45	\$3.33	\$4.55	\$0.32	22%	14
(a) Provider Relations Services	0.13	0.54	0.92	0.82	1.19	1.76	0.17	34%	14
(b) Provider Contracting	0.39	0.57	0.86	0.92	1.36	2.06	0.16	29%	14
(1) Provider Configuration	0.02	0.03	0.07	0.13	0.24	0.41	0.05	70%	8
(2) Other Provider Contracting	0.39	0.49	0.63	0.71	0.90	1.43	0.10	25%	8
(c) Provider Audit / Billing Validation	0.00	0.05	0.12	0.24	0.34	1.07	0.13	92%	12
(d) Other Provider Network Management and Services	0.13	0.28	0.47	0.54	0.84	1.41	0.14	42%	13
7. Medical Management / Quality Assurance / Wellness	3.36	4.68	6.97	6.50	9.02	10.87	0.62	16%	14
(a) Precertification	0.07	0.34	0.65	0.83	1.08	2.83	0.30	61%	14
(b) Case Management	0.12	1.00	1.32	1.43	2.40	3.28	0.34	41%	14
(c) Disease Management	0.00	0.04	0.28	0.38	0.75	1.39	0.17	77%	14
(d) Nurse Information Line	0.00	0.01	0.04	0.05	0.07	0.18	0.02	71%	13
(e) Health and Wellness	0.04	0.27	0.53	0.63	1.04	1.70	0.19	52%	14
(f) Quality Components	0.11	0.20	0.38	0.45	0.63	1.30	0.13	48%	14
(g) Medical Informatics	0.08	0.25	0.66	0.64	1.04	1.75	0.18	47%	14
(h) Utilization Review	0.09	0.44	0.63	0.75	1.15	2.05	0.19	44%	14
(i) Other Medical Management	0.36	0.55	0.89	1.35	1.93	4.44	0.43	55%	14
Medical and Provider Management	\$5.24	\$6.95	\$8.70	\$8.95	\$11.81	\$15.22	\$0.65	12%	14

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

The Analysis of Product Lines by Functional Areas provides the same statistical measures as the previous presentation.

Figure 4-1 (continued)

