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**Analysis of Administrative  
Expenses for Health Insurance  
Companies in Massachusetts**  
Massachusetts Division of Insurance

**OLIVER WYMAN**

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Oliver Wyman has relied on a significant amount of data from various sources in performing this analysis. Oliver Wyman has not audited this data, but has reviewed it for reasonableness. To the extent that this data is incomplete or inaccurate, our findings may need to be revised.

Oliver Wyman prepared this report for the sole use of the Health Care Access Bureau (HCAB). Distribution to parties other than the HCAB does not constitute advice by us to those parties. This report should not be distributed to other parties unless it is distributed in its entirety. The reliance on any aspect of this report by parties other than the HCAB is done at their own risk.

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## **Executive Summary**

In 2006, in an effort to expand access to affordable health insurance, a comprehensive health care reform law<sup>1</sup> was enacted to mandate that Massachusetts residents maintain an adequate level of health coverage – called minimum creditable coverage – or face significant tax penalties. The law also created the Health Care Access Bureau (“HCAB”) within the Division of Insurance to monitor the availability and the affordability of health insurance coverage in Massachusetts.

In a separate report commissioned by the HCAB, Oliver Wyman Consulting, Inc. (“Oliver Wyman”) studied medical/pharmacy claim trends that drive the escalating cost of health care and health coverage. While that report examined claim trends accounting for between 86% and 89% of each premium dollar<sup>2</sup>, Oliver Wyman was engaged for this report to examine trends in health plans’ administrative and other expenses and how such expenses compared regionally and nationally.

Based upon information in health insurance statutory financial statements:

- For the period 2002 through 2007, in aggregate and across all health plans in Massachusetts, the Commonwealth’s HMOs and Blue Cross Blue Shield plan reported spending \$33.34 per covered member per month (PMPM) on administrative and claims handling expenses<sup>3</sup>.
- Massachusetts health plans’ expense ratio for the period 2002 through 2007 – total expenses (excluding investment expenses) as a share of net premium income – was 10.9%; the ratio was 11.1% for other Northeast plans and 11.6% nationally.
- Neighborhood Health Plan, Inc. – with most members enrolled through government programs – had the lowest reported expense ratio of 8.1% over this time period; ConnectiCare of Massachusetts, Inc. – a small western Massachusetts plan – had the highest reported expense ratio of 15.6%.
- Massachusetts health plans’ cumulative loss ratios for the period between 2002 and 2007 were 86.5% as compared to 84.9% for those in other Northeast states and 84.9% nationwide. In all, the ratios for health plans in Massachusetts are lower than health plans nationwide and health plans in the other Northeast states meaning the health plans in Massachusetts devote a larger share of the premium they collect to funding benefits.

<sup>1</sup> Chapter 58 of the Acts of 2006, also known in Massachusetts as the Health Care Reform Act.

<sup>2</sup> “Health Care in Massachusetts: Key Indicators,” June 2008, page 14, at [http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/08/key\\_indicators\\_0608.pdf](http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/08/key_indicators_0608.pdf)

<sup>3</sup> For commercial, comprehensive major medical insureds.



## **Expense Ratios, Loss Ratios, and Administrative Expenses PMPM**

In evaluating the results, Oliver Wyman examined plan expense ratios, as well as the trends in expense ratios between 2002 and 2007, and compared the expense ratios for the Massachusetts health plans to those of a benchmark group of similarly situated health plans. In addition, Oliver Wyman examined loss ratios and the administrative expenses PMPM.

### **Expense Ratios**

In this report, the HCAB commissioned a study to examine the administrative expenses<sup>4</sup> for Health Maintenance Organizations (“HMOs”) and Blue Cross and Blue Shield plans in Massachusetts and to compare these expenses to those of similar health insurance plans in other Northeast states<sup>5</sup> and nationwide for the period from 2002 through 2007.

This analysis concentrates not on dollar value of administrative expenses, which can fluctuate based on regional variations in the cost of living, but instead on expense ratios which report administrative expenses relative to premiums. The expense ratio represents the share of each premium dollar that is spent on the health plan’s expenses, including general administrative expenses, as well as a plan’s cost containment, and claim adjustment expenses. In general, expense ratios illustrate how efficiently companies manage their expenses relative to their revenue.

All information has been taken from statutory financial reporting materials that are submitted to state insurance regulators on an annual basis.

### **Six-Year Trend (2002-2007)**

For the period from 2002 through 2007, the administrative expenses of Massachusetts’ HMOs and Blue Cross and Blue Shield plan, collectively accounting for over 90% of Massachusetts’s insured health coverage, represented between 10.4% and 11.5% of the annual cost of health insurance premiums.

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<sup>4</sup> As identified in page 14 – “Underwriting and Investment Exhibit – Analysis of Expenses” - of the National Association of Insurance Commissioners’s Health Blank statement instructions and includes expenses such as rent, salaries, commissions, claims adjustment expenses, advertising, taxes, and information technology services.

<sup>5</sup> For the purpose of this report, the Northeast represents the following states in the Northeast Zone of the National Association of Insurance Commissioners: Maine, New Hampshire, Vermont, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland and the District of Columbia.

**Figure 1**  
*Reported Expense Ratios for Largest Health Insurance Carriers in Massachusetts*

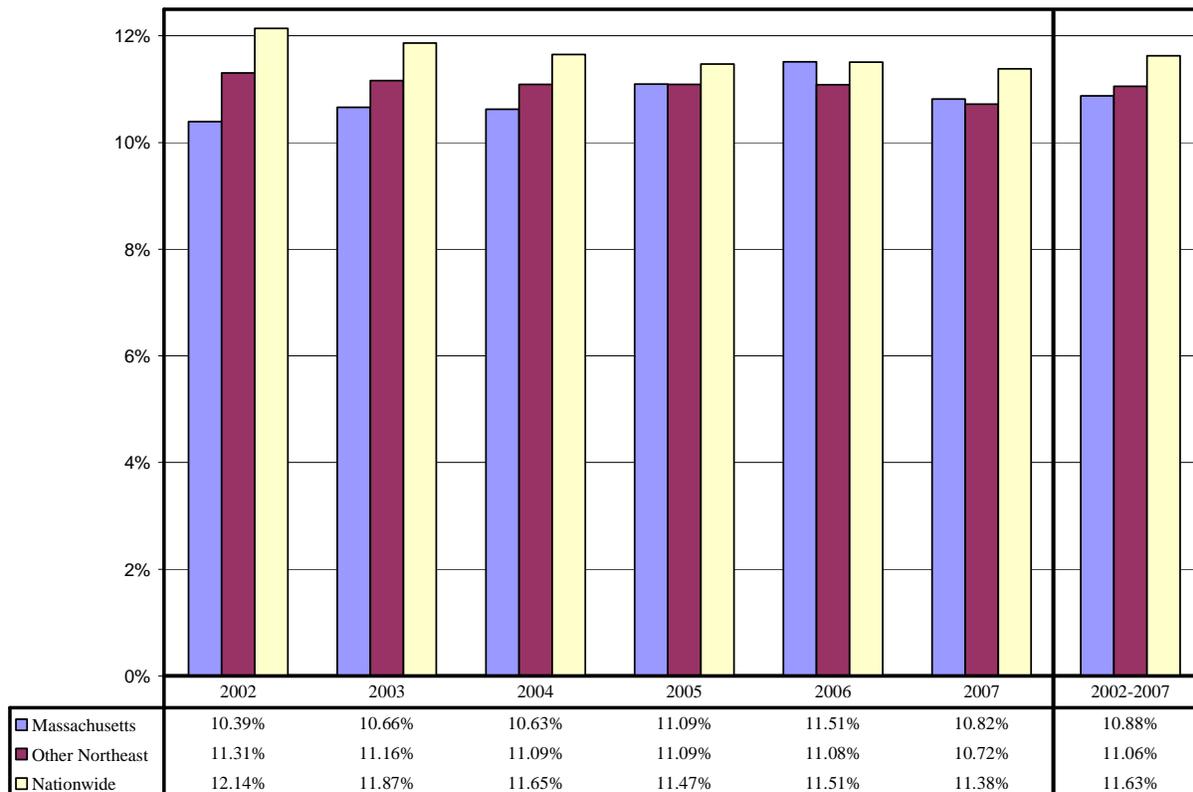
	2002	2003	2004	2005	2006	2007	2002-2007
Aetna Health Inc.	12.5%	14.9%	14.3%	13.1%	14.4%	11.3%	13.2%
BCBS of MA HMO Blue, Inc.				10.0%	10.0%	10.0%	10.0%
BCBS of MA, Inc.	10.6%	10.9%	9.7%	10.1%	12.0%	11.4%	10.6%
CIGNA HealthCare of Massachusetts, Inc.	14.5%	9.1%	11.5%	8.7%	13.2%	12.9%	11.9%
ConnetiCare of Massachusetts, Inc.	12.7%	12.8%	12.9%	18.9%	18.1%	17.5%	15.6%
Fallon Community Health Plan, Inc.	8.9%	9.3%	7.5%	8.5%	8.3%	8.5%	8.5%
Harvard Pilgrim Health Care, Inc.	10.2%	9.6%	11.4%	13.5%	12.9%	11.8%	11.6%
Health New England, Inc.	12.8%	12.1%	11.7%	11.8%	11.7%	11.1%	11.8%
Neighborhood Health Plan, Inc.	7.7%	8.1%	9.1%	8.6%	8.6%	6.9%	8.1%
Tufts Associated HMO, Inc.	9.1%	9.3%	10.2%	11.0%	11.9%	12.0%	10.5%
UnitedHealthcare of New England, Inc.	13.0%	14.2%	15.2%	14.2%	14.0%	13.7%	14.0%
<b>TOTAL</b>	10.4%	10.7%	10.6%	11.1%	11.5%	10.8%	10.9%

The reader should take care in concentrating on the results for any one company in this report, as there may be some variation in the way companies classify expenses and there may be a variation in the reporting of expenses for any company with substantial Administrative Services Only (“ASO”) operations. In addition, multi-state organizations such as Aetna, CIGNA and UnitedHealthcare allocate national expenses across many states and may use allocation methods that produce results that differ from the way single-state or other companies report information. As the figures reported above are based on information contained in financial reports, they merit further analysis of individual company reports to understand the differences in how companies specifically report information.

In general, it does appear that Neighborhood Health Plan, Inc. – with almost 90% of its membership in state Medicaid (MassHealth) plans - has the lowest expense ratios and certain of the small regional plans - ConnetiCare of Massachusetts, Inc. and United Healthcare of New England Inc. – have reported the highest relative expense ratios over the study period.

Over the six-year period from 2002 through 2007, Massachusetts health carriers had lower cumulative expense ratios – administrative and claims settlement expenses divided by net premium income – than those for similar health carriers in other Northeast states and Nationwide. Although expense ratios can vary year-to-year based on changes in operations, it is noteworthy that during the reporting period, other Northeast and Nationwide expense ratios decreased, narrowing the differences between the other Northeast and Nationwide ratios and those for Massachusetts carriers.

**Figure 2**  
*Expense Ratios for Years 2002 through 2007*



### Benchmarking Expense Ratios

Oliver Wyman found that certain carrier characteristics tended to influence a company’s level of administrative expenses, including the following:

- (1) the size of the company (measured according to total company premiums at the operating company, not group, level);
- (2) the proportion of total premiums generated from coverage offered through government programs (Medicare Advantage, Medicaid and the Federal Employees Health Benefit Program);
- (3) the proportion of company business generated through Administrative Services Only (“ASO”) arrangements; and
- (4) the proportion of business generated through closed network HMO arrangements as compared to other business.

In general, the analysis indicated that health plans tended to have lower expense ratios the greater the company’s size, the greater the proportion of the business generated through government programs, the higher the percentage of ASO business, and the higher the percentage of business from HMO closed network systems.

Using these factors to compare Massachusetts-based health plans to similar carriers in the Northeast and Nationwide, Oliver Wyman identified a group of health plans against which to benchmark the Massachusetts health plans. (The methodology used to group health plans and

the list of health plans that are used as comparisons to the Massachusetts health plans are identified in Appendix C). The results of this benchmarking exercise are shown in Figure 3.

**Figure 3**  
*Comparison of Cumulative 2002 through 2007 Expense Ratios for Massachusetts Companies to the Weighted Average Expense Ratios for Similar Nationwide Companies*

	<b>Net Premium Income - 2007</b>	<b>Administrative Expense Percentage</b>	<b>Benchmark Administrative Expense Percentage</b>
<b>Large Regional Carriers</b>			
<b>Fallon Community Health Plan, Inc.</b>	\$ 889,782,630	8.5%	10.9%
<b>Tufts Associated HMO, Inc.</b>	\$ 2,007,104,682	10.5%	
<b>Harvard Pilgrim Health Care, Inc.</b>	\$ 2,066,256,034	11.6%	
<b>Part of Large Nationwide Group</b>			
<b>ConnectiCare of Massachusetts, Inc.</b>	\$ 29,900,597	15.6%	12.8%
<b>UnitedHealthcare of New England, Inc.</b>	\$ 378,116,743	14.0%	
<b>Aetna Health Inc.</b>	\$ 2,034,295,228	13.2%	
<b>Locally Operated Carriers</b>			
<b>CIGNA HealthCare of Massachusetts, Inc.</b>	\$ 20,820,200	11.9%	12.4%
<b>Health New England, Inc.</b>	\$ 274,049,092	11.8%	
<b>Medicaid Carriers</b>			
<b>Neighborhood Health Plan, Inc.</b>	\$ 667,982,779	8.1%	12.9%
<b>Blue Cross Blue Shield Organizations</b>			
<b>BCBS of MA, Inc.</b>	\$ 2,264,943,772	10.6%	10.8%
<b>BCBS of MA HMO Blue, Inc.</b>	\$ 4,457,630,959	10.0%	10.2%

In reviewing the above-presented comparisons, it can be seen that the Massachusetts plans' expense ratios are generally consistent with the benchmarks.

## Loss Ratios

Oliver Wyman also developed loss ratios (total incurred claims divided by net premium income) across all lines of business for the Massachusetts health plans. The loss ratios show the percentage of premium that the health plans are using to fund benefits.

**Figure 4**  
*Loss Ratios for Massachusetts Health Plans – 2002 through 2007*

	2002	2003	2004	2005	2006	2007	2002-2007
<b>Aetna Health Inc.</b>	78.8%	80.1%	79.5%	82.1%	80.5%	81.4%	80.6%
<b>BCBS of MA HMO Blue, Inc.</b>				88.2%	89.6%	90.7%	89.6%
<b>BCBS of MA, Inc.</b>	86.1%	84.1%	86.1%	85.7%	85.2%	85.2%	85.4%
<b>CIGNA HealthCare of Massachusetts, Inc.</b>	86.6%	91.3%	89.2%	74.3%	84.8%	88.6%	87.3%
<b>ConnectiCare of Massachusetts, Inc.</b>	86.9%	83.3%	83.5%	74.6%	78.1%	79.7%	80.6%
<b>Fallon Community Health Plan, Inc.</b>	90.7%	89.8%	89.7%	88.9%	90.4%	90.6%	90.0%
<b>Harvard Pilgrim Health Care, Inc.</b>	87.9%	88.9%	87.7%	84.4%	85.3%	87.6%	86.9%
<b>Health New England, Inc.</b>	87.0%	86.5%	86.2%	83.5%	85.2%	87.3%	85.9%
<b>Neighborhood Health Plan, Inc.</b>	96.5%	89.3%	85.6%	89.4%	88.0%	86.9%	89.0%
<b>Tufts Associated HMO, Inc.</b>	89.8%	89.1%	89.9%	86.6%	85.0%	86.6%	88.0%
<b>UnitedHealthcare of New England, Inc.</b>	80.4%	85.0%	78.7%	80.6%	80.4%	78.3%	80.8%
<b>Massachusetts Total</b>	86.9%	86.2%	86.3%	86.0%	86.3%	87.1%	86.5%
<b>Northeast Total</b>	85.2%	84.9%	85.1%	83.7%	84.2%	86.5%	84.9%
<b>Nationwide Total</b>	85.8%	84.7%	84.8%	83.9%	84.4%	85.7%	84.9%

The loss ratios for the health plans in Massachusetts are higher than those for other Northeast health plans or nationwide and show that these plans devote a larger share of earned premium to funding benefits than other health plans in the Northeast outside of Massachusetts and than health plans nationwide.

### Administrative Expenses PMPM

In addition to examining administrative expense ratios and loss ratios, Oliver Wyman used statutory financial statement data to develop administrative expenses PMPM for the Massachusetts plans' medical business.<sup>6</sup>

<sup>6</sup> For comprehensive, major medical business.

**Figure 5**  
*Administrative Expenses PMPM for Comprehensive Major Medical Business*

	2002	2003	2004	2005	2006	2007	Cumulative 2002 - 2007
<b>Aetna Health Inc.</b>	\$ 26.05	\$ 33.99	\$ 33.99	\$ 33.08	\$ 40.05	\$ 34.79	\$ 33.82
<b>BCBS of MA, Inc.</b>	25.82	31.82	31.38	46.99	57.10	59.20	34.34
<b>BCBS of MA HMO Blue, Inc.</b>				30.62	33.31	35.55	33.19
<b>CIGNA HealthCare of Massachusetts, Inc.</b>	31.14	29.19	38.19	34.68	42.59	46.24	32.66
<b>ConnectiCare of Massachusetts, Inc.</b>	25.04	29.30	33.06	51.87	52.15	51.69	40.35
<b>Fallon Community Health Plan, Inc.</b>	15.35	18.67	18.97	24.37	26.11	30.18	21.75
<b>Harvard Pilgrim Health Care, Inc.</b>	24.60	25.09	34.22	46.93	48.67	44.73	36.52
<b>Health New England, Inc.</b>	26.87	28.51	30.87	33.49	35.51	35.79	31.78
<b>Neighborhood Health Plan, Inc.</b>	16.09	18.96	24.35	24.83	27.44	6.11	18.45
<b>Tufts Associated HMO, Inc.</b>	21.54	25.05	32.26	39.15	49.32	61.09	33.70
<b>UnitedHealthcare of New England, Inc.</b>	31.99	36.46	18.26	20.39	22.22	24.86	26.16
<b>All Companies</b>	\$ 24.54	\$ 28.69	\$ 31.40	\$ 35.79	\$ 40.29	\$ 40.90	\$ 33.34

Across all companies, for the period from 2002 through 2007, the administrative expenses PMPM is \$33.34, though there is considerable variation among the companies and over time.

# 3

## **Data Used for Analysis**

The data for this analysis were compiled from statutory financial statements obtained through a database maintained by Highline Data. Five pages of the statutory financial statement were of particular use in assembling the body of information Oliver Wyman used in this analysis.

- Statement of Revenue and Expenses (Page 4)
- Analysis of Operations by Line of Business (Page 7)
- Underwriting and Investment Exhibit – Analysis of Expenses (Page 14)
- Enrollment by Product Type for Health Business Only (Page 17)
- Exhibit of Premiums, Enrollment, and Utilization (Page 30)

The *Statement of Revenue and Expenses* is an income statement. From this page Oliver Wyman took general administrative expenses (line 21), claims adjustment expenses (line 20), and net premium income (line 2). Administrative expenses and claims adjustment expenses were summed and then divided by net premium income in order to produce the administrative expense ratios. Additionally, total hospital and medical claims (line 18) were used in the loss ratio calculations.

The *Analysis of Operations by Line of Business* is another income statement page, but each item, *e.g.*, premium income, is split into one of nine lines of business. The lines of business are the following: comprehensive, Medicare supplement, dental only, vision only, Federal employees, Medicare Advantage, Medicaid, other health, and other non-health. General administrative expenses (line 20) and claims adjustment expenses (line 19) for comprehensive hospital and medical coverage were used in calculating administrative expenses per member per month.

The *Underwriting and Investment Exhibit – Analysis of Expenses* describes in detail the use of funds for various expenditures. This information was used in two ways. First, to obtain the value of fees firms had earned from administrative services only (ASO) business, which is shown as reimbursements by uninsured accident and health plans (line 19). Employers will sometimes contract with an insurance company to provide the administrative functions of offering health benefits to employees while still remaining self-insured. The insurance company earns fees for these services, which are deducted from expenses per statutory filing standards. These fees are not regarded as premium, because the insurer does not assume any insurance risk. As a result of this type of business, however, many insurers show a large negative expense item for their ASO business. The second use was to compare the individual expense components in Massachusetts to those nationwide and in the Northeast.

The *Enrollment by Product Type for Health Business Only* describes the membership, per quarter, for each type of health business (HMO, PPO, PSO, POS, indemnity, and other). It also shows the total member months for each line of business across the entire year. Oliver Wyman used the percentage of the total member months from HMO business in the benchmarking exercise.

The *Exhibit of Premiums, Enrollment, and Utilization* is the final page from the statutory statements used in the analysis. This page provided two important sets of figures. First, it shows “Current year member months,” (line 6) which were used in calculating administrative expense PMPMs. Second, “Health premiums earned,” (line 15) were used in our benchmarking analysis. This page is provided in aggregate across all states where the insurer does business, and also on a state-by-state basis.

A sample of each of these pages is provided in Appendix A.



## Methods

For the purposes of this study, the HCAB defined the Northeast region to include Massachusetts, Maine, Vermont, New Hampshire, Connecticut, New York, Pennsylvania, Rhode Island, New Jersey, Delaware, Maryland, and Washington, D.C. Data for 2002 through 2007 was analyzed.

### Company Selection

To start, the HCAB provided a list of major health insurance carriers in the Commonwealth of Massachusetts to compare to a set of regional and national insurers. These Massachusetts companies best reflect the insured health coverage written in Commonwealth. The carriers included in this analysis are shown in the following table along with 2007 earned premium:

**Table 1**  
Massachusetts Health Insurers  
2007 Premium (\$1,000,000s)

BCBS of MA HMO Blue, Inc.	\$ 4,462.9
BCBS of MA, Inc.	2,266.5
Harvard Pilgrim Health Care, Inc.	2,066.3
Aetna Health Inc.	2,037.7
Tufts Associated HMO, Inc.	2,007.1
Fallon Community Health Plan, Inc.	890.4
Neighborhood Health Plan, Inc.	671.3
UnitedHealthcare of New England, Inc.	508.0
Health New England, Inc.	274.1
ConnectiCare of Massachusetts, Inc.	30.4
CIGNA HealthCare of Massachusetts, Inc.	20.9

It should be noted that some of these companies write some, if not most, of their premiums outside of Massachusetts. Aetna Health Inc. earned only about 1.5 percent of its total 2007 premiums in Massachusetts, with the remainder predominantly in Pennsylvania and in Indiana, Kentucky, and Ohio. Additionally, UnitedHealthcare of New England, Inc. earned only 11 percent of its premiums in Massachusetts, with the remainder in Rhode Island. Harvard Pilgrim Health Care, Inc. wrote some business in Maine, but this constituted only a small portion of its earned premiums. In our judgment, these companies remain an accurate representation of insurers in Massachusetts, because the premiums earned outside of Massachusetts were generally earned in similar states within the Northeast region.

In order to generate a list of suitable companies for comparison to the Massachusetts companies, Oliver Wyman created a set of criteria for the national and regional companies. Each company in

the comparison group had to demonstrate the following characteristics, based on the data for 2007:

- File a health statement.
- Have earned premiums for group comprehensive hospital and medical insurance of at least \$10 million.
- Have total expenses as a percentage of total premiums earned between 3% and 25%.

Any company with an expense percentage or total premium outside the region described above that was a subsidiary of a larger insurance group was included as part of the analysis. This eliminated some of the effects of expense allocation inconsistencies for companies that exist within a holding company structure.

Nationwide, a total of 362 companies were determined to meet the established criteria. A full list of these companies can be found in Appendix B. Additionally, Appendix B lists the companies that were excluded from the analysis. The Massachusetts companies were not included when evaluating the nationwide data in total, but companies from the Northeast region were.

Companies from the nationwide list of insurers that were domiciled inside the region that the HCAB defined as the Northeast region were considered for inclusion in the regional analysis. Because some companies domiciled within the region also earned premiums outside of the Northeast, Oliver Wyman and the HCAB developed a rule under which a company had to earn at least 75 percent of their 2007 premiums within the Northeast region to be considered a Northeast region company. After considering all of the criteria, 93 companies comprised the set of Northeast region companies, including the Massachusetts companies. The companies included in the regional analysis are listed in Appendix B.

Having created a list of companies to compare to the Massachusetts insurers, Oliver Wyman compiled the data needed to perform this analysis. This included the data items described in the data section of this report. Some calculations were performed in order to generate useful figures to study. The most important of these was the expense ratio defined as total general administrative expenses and claim adjustment expenses divided by total premiums earned. Oliver Wyman also calculated ASO fees as a percentage of total expenses.

## **Benchmarking**

One of the goals in performing this analysis was to compare the Massachusetts companies to a set of similar companies from the nationwide data set. In order to do this, Oliver Wyman needed to determine what factors were influential in determining the administrative expense percentage for a particular insurer, and create a system to determine which insurers were most “like” the Massachusetts insurers with respect to those factors. The process used to make this determination is described in Appendix C.

As a starting point for these analyses, Oliver Wyman identified six factors, or independent variables, that potentially could contribute to differences in the administrative expense percentages among companies:

- total company premiums earned,
- ASO fees as a percentage of total expenses,

- percentage of business in government programs, specifically Medicare, Medicaid, and the Federal Employees Health Benefit Plan (FEHBP),
- percentage of HMO business (versus PPO, POS, etc),
- for-profit status, and
- designation as a Blue Cross Blue Shield (BCBS) licensee

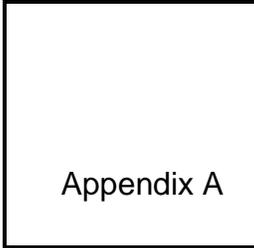
Results of the testing that Oliver Wyman performed, which is described in Appendix C, showed that two of the variables being evaluated, not-for-profit status and BCBS licensee, were not of major importance in determining a health plan's expense ratio. Oliver Wyman investigated these variables further, along with the four remaining factors, using regression analysis, as described in Appendix C. This final set of factors included the following as being predictive of expenses as a percentage of premium:

- ASO fees as a percentage of total expenses,
- total company premiums earned,
- percentage of HMO business (versus PPO, POS, etc.),
- and the percentage of business in government programs.

Having the important variables established, Oliver Wyman was able create a method for benchmarking the nationwide companies against the Massachusetts companies. In order to facilitate this process, the HCAB developed a grouping of similar Massachusetts companies for comparison while companies with unique characteristics were evaluated on their own. The groupings were as follows:

- Large, regional health plans
  - Harvard Pilgrim Health Care, Inc.
  - Fallon Community Health Plan, Inc.; and
  - Tufts Associated Health Maintenance Organization, Inc.
- Companies that are part of a large, nationwide group
  - UnitedHealthcare of New England, Inc.
  - Aetna Health Inc.
  - ConnectiCare of Massachusetts, Inc.
- Locally operated health plans
  - Health New England, Inc.
  - CIGNA HealthCare of Massachusetts, Inc.
- Medicaid health plans
  - Neighborhood Health Plan, Inc.
- Blue Cross and Blue Shield Organizations
  - Blue Cross and Blue Shield of Massachusetts, Inc.
  - Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc.

For the insurers being evaluated on their own, Oliver Wyman created a benchmark group of ten companies that looked like the company being benchmarked in a statistical sense. For the companies that were grouped together (e.g., UnitedHealthcare of New England, Inc., Aetna Health Inc., and ConnectiCare of Massachusetts, Inc.), Oliver Wyman used the average value of each independent variable for the companies to find a group of companies for the benchmarking exercise. The benchmarking groups can be seen, along with relevant data, in Appendix D.



Sample Financial Statement Pages

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	XXX	XXX
2. Net premium income (including ...\$0 non-health premium income)	XXX	XXX	XXX
3. Change in unearned premium reserves and reserve for rate credits	XXX	XXX	XXX
4. Fee-for-service (net of ...\$0 medical expenses)	XXX	XXX	XXX
5. Risk revenue	XXX	XXX	XXX
6. Aggregate write-ins for other health care related revenues	XXX	XXX	XXX
7. Aggregate write-ins for other non-health revenues	XXX	XXX	XXX
8. Total Revenues (Lines 2 to 7)	XXX	XXX	XXX
<b>Hospital and Medical</b>			
9. Hospital/medical benefits	XXX	XXX	XXX
10. Other professional services	XXX	XXX	XXX
11. Outside referrals	XXX	XXX	XXX
12. Emergency room and out-of-area	XXX	XXX	XXX
13. Prescription drugs	XXX	XXX	XXX
14. Aggregate write-ins for other hospital and medical	XXX	XXX	XXX
15. Incentive pool and withhold adjustments	XXX	XXX	XXX
16. Subtotal (Lines 9 to 15)	XXX	XXX	XXX
<b>LESS:</b>			
17. Net reinsurance recoveries	XXX	XXX	XXX
18. Total hospital and medical (Lines 16 minus 17)	XXX	XXX	XXX
19. Non-health claims (net)	XXX	XXX	XXX
20. Claims adjustment expenses, including...\$X cost containment expenses	XXX	XXX	XXX
21. General administrative expenses	XXX	XXX	XXX
22. Increase in reserves for life and accident and health contracts (including ...\$X increase in reserves for life only)	XXX	XXX	XXX
23. Total underwriting deductions (Lines 18 through 22)	XXX	XXX	XXX
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	XXX	XXX
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	XXX	XXX	XXX
26. Net realized capital gains (losses) less capital gains tax of ...\$0	XXX	XXX	XXX
27. Net investment gains or (losses) (Lines 25 plus 26)	XXX	XXX	XXX
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered ...\$X) (amount charged off ...\$X)]	XXX	XXX	XXX
29. Aggregate write-ins for other income or expenses	XXX	XXX	XXX
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	XXX	XXX
31. Federal and foreign income taxes incurred	XXX	XXX	XXX
32. NET INCOME(LOSS) (Lines 30 minus 31)	XXX	XXX	XXX

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Net premium income - health	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. Change in unearned premium reserves and reserve for rate credit	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3. Fee-for-service (net of \$...X medical expenses)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4. Risk revenue	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5. Aggregate write-ins for other health care related revenues	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6. Aggregate write-ins for other non-health care related revenues	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7. Total revenues (Lines 1 to 6)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8. Hospital/medical benefits	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9. Other professional services	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10. Outside referrals	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11. Emergency room and out-of-area	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12. Prescription drugs	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13. Aggregate write-ins for other hospital and medical	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14. Incentive pool and withhold adjustments	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15. Subtotal (Lines 8 to 14)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16. Net reinsurance recoveries	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17. Total hospital and medical (Lines 15 minus 16)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
18. Non-health claims (net)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19. Claims adjustment expenses including \$...X cost containment expenses	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
20. General administrative expenses	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
21. Increase in reserves for accident and health contracts	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Increase in reserves for life contracts	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23. Total underwriting deductions (Lines 17 to 22)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

**UNDERWRITING AND INVESTMENT EXHIBIT**  
PART 3 - ANALYSIS OF EXPENSES

	Claims Adjustment Expenses		3 General Administrative Expense	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$...X, for occupancy of own building)	XXX	XXX	XXX	XXX	XXX
2. Salaries, wages and other benefits	XXX	XXX	XXX	XXX	XXX
3. Commissions (less \$...X ceded plus \$...X assumed)	XXX	XXX	XXX	XXX	XXX
4. Legal fees and expenses	XXX	XXX	XXX	XXX	XXX
5. Certifications and accreditation fees	XXX	XXX	XXX	XXX	XXX
6. Auditing, actuarial and other consulting services	XXX	XXX	XXX	XXX	XXX
7. Traveling expenses	XXX	XXX	XXX	XXX	XXX
8. Marketing and advertising	XXX	XXX	XXX	XXX	XXX
9. Postage, express, and telephone	XXX	XXX	XXX	XXX	XXX
10. Printing and office supplies	XXX	XXX	XXX	XXX	XXX
11. Occupancy, depreciation and amortization	XXX	XXX	XXX	XXX	XXX
12. Equipment	XXX	XXX	XXX	XXX	XXX
13. Cost or depreciation of EDP equipment and software	XXX	XXX	XXX	XXX	XXX
14. Outsourced services including EDP, claims, and other services	XXX	XXX	XXX	XXX	XXX
15. Boards, bureaus and association fees	XXX	XXX	XXX	XXX	XXX
16. Insurance, except on real estate	XXX	XXX	XXX	XXX	XXX
17. Collection and bank service charges	XXX	XXX	XXX	XXX	XXX
18. Group service and administration fees	XXX	XXX	XXX	XXX	XXX
19. Reimbursements by uninsured accident and health plans	XXX	XXX	XXX	XXX	XXX
20. Reimbursements from fiscal intermediaries	XXX	XXX	XXX	XXX	XXX
21. Real estate expenses	XXX	XXX	XXX	XXX	XXX
22. Real estate taxes	XXX	XXX	XXX	XXX	XXX
23. Taxes, Licenses and Fees:					
23.1 State and local insurance taxes	XXX	XXX	XXX	XXX	XXX
23.2 State premium taxes	XXX	XXX	XXX	XXX	XXX
23.3 Regulator authority licenses and fees	XXX	XXX	XXX	XXX	XXX
23.4 Payroll taxes	XXX	XXX	XXX	XXX	XXX
23.5 Other (excluding federal income and real estate taxes)	XXX	XXX	XXX	XXX	XXX
24. Investment expenses not included elsewhere	XXX	XXX	XXX	XXX	XXX
25. Aggregate write-ins for expenses	XXX	XXX	XXX	XXX	XXX
26. Total expenses incurred (Lines 1 to 25); Column 5: See footnote (a)	XXX	XXX	XXX	XXX	XXX
27. Less expenses unpaid December 31, current year	XXX	XXX	XXX	XXX	XXX
28. Add expenses unpaid December 31, prior year	XXX	XXX	XXX	XXX	XXX
29. Amounts receivable relating to uninsured accident and health plans, prior year	XXX	XXX	XXX	XXX	XXX
30. Amounts receivable relating to uninsured accident and health plans, current year	XXX	XXX	XXX	XXX	XXX
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	XXX	XXX	XXX	XXX	XXX

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	XXX	XXX	XXX	XXX	XXX	XXX
2. Provider Service Organizations	XXX	XXX	XXX	XXX	XXX	XXX
3. Preferred Provider Organizations	XXX	XXX	XXX	XXX	XXX	XXX
4. Point of Service	XXX	XXX	XXX	XXX	XXX	XXX
5. Indemnity Only	XXX	XXX	XXX	XXX	XXX	XXX
6. Aggregate write-ins for other lines of business	XXX	XXX	XXX	XXX	XXX	XXX
7. Total	XXX	XXX	XXX	XXX	XXX	XXX

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

REPORT FOR: 1. SAMPLE COMPANY 2. DIVISION, etc.

NAIC Group Code XXXX	BUSINESS IN THE STATE OF ALL STATES (GRAND TOTAL)									
	DURING THE YEAR 2007									
	NAIC Company Code: 0000									
	1	Comprehensive (Hospital&Medical)		4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. First Quarter	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3. Second Quarter	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4. Third Quarter	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5. Current Year	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6. Current Year Member Months	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Total Member Ambulatory Encounters For year:										
7. Physician	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8. Non-Physician	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10. Hospital Patient Days Incurred	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11. Number of Inpatient Admissions	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12. Health Premiums Written (b)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13. Life Premiums Direct	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14. Property/Casualty Premiums Written	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15. Health Premiums Earned	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16. Property/Casualty Premiums Earned	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17. Amount of Paid for Provision of Health Care Services	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
18. Amount Incurred for Provision of Health Care Services	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX



Companies

## Companies Included in the Nationwide Analysis

52568 Advantage Health Solutions Inc	95209 CIGNA Healthcare of OH Inc	95649 HMO DBA Blue Plus
47060 Aetna Health Inc	95121 Cigna Healthcare of Pennsylvania	95643 HMO Louisiana Inc
95003 Aetna Health Inc AZ Corp	95635 CIGNA HealthCare of St Louis Inc	95358 HMO Missouri Inc
95256 Aetna Health Inc CO Corp	95383 CIGNA Healthcare of Texas Inc	96601 HMO of Northeastern Pennsylvania
95935 Aetna Health Inc CT Corp	95606 CIGNA HealthCare of TN Inc	95442 Hmo Partners Inc
95245 Aetna Health Inc DE Corp	95518 CIGNA Healthcare of UT Inc	95529 Horizon Healthcare of NJ Inc
95088 Aetna Health Inc FL Corp	95708 CIGNA Healthcare SC Inc	55069 Horizon Healthcare Services Inc
95094 Aetna Health Inc GA Corp	12595 Clear Choice Health Plans Inc	54747 Hospital Service Assn of NE PA
95590 Aetna Health Inc MD Corp	47047 Columbia United Providers Inc	18975 HPHC Ins CO Inc
95517 Aetna Health Inc ME Corp	11143 Community First Grp Hospital Service	95519 Humana Employers Health Plan GA Inc
95756 Aetna Health Inc MI Corp	95145 Community Health Plan	95642 Humana Health Benefit Plan of LA Inc
95810 Aetna Health Inc MO Corp	47049 Community Health Plan of WA	69671 Humana Health Insurance Co of FL Inc
95287 Aetna Health Inc NJ Corp	92681 Community Hlth Plan Ins Co	95885 Humana Health Plan Inc
95234 Aetna Health Inc NY Corp	10345 Community Insurance Company	95348 Humana Health Plan of Ohio Inc
95757 Aetna Health Inc OK Corp	11691 Communitycare Hmo Inc	95024 Humana Health Plan of TX Inc
95109 Aetna Health Inc PA Corp	95693 Compcare Health Services Ins Corp	95721 Humana Health Plans of PR
95006 Aetna Health Inc TN Corp	95675 Connecticare Inc	95270 Humana Medical Plan Inc
95490 Aetna Health Inc TX Corp	11209 Connecticut Ins Co Inc	95342 Humana WI Health Org Ins Corp
84450 Aetna Health Ins CO of NY	72052 Corporate Health Insurance Company	54704 Independence Blue Cross
95343 Aetna Health of The Carolinas Inc	81973 Coventry Health & Life Insurance Co	95308 Independent Health Association Inc
95397 Aetna Health Plans of Illinois Inc	96460 Coventry Health Care of De Inc	47034 Independent Health Benefits Corp
11256 Alliant Health Plans Inc	95282 Coventry Health Care of GA Inc	53252 Inter County Health Plan Inc
95407 Altius Health Plans Inc	95241 Coventry Health Care of IA Inc	54763 Inter Cty Hospitalization Plan Inc
95314 Amerigroup Texas Inc	95489 Coventry Health Care of KS Inc	95639 Kaiser Fndm Health Plan Mid Atl
95044 Amerihealth Hmo Inc	95173 Coventry Health Care of LA Inc	95540 Kaiser Fndm Health Plan Nw
60061 Amerihealth Insurance Co of NJ	95925 Coventry Health Care of NE Inc	11538 Kaiser Foundation Health Plan Inc
60217 Anthem Health Plans Inc	95530 Cox Health System Hmo Inc	96237 Kaiser Foundation Health Plan of GA
95120 Anthem Health Plans of KY Inc	60040 Cox Health Systems Insurance Co	95204 Kaiser Foundation Health Plan of OH
52618 Anthem Health Plans of Me Inc	95748 DC Chartered Health Plan Inc	95669 Kaiser Foundation Health Pln Co
53759 Anthem Health Plans of NH	60067 Dean Health Ins Inc	60053 Kaiser Permanente Insurance Co
71835 Anthem Hlth Plans of VA Inc	96156 Dean Health Plan Inc	95199 Keystone Health Plan Central Inc
28207 Anthem Insurance Companies Inc	95750 Denver Health Medical Plan Inc	95056 Keystone Health Plan East Inc
83470 Arkansas Blue Cross & Blue Shield	55093 Empire Healthchoice Assur Inc	95048 Keystone Health Plan West Inc
95440 Arnett HMO Inc	95433 Empire Healthchoice HMO Inc	53872 KPS Health Plans
47350 Asuris Northwest Health	55107 Excellus Health Plan Inc	81200 LA Health Service & Indemnity Co
95691 Athens Area Health Plan Select Inc	60147 First Priority Life Insurance Co	74065 Legacy Health Plan Inc
95839 Avera Health Plans Inc	12962 Firstcarolinacare Ins Co Inc	12174 Legacy Health Solutions Inc
95263 Avmed Inc	95124 Florida Health Care Plan Inc	65105 Lifewise Health Plan of AZ Inc
96962 Bcbs Healthcare Plan of GA Inc	95923 Geisinger Health Plan	84930 Lifewise Health Plan of OR
55433 BCBS of AL	10244 Geisinger Indemnity Insurance Co	52633 Lifewise Health Plan of WA
53589 BCBS of AZ Inc	12743 Geisinger Quality Options Inc	95808 Lovelace Sandia Health Systems Inc
98167 BCBS Of FL	95835 Ghi Hmo Inc	95444 M Plan Inc
54801 BCBS of GA Inc	11814 GHS HMO Inc D/B/A Bluelines HMO	60321 Mamsi Life & Health Insurance Co
47171 BCBS of KC	95315 Good HLTH HMO Inc Dba/Blue-Care Inc	95527 Matthew Thorton Health Plan Inc
54291 BCBS of MI	95453 Grand Valley Health Plan Inc	77216 Mckinley Life Insurance Co
60111 BCBS of MS Mut Ins Co	95412 Great West Healthcare of Co Inc	95848 McLaren Health Plan
53686 BCBS of MT	95388 Great West Healthcare of IL Inc	96310 MD Individual Practice Assn Inc
54631 BCBS of NC Inc	95415 Great West Healthcare of TX Inc	12459 Medica Insurance Company
77780 BCBS Of NE	95192 Group Health Coop of Eau Claire	95782 Medical Assoc Clinic Health Plan WI
53473 BCBS of RI	95311 Group Health Coop of S Central WI	52559 Medical Associates Health Plan Inc
38520 BCBS Of SC Inc	55239 Group Health Inc	95828 Medical Health Insuring Corp of OH
54518 BCBS of TN Inc	47055 Group Health Options Inc	29076 Medical Mutual of Ohio
53295 BCBS of VT	96377 Group Health Plan Inc	95309 Mercy Health Plans MO Inc
54003 BCBS of WI	95672 Group HLTH Cooperative	11529 Mercy Hlth Plans
53767 BCBS of WY	53007 Group Hospitalization & Med Srvc	12195 Mercycare HMO Inc
55026 BCBSM Inc	95101 Gunderson Lutheran Health Plan Inc	60215 Mercycare Insurance Co
95610 Blue Care Network of MI	96717 Harvard Pilgrim Health Care New Eng	96270 Molina Healthcare of WA Inc
60095 Blue Cross of ID Health Service Inc	49948 Hawaii Medical Service Assn	54828 Mountain State BCBS Inc
95741 Bluechoice Healthplan Of Sc Inc	78611 HCSC Ins Services Co	11125 Mvp Health Ins Co
95071 Bluegrass Family Health Inc	77950 Health Alliance Medical Plans	95521 MVP Health Plan Inc
41203 Capital Advantage Insurance Company	95513 Health Alliance Midwest Inc	95123 Neighborhood Health Partnership Inc
54720 Capital Blue Cross	95844 Health Alliance Plan of MI	11137 Network Health Ins Corp
11227 Capital Care Inc	95060 Health America Pennsylvania Inc	95737 Network Health Plan of WI Inc
95491 Capital District Physicians Hlthpln	70670 Health Care Svc Corp A Mut Leg Res	95244 Nevada Care Inc
95112 Capital Health Plan Inc	95019 Health First Health Plans Inc	95829 New West Health Services
96202 Carefirst Bluechoice Inc	55247 Health Ins Plan of Greater NY	12540 Nhp of Indiana Llc
47058 Carefirst of MD Inc	95800 Health Net Health Plan of or Inc	55891 Noridian Mut Ins Co
95408 Carelink Health Plans Inc	43893 Health Net Ins CO NY Inc	47098 ODS Health Plan Inc
95754 Cariten Health Plan Inc	95206 Health Net of Arizona Inc	70715 Optima Health Insurance Co
82740 Cariten Insurance Co	95968 Health Net of CT Inc	95281 Optima Health Plan
95732 Carolina Care Plan Inc	95351 Health Net of NJ Inc	96940 Optimum Choice Inc
47027 CDPHP Universal Benefits Inc	95305 Health Net of NY Inc	78026 Oxford Health Insurance Inc
95158 CHA Hmo Inc	55204 Health Now NY Inc	96798 Oxford Health Plans CT Inc
95525 CIGNA Healthcare of In Inc	95089 Health Options Inc	95506 Oxford Health Plans NJ Inc
95599 CIGNA Healthcare Midatlantic Inc	96342 Health Plan of Nevada	95479 Oxford Health Plans NY Inc
95493 CIGNA Healthcare Nh Inc	95009 Health Plus of Louisiana Inc	84506 Pacifiicare Life Assurance Company
95125 CIGNA HealthCare of AZ Inc	96628 Health Tradition Health Plan	95617 Pacifiicare of Arizona Inc
95604 CIGNA HealthCare of Co Inc	11102 Healthassurance PA Inc	95434 Pacifiicare of Colorado Inc
95660 CIGNA Healthcare of CT Inc	95169 Healthkeepers Inc	95685 Pacifiicare of NV Inc
95544 CIGNA HealthCare of de Inc	44547 Healthpartners Ins Co	96903 Pacifiicare of Oklahoma Inc
95136 CIGNA HealthCare of