

Plan Management Navigator

Analytics for Health Plan Administration



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ADMINISTRATIVE COSTS ACCELERATE IN INDEPENDENT / PROVIDER-SPONSORED PLANS 2017

In 2017, excluding the effect of Miscellaneous Business Taxes, Independent / Provider - Sponsored plans reported per member administrative cost increases of 5.5%, far higher than the previous three years, and the highest since 2013. Shown in Figure 1, the 2017 trend in Account and Membership Administration was the third highest in last nine years. Also, and we have not shown this, after the effect of the Miscellaneous Business Taxes, PMPM total administrative expense *declined* by 3.8%.

Trends Overall and in Expense Clusters

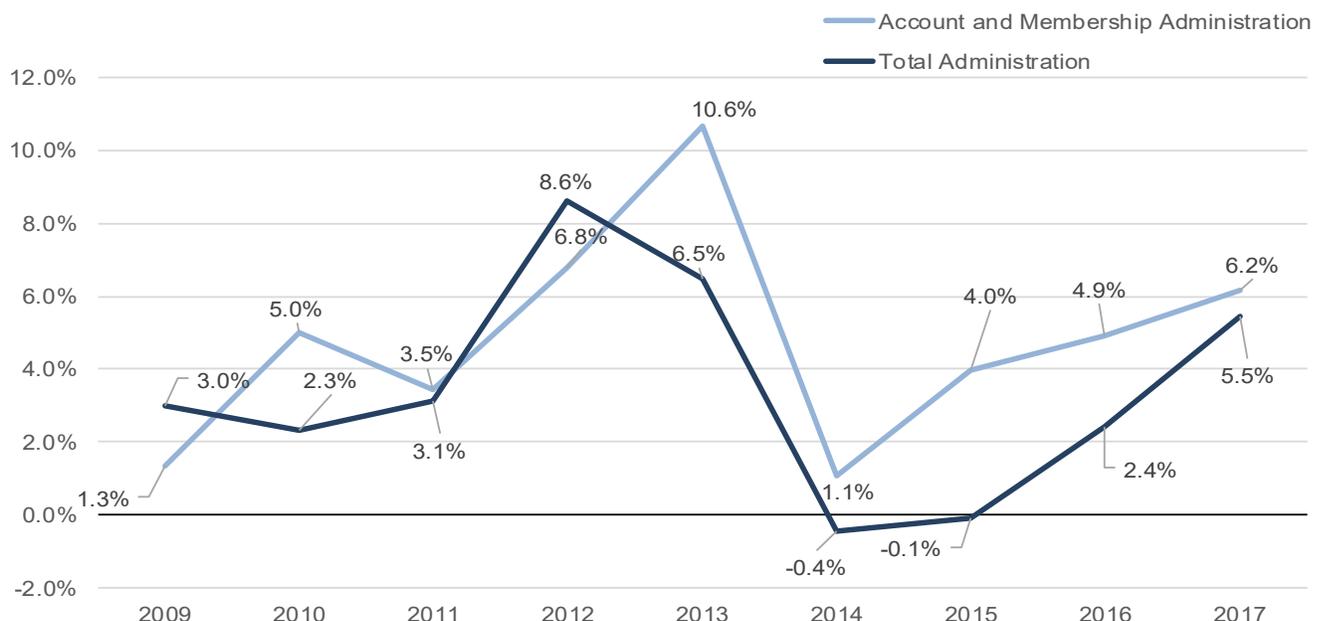
The 2018 IPS Benchmarking cycle is especially interesting because a high proportion of the participating plans also did so in 2017. The 80% repeat participation rate leads to even greater year-over-year comparability beyond our normal procedure of controlling for universe and product mix.

Figure 2 outlines year-over-year trends on both an as-reported and constant mix plans. On an *as-reported* basis, for the 16 continuously participating plans, per member costs grew by 5.2% compared with 3.0% the prior year.

The more rapid acceleration (3.0 percentage points versus 2.1 percentage points) in the constant-mix growth (5.5% versus 2.4%) versus as-reported growth reflects a net shift in favor of low administrative cost products. The effect of the mix change is to reduce as-reported cost trends by 0.3 percentage points.

Figure 1. Sherlock Benchmark Summary

Independent / Provider - Sponsored Rates of Change for Account and Membership Administration and Total, Constant Mix



While Commercial Insured product membership declined at a median rate of 3.6%, ASO products *decreased* by 0.2%: ASO products are lower cost to administer. Overall, commercial membership declined by 3.7%. High cost Medicare Advantage increased at a median rate of 6.2%, Medicare SNP increased at a median rate of 5.9% while low cost Medicaid decreased at a median rate of 1.5%. Comprehensive membership in continuous plans declined at a median rate of 4.4%. The *relative* increase in ASO was more important to overall trend than the *absolute* increase in Medicare Advantage.

Trends that exclude the impact of product mix changes is a more accurate representation of trends in our view so the discussion that follows is largely based on this. Association Dues, Actuarial, Corporate Executive, Rating and Underwriting increased while Sales and Broker Commissions declined. Outsourcing declined sharply. Compensation grew moderately as staffing ratios grew.

ACCOUNT AND MEMBERSHIP ADMINISTRATION

This cluster of expenses was the most important source of cost increase since its importance magnified its trends. PMPM costs increased by 6.2%.

Customer Services and Information Systems were the fastest growing functions. Customer Services had a significant increase in staffing ratios, especially Member Services, as well as a significant increase in non-labor costs per FTE. Compensation levels were lower.

Because of its size, Information Systems has an outsized effect on increases. Costs increased due to higher staffing, especially in Benefit Configuration. Compensation was up slightly. Outsourcing declined sharply especially in Applications Maintenance, Applications Acquisition and Development and in Security Administration and Enforcement.

Figure 2. Sherlock Benchmark Summary

Independent / Provider-Sponsored Median Changes in Per Member Per Month Expenses

Functional Area	2016 Data		2017 Data	
	As-Reported	Constant Mix	As-Reported	Constant Mix
Sales and Marketing	5.2%	4.9%	6.4%	6.8%
Medical and Provider Management	4.5%	2.6%	6.8%	6.1%
Account and Membership Administration	3.8%	4.9%	9.0%	6.2%
Corporate Services	0.7%	1.2%	11.7%	11.1%
Total Expenses	3.0%	2.4%	5.2%	5.5%

SALES AND MARKETING

A key reason for the cost per member growth overall was the increase in Sales and Marketing. This cluster increased at the fastest rate in the past five years. For the third year in a row, the fastest growing functional area within this cluster was Rating and Underwriting. Rating and Underwriting is not a large function so that its impact is modest on the overall increase. The Rating and Underwriting increase appeared solely due to a increase in Risk Adjustment Staffing. Compensation declined and non-labor costs fell. Outsourcing also declined.

Marketing expenses also increased. Product Development and Member and Group Communications were central. Outsourcing increased in both of these subfunctions. Overall staffing ratios declined.

Sales costs declined, even though staffing ratios increased. Compensation fell - recall that membership tended to decline for these plans.

Broker Commissions decreased on a constant mix basis. However, they increased on an as-reported basis likely owing to a shift towards Medicare Advantage.

Advertising expenses were up somewhat, the first increase in the past four years.

CORPORATE SERVICES

The cluster of Corporate Services costs increased at its fastest rate over the past five years and sharply accelerated in 2017. Association Dues and License and Filing Fee growth led the functions. Actuarial was the second fastest growing function. The increase in these costs appeared to stem from higher compensation, greater non-labor costs and higher outsourcing.

Actuarial expense trends sometimes parallel that of Rating and Underwriting, which was also up sharply in 2017. Note also the growth in the subfunction of Product Development and Market Research.

The function of Corporate Executive and Governance was among the fastest growing functional areas in cost growth. Staffing ratios appeared to decline, compensation increased and outsourcing increased.

The most important increase was in the Corporate Service Function though its costs increased slower than average. Staffing ratios increased, notably in HR, and the Compliance sub-function of Legal. Compensation increased notably in the Risk Management sub-function.

MEDICAL AND PROVIDER MANAGEMENT

Medical and Provider Management grew slowest among the clusters. Within this, Provider Network Management and Services grew fastest but Medical Management was the most important source of increase.

Staffing ratios for Provider Network Management and Services staffing was driven by declines in Provider Contracting. There were declines in non-labor costs as well, and outsourcing diminished slightly.

Medical Management staffing increased in most subfunctions but was especially evident in Case Management, Health and Wellness. Compensation generally declined. Outsourcing increased slightly but was focused on the sub-function of Nurse Information Line.

Miscellaneous Business Taxes. This expense is not part of the expenses that give rise to the 5.5% total increase, but the costs declined by 54.9% in 2017. According to the IRS, “The Consolidated Appropriations Act of 2016, Title II, § 201, Moratorium on Annual Fee on Health Insurance Providers, suspended collection of the health insurance provider fee *for the 2017 calendar year only.*” (Emphasis added.) In 2016, among participating plans’ commercial insured business, the Annual Fee was a median of \$4.45 and a mean of \$5.00.

SUMMARY OF COST DRIVERS

The above comments are based on continuously participating plans, and includes the effect of staffing and costs performed on an outsourced basis. Overall, it appears that staffing is higher than last year among continuing plans. Over all participating plans, it is approximately 24.7 FTEs per 10,000 members, though we estimate that it differs between products and market segments. Of the 14 functional areas with staff, eight had ratio increases and six had declines. Key areas of growth included Customer Services, Medical Management and Corporate Services. The most important decline was Provider Network Management and Services.

Compensation increased moderately but varied by function. Some of the lower-paid areas like Customer Services and Enrollment had declines while some of the higher compensation areas, like Corporate Executive, Other Medical Management and Risk Management, had increases.

Overall, outsourcing was lower than last year. Five of the 14 functions with staff increased in outsourcing while one decreased, notably the substantial Information Systems functional area.

Costs of Independent/Provider-Sponsored plans, by Cluster, PMPM

Figure 3 shows the values of administrative expenses for all 20 participating Plans. In this section we'll touch on comparisons with the results reported last year, notwithstanding certain limitations. The prior year's values are shown in Appendix A.

Bear in mind that this universe of Independent / Provider - Sponsored plans differs from that of last year in product mix and in populations. Since the universes differed by four each year, it is not possible to perfectly compare the performance of plans participating this and last year based on these charts. For the new plans and the ones that participated last year, we can know neither their trends, or their changes in product mix.

The actual total PMPM administrative expenses at \$38.35 were 0.3% higher than last year's values, shown in Appendix A. While Account and Membership was down by 10.7%, Corporate Services was up by 6.6%. Medical and Provider and Sales and Marketing and were up by 0.3% and 2.6%, respectively.

Note also that the values tended to be more dispersed in 2017 versus 2016. Coefficients of Variation were greater for total expenses in 2017 as were the largest clusters, Account and Membership Administration and Sales and Marketing. The differences between 75th and 25th percentile values also expanded, in total and also for Sales and Marketing and Medical and Provider Management.

Sales and Marketing, the second largest cluster, had costs with a median value of \$10.22. Last year's value was higher at \$10.49. This function includes Rating and Underwriting, Sales, Marketing, broker Commissions and Advertising. By contrast, the trend shown in Figure 2 illustrated growth.

Medical and Provider Management costs per member per month were \$6.80, slightly lower than last year's value of \$6.82. This group of functions includes Provider Network Management and Services and Medical Management. Both functions and the cluster increased on a constant universe, constant mix basis or on an as-reported basis, as previously noted.

Figure 3. Sherlock Benchmark Summary
Independent / Provider-Sponsored Costs by Functional Area Cluster, 2017 Data
Per Member Per Month

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Sales and Marketing	\$7.83	\$10.22	\$13.04	42%
Medical and Provider Management	5.19	6.80	7.71	28%
Account and Membership Administration	11.21	15.32	17.11	39%
Corporate Services	5.22	6.58	7.89	30%
Total Expenses	\$31.26	\$38.35	\$44.29	31%

Account and Membership Administration was the single greatest cluster of expenses at a median value of \$15.32, composing nearly 40% of the total. This cluster's size means that it has a substantial effect on overall trend. This cluster includes the central activities of Information Systems, Enrollment, Claims and Customer Services. Comparing this with last year, the costs were lower and more clustered.

Corporate Services costs were higher PMPM than last year at \$6.58 versus \$6.17. Activities include Corporate Executive, Actuarial, Finance and Accounting, and a group of other activities like Facilities, HR and Legal. Expenses were more clustered.

Costs of Independent/Provider-Sponsored plans, PMPM by Product

The importance of considering each product's costs is shown in Figure 4. The products vary greatly in their per member costs and, for the products that are responsible for most of their business, the Coefficients of Variation tend to be smaller than the 31% for Comprehensive as a whole. For this reason, when we report results to participants, we often reweight product mix to eliminate the effect of any differences between them.

Figure 4. Sherlock Benchmark Summary

Independent / Provider-Sponsored Costs by Product, 2017 Data

Per Member Per Month

Product	25th Percentile	Median	75th Percentile	Coefficient of Variation
Commercial Insured				
HMO	\$39.79	\$46.95	\$53.53	22%
POS	\$36.25	\$43.10	\$50.11	25%
Indemnity & PPO	\$40.85	\$49.67	\$54.51	28%
Total	\$38.24	\$47.24	\$50.68	25%
Commercial ASO				
	\$19.63	\$21.68	\$25.14	50%
Medicare				
Advantage	\$74.97	\$84.73	\$111.16	30%
SNP	\$121.78	\$146.97	\$187.03	36%
Cost	\$57.70	\$57.71	\$57.72	0%
Medicaid				
HMO	\$20.25	\$26.34	\$31.82	56%
CHIP	\$20.93	\$26.24	\$46.43	63%
Medicare Supplement				
	\$35.56	\$54.35	\$57.43	37%
Comprehensive Total	\$31.26	\$38.35	\$44.29	31%
Stand-Alone Medicare Part D				
	\$16.69	\$20.14	\$27.29	66%

The median mix of Commercial products was 66.3% of the membership. Administrative expenses for these costs are both higher and lower than the median comprehensive administrative costs, depending on their financing mechanism, which indirectly bears on the group size. An ASO group possesses the statistical advantages of larger size, which also means that their Sales and Marketing costs are spread through greater numbers of members. The costs of Commercial *Insured* products are accordingly higher than the median for comprehensive products. The single most important Commercial Insured product is HMO at \$46.95. Indemnity and PPO costs \$49.67 while POS costs \$43.10.

Unlike Blue Cross Blue Shield Plans, Independent / Provider - Sponsored plans are much less committed to ASO products, representing a median of 21.8% of comprehensive members compared with 46.6% for Blue plans. These products' costs are lower than for comparable insured products largely due to the modest per member Sales and Marketing expenses required for large groups that are capable of self-insuring. Thus, these products have a median cost of \$21.68.

Note that Medicare Supplement is a higher than average cost product at \$54.35 PMPM. We include this as a comprehensive product in the Sherlock Benchmarks though it pays only when Medicare does not. Only 11 of the 20 plans offer the product and its median mix is 0.1%.

Medicare and Medicaid are government-sponsored products serving seniors and the poor. Medicare products are relatively high cost at \$84.73 and \$146.97 PMPM for Medicare Advantage and Medicare Special Needs Plans respectively. Two of the plans also offer Medicare Cost, at a median cost of \$57.71.

Among the comprehensive insured products, Medicaid products fall between commercial insured and commercial ASO. Medicaid HMO, has median PMPM cost of \$26.34, while the median PMPM for CHIP is \$26.24. The specialty products of Stand-Alone Medicare Part D was very low cost \$20.14.

Costs of Independent/Provider-Sponsored plans, Percent of Premiums by Product

The product ranking of administrative expenses, measured by the percents of premiums, often varied with that of the PMPM costs.

While Medicare Supplemental is above average cost when measured PMPM, at 22.2%, its cost ratio was the highest among the comprehensive products, which had a median value of 8.5%. Medicare Cost is very similar in PMPM cost to Medicare Supplemental but also has a higher than average cost ratio of 13.4%. These products both provide administrative activities that, to a degree, span the spectrum of those required by beneficiaries but are only responsible for a subset of their health care costs.

Medicare SNP, three times higher PMPM than Commercial HMO Insured, is 8.7%, well less than IPS HMO Insured and approaching the average for the IPS products as a whole. CHIP had lower PMPM cost than average but, at 11.3%, was higher than average.

Medicare Advantage costs, while two times higher than Commercial HMO Insured PMPM, is 10.1% of premiums, nearly identical to that of the Commercial HMO ratio of 10.0%. Both are higher than average for products offered by the Independent / Provider - Sponsored plans. These two products compose nearly one-third of the membership and nearly one-half of the revenues for this universe, and reflect that certain activities of health plan administration track the underlying health needs of their members. The POS and Indemnity & PPO products, with ratios of 9.5% and 10.3% respectively, both are higher than average in both administrative PMPM costs and ratios.

Some products had similar ratios across the two calculations. Medicaid was below average in PMPM costs and was, at 7.1%, also below average. The specialty product, Stand-Alone Medicare Part D, was a relatively low cost product at median values of 6.7%. It was also a low cost product on a PMPM basis.

Figure 5. Sherlock Benchmark Summary

Independent / Provider-Sponsored Costs by Product, 2016 Data
Percent of Premium and/or Equivalentents

Product	25th Percentile	Median	75th Percentile	Coefficient of Variation
Commercial Insured				
HMO	9.0%	10.0%	11.5%	27%
POS	7.9%	9.5%	11.1%	24%
Indemnity & PPO	8.7%	10.3%	11.3%	22%
Total	8.6%	9.8%	10.9%	23%
Commercial ASO				
	4.9%	5.7%	7.7%	129%
Medicare				
Advantage	8.5%	10.1%	13.9%	31%
SNP	8.2%	8.7%	9.7%	21%
Cost	13.3%	13.4%	13.6%	4%
Medicaid				
HMO	6.6%	7.1%	11.1%	34%
CHIP	8.6%	11.3%	19.8%	46%
Medicare Supplement				
	14.8%	22.2%	27.9%	39%
Comprehensive Total	7.8%	8.5%	9.8%	23%
Stand-Alone Medicare Part D				
	6.1%	6.7%	16.0%	60%

Commercial ASO products are 5.7% of premiums. It is also relatively low cost PMPM. The lower Sales and Marketing for self-insured groups is key reason for this difference.

Costs of Independent/Provider-Sponsored plans, Expense Clusters as Percent of Premium

Figure 6 shows the ratios of administrative expenses to premiums or equivalents. Administrative expenses were 8.5% of premiums, 0.2 percentage points lower than last year's equivalent value of 8.7%.

Sales and Marketing increased by 0.2% to 2.5% of premium. All other clusters were flat or lower: Account and Membership Administration decreased by 0.2 percentage points to 3.3% of premium. Corporate Services also was down by 0.1 percentage points, to 1.4% of premiums. Medical and Provider Management was flat, remaining at 1.5% of premium.

How We Performed This Analysis

This analysis is based on the twenty-first annual edition of our performance benchmarks for health plans. The Sherlock Benchmarks (*Sherlock Expense Evaluation Report* or *SEER*) represent the cumulative experience of approximately 815 health plan years.

Each peer group in the Sherlock Benchmarks is established to be relatively uniform. So, within that constraint, it is open to all Independent / Provider - Sponsored plans possessing the ability to compile high-quality, segmented financial and operational data. This 16th analysis of IPS is based on a peer group of twenty Independent / Provider - Sponsored plans who collectively serve 10.8 million people. Sixteen of this year's participants participated in the prior year.

Figure 6. Sherlock Benchmark Summary
Independent / Provider-Sponsored Costs by Functional Area Cluster, 2017 Data
Percent of Premium and/or Equivalents

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Sales and Marketing	1.9%	2.5%	2.8%	36%
Medical and Provider Management	1.2%	1.5%	1.7%	23%
Account and Membership Administration	2.8%	3.3%	4.2%	32%
Corporate Services	1.3%	1.4%	1.7%	23%
Total Expenses	7.8%	8.5%	9.8%	23%

This universe is more heterogeneous than the Blue Cross Blue Shield universe. But, to generalize, the plans are more committed to managed care products like Medicare Advantage, Medicaid and HMO, 66% versus 25%. Conversely, they are less likely to offer ASO products 27% versus 42%. Of the 20, at least fourteen are linked to providers, chiefly hospital systems.

The average plan participating in the IPS Sherlock Benchmarks this year served 542,000 people and the median membership was 405,000 million. The geographic reach extended from coast to coast. Nine had fewer than 300,000 members and the remaining were evenly disbursed above that level in tiers defined in 300,000-member increments.

Within the Comprehensive products, 72% of membership was commercial, or 7.8 million. Approximately 2.8 million of the commercial members were served under some form of self-insurance arrangement, comprising approximately 36% of the total commercial members.

Medicare Advantage (including SNP), with 853,000 members, was offered by 15 plans. It composed 8.0% of the combined comprehensive membership and 23% of revenues for comprehensive products. Medicaid products, offered by twelve plans, comprised 16% of membership.

We believe this universe to be quite robust, though establishing the proportions of the market is difficult. If the seven staff model or government-focused plans are excluded from the 21 members of Alliance of Community Health Plans, eight of the remaining 14 are participants in this year's study. Of the 49 plans listed in the membership of the Health Plan Alliance only 8 are participating in the study but those eight serve 34% of the Health Plan Alliance combined membership. (There are three additional Health Plan Alliance members in our Medicare and Medicaid universes, bringing our share of the Health Plan Alliance membership to 41%.)

REPORTING CONVENTIONS

We employ a number of conventions to make the metrics most beneficial for the audience of *Plan Management Navigator*.

- The trends reported in this analysis are median changes, and when we refer to PMPM or percent of premium ratios, these too are medians. This convention reduces the effect of outlying values on overall trends and values. Since each median value is calculated independently, the components cannot be summed.

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- References to growth rates hold the universe constant in the comparison years unless otherwise noted. Rates of change identified as “as-reported” are of health plans participating during both comparison years. When we refer to “constant mix” we are calculating rates of change for that same set after reweighting each plan’s values to eliminate the effect of product mix differences between the years.
 - Percent of premium ratios are calculated on a *premium-equivalent* basis. That is, in the case of ASO arrangements, we build to a premium from fees by adding them to the health benefits incurred by the self-insured group. In this way, premium equivalents sum to all of the expenses of health insurance, including profits earned by the health plan, analogous to actual premiums on insured products. While not in accordance with GAAP, this approach has two advantages: comparability of ASO ratios with those of insured products offered by these plans, and an intuitive appeal to most readers.
 - Expenses exclude capital costs and investment income. Specifically excluded expenses include interest and similar debt capital costs and other capital formation costs (debt or equity), including transaction costs, and interest payments to providers under “prompt pay” laws.
 - Participants in and licensees of the Sherlock Benchmarks will note that the values for Account and Membership Administration and Total Administrative costs reported here will differ from those reported in the Benchmarks. The values reflected in *Navigator* include administrative expenses associated with pharmacy and mental health while the *Sherlock Benchmarks* do not. Because variation in employer benefit designs and the propensity of the administration of these health services to be outsourced by plans accepting these management responsibilities, the *Benchmark* reports carve them out. Pages 22 - 24 in Tab 2 of Volume I of the 2018 *Sherlock Benchmarks* reconciles these two presentations.
 - Miscellaneous Business Taxes are a special case among administrative expenses since, short of recapitalization or elimination of commercial insured business, such expenses are impossible to manage. So, expense trends, along with the PMPM and percent of premium ratios, are generally calculated *before* the effect of Miscellaneous Business Taxes. These taxes are primarily related to the Affordable Care Act. For commercial insured products, the median PMPM value of such taxes is \$5.32 and the mean is \$5.46 or approximately 11% of administrative costs. (As noted earlier, this is sharply lower than in the prior year.) Such costs are essentially nil for ASO products. By way of comparison, in 2009, the median Miscellaneous Business Tax for commercial insured products was \$1.55 PMPM.

The ACA fees include Comparative Effectiveness Research Fees (CERF), Transitional Reinsurance Fee, Risk Adjuster User Fee, Exchange User Fee and Annual Fee on Health Insurers. The Annual Fee on Health Insurers was formerly the largest generally applicable fee since it applied to all insured business and had a median value of \$4.55 in 2016. The Risk Adjuster Fee and the CERF both had a median value of \$0.20 PMPM. The Exchange User Fee only applies to Exchange members but the median fee for that population is \$16.32 PMPM.

On a constant-mix basis, per member Miscellaneous Business Tax costs decreased by 54.9% PMPM, compared with a decrease of 6.4% in 2016, a major shift from the surge of 922.3% in 2014.

Note on the Sherlock Benchmarks

These results are excerpted from the Independent / Provider - Sponsored edition of the 2018 *Sherlock Benchmarks*. The results are based on our detailed surveys of 2017 operating parameters of 20 Independent / Provider - Sponsored plans serving 10.8 million members. Accordingly, much more information is available by licensing the Sherlock Benchmarks.

Information about the Benchmarks are found here: <https://sherlockco.com/sherlock-benchmarks/>. Tables of Contents, report formats, citations, quality assurance and other information can be found here. In addition, we have an application that allows you to try out the Benchmarks for no charge.

If you are interested in licensing the *Sherlock Benchmarks* or if we can answer any further questions about them or you have questions about this *Plan Management Navigator*, we hope you will not hesitate to contact us (sherlock@sherlockco.com).

Health plan managers endeavor to achieve optimal costs. If that is achieved, favorable health care trends amplify operating profits and mute operating losses. Managing what you measure facilitates your achievement of that goal. In a competitive environment, measurement implies comparison with the leaders of your industry.

The *Sherlock Benchmarks* reflect over 815 health plan years of experience over 21 consecutive years. Thus, planning, budgeting and cost benefit analyses are credibly informed by the Sherlock Benchmarks.

In addition to the Independent / Provider - Sponsored Plan universe, we also survey and report on universes of Blue Cross Blue Shield Plans, Larger Health Plans, Medicare Advantage Plans and Medicaid Plans. We reported on the Blue Cross Blue Shield Plans a few weeks ago and we will be reporting on the results of the other universes in the months that follow.

Appendix A. Sherlock Benchmark Summary

Independent / Provider-Sponsored Costs by Functional Area Cluster, 2016 Data

Per Member Per Month

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Sales and Marketing	\$8.66	\$10.49	\$12.85	31%
Medical and Provider Management	5.32	6.82	7.54	29%
Account and Membership Administration	12.75	17.16	20.29	36%
Corporate Services	4.80	6.17	7.93	38%
Total Expenses	\$34.97	\$38.23	\$47.32	26%

Appendix B. Sherlock Benchmark Summary

Independent / Provider-Sponsored Costs by Functional Area Cluster, 2016 Data

Percent of Premium and/or Equivalent

Functional Area	25th Percentile	Median	75th Percentile	Coefficient of Variation
Sales and Marketing	1.9%	2.3%	3.0%	31%
Medical and Provider Management	1.1%	1.5%	1.6%	26%
Account and Membership Administration	2.9%	3.5%	4.3%	31%
Corporate Services	1.1%	1.5%	1.6%	29%
Total Expenses	7.9%	8.7%	9.8%	21%

Appendix C. Sherlock Benchmark Summary

Major Functions Included in Each Administrative Expense Cluster

Sales & Marketing

- Rating and Underwriting
 - (b) Risk Adjustment
 - (c) All Other Rating and Underwriting
- Marketing
 - (a) Product Development and Market Research
 - (b) Member and Group Communication
 - (c) Other Marketing
- Sales
 - (a) Account Services
 - (b) Internal Sales Commissions
 - (c) Other Sales
- External Broker Commissions
- Advertising and Promotion
 - (a) Media and Advertising
 - (b) Charitable Contributions

Provider & Medical Management

- Provider Network Management and Services
 - (a) Provider Relations Services
 - (b) Provider Contracting
 - (d) Other Provider Network Management and Services
- Medical Management / Quality Assurance / Wellness
 - (a) Precertification
 - (b) Case Management
 - (c) Disease Management
 - (d) Nurse Information Line
 - (e) Health and Wellness
 - (f) Quality Components
 - (g) Medical Informatics
 - (h) Utilization Review
 - (i) Other Medical Management

Account & Membership Administration

- Enrollment / Membership / Billing
 - (a) Enrollment and Membership
 - (b) Billing
- Customer Services
 - (a) Member Services
 - (b) Printed Materials and Other
- Claim and Encounter Capture and Adjudication
 - (a) Coordination of Benefits (COB) and Subrogation
 - (e) Other Claim and Encounter Capture and Adjudication
- Information Systems Expenses
 - (a) Operations and Support Services
 - (b) Applications Maintenance
 - (1) Benefit Configuration
 - (2) All Other Applications Maintenance
 - (c) Applications Acquisition and Development
 - (d) Security Administration and Enforcement

Corporate Services

- Finance and Accounting
 - (a) Credit Card Fees
 - (b) All Other Finance and Accounting
- Actuarial
- Corporate Services Function
 - (a) Human Resources
 - (b) Legal
 - (1) Compliance
 - (2) Government Affairs
 - (3) Outside Litigation
 - (4) All Other Legal
 - (c) Facilities
 - (e) Audit
 - (f) Purchasing
 - (g) Imaging
 - (h) Printing and Mailroom
 - (i) Risk Management
 - (j) Other Corporate Services Function
- Corporate Executive and Governance
- Association Dues and License/Filing Fees