All Products
Administrative Expenses, Per Member Per Month

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

For the Year Ended December 31, 2020

Functional Area	Low Value	25th Percentile	Median	Mean	75th Percentile	High Value	Standard Deviation	Coefficient of Variation	Respondents
Account and Membership Administration									
8. Enrollment / Membership / Billing	\$0.74	\$1.01	\$1.58	\$2.20	\$2.18	\$9.26	\$1.10	85%	14
9. Customer Services	1.35	2.35	3.18	3.04	4.15	5.66	0.35	20%	14
(a) Member Services	1.20	2.17	2.85	2.72	3.74	5.03	0.33	21%	14
(c) Grievances and Appeals	0.05	0.12	0.28	0.34	0.46	1.19	0.12	59%	13
10. Claim and Encounter Capture and Adjudication	2.33	3.46	5.47	5.72	7.79	13.52	0.99	29%	14
(a) Coordination of Benefits (COB) and Subrogation	0.03	0.12	0.36	0.33	0.51	0.95	0.10	50%	14
(b) BlueCard Home and Custom Par Fees	0.09	1.12	1.54	1.92	2.78	6.10	0.64	56%	14
(c) Medicare Crossover Fees	0.02	0.04	0.08	0.10	0.12	0.33	0.04	66%	13
(d) Other Claim and Encounter Capture and Adjudication	1.35	2.50	3.25	3.38	4.64	7.00	0.50	25%	14
11. Information Systems Expenses	6.17	11.09	14.74	16.16	22.98	35.99	2.68	28%	14
(a) Operations and Support Services	2.04	3.03	4.75	6.46	8.93	21.85	2.09	55%	14
(b) Applications Maintenance	0.57	2.03	3.46	3.69	6.24	8.64	0.87	40%	14
(1) Benefit Configuration	0.09	0.19	0.44	0.79	0.81	3.80	0.53	115%	12
(2) Other Applications Maintenance	0.87	2.38	3.24	3.39	5.11	7.96	0.70	35%	12
(c) Applications Acquisition and Development	1.00	2.48	4.22	5.15	8.31	15.86	1.60	53%	14
(1) Applications Amortization and Licensing Expenses	0.42	0.95	1.88	2.17	4.45	5.62	0.63	49%	12
(2) Pre-Planning Project Costs	0.19	0.97	2.09	3.13	3.80	13.32	1.53	83%	12
(d) Security Administration and Enforcement	0.29	0.47	0.77	0.86	1.40	2.03	0.18	36%	14
Account and Membership Administration	\$14.63	\$18.26	\$23.85	\$27.11	\$36.60	\$61.32	\$4.16	26%	14
Corporate Services Cluster									
12. Finance and Accounting	\$0.36	\$0.77	\$1.07	\$1.22	\$1.88	\$3.09	\$0.27	38%	14
(a) Credit Card Fees	0.01	0.03	0.14	0.17	0.30	0.56	0.07	70%	12
(b) Other Finance and Accounting	0.35	0.69	0.90	1.08	1.51	2.85	0.25	39%	14
13. Actuarial	0.20	0.27	0.40	0.44	0.61	1.07	0.08	31%	14
14. Corporate Services Function	2.66	3.74	6.43	6.16	8.78	13.63	1.08	30%	14
(a) Human Resources	0.33	0.44	0.70	0.82	1.10	2.25	0.19	39%	14
(b) Legal	0.52	0.81	1.27	1.62	1.86	5.86	0.54	56%	14
(1) Compliance	0.07	0.24	0.34	0.36	0.54	0.92	0.09	40%	14
(2) Government Affairs	0.02	0.08	0.12	0.15	0.24	0.44	0.05	53%	14
(3) Outside Litigation	0.04	0.15	0.21	0.61	0.59	3.77	0.41	115%	14
(4) Fraud, Waste & Abuse	0.02	0.06	0.09	0.12	0.19	0.38	0.04	54%	12
(5) All Other Legal	0.14	0.25	0.37	0.42	0.60	1.03	0.09	36%	13
(c) Facilities	0.73	1.06	1.46	1.67	2.36	3.71	0.27	28%	14
(d) OPEB	0.01	0.04	0.13	0.43	0.82	2.20	0.29	117%	14
(e) Audit	0.12	0.19	0.30	0.34	0.54	0.83	0.07	36%	14
(f) Purchasing	0.04	0.08	0.14	0.19	0.30	0.63	0.06	55%	14
(g) Imaging	0.00	0.04	0.11	0.11	0.18	0.39	0.04	64%	14
(h) Printing and Mailroom	0.06	0.08	0.17	0.25	0.48	0.78	0.08	57%	14
(i) Risk Management	0.03	0.05	0.09	0.14	0.12	0.59	0.07	85%	12
(j) Other Corporate Services Function	0.08	0.28	0.40	0.62	0.86	2.49	0.26	70%	14
15. Corporate Executive & Governance	0.48	0.96	1.44	2.20	3.50	6.98	0.73	56%	14
16. Association Dues and License / Filing Fees	0.09	0.14	0.25	0.26	0.37	0.66	0.06	37%	14
Corporate Services Cluster	\$4.71	\$6.19	\$10.22	\$10.29	\$13.88	\$23.79	\$1.84	30%	14
Subtotal Expenses	\$34.11	\$41.70	\$58.03	\$61.38	\$76.07	\$131.74	\$8.35	23%	14
17. Miscellaneous Business Taxes	4.27	7.07	10.55	10.51	13.97	24.00	1.72	28%	14
Total Expenses	\$38.38	\$51.84	\$68.76	\$71.90	\$93.81	\$147.57	\$9.02	21%	14

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

The Analysis of Product Lines by Functional Areas provides the same statistical measures as the previous presentation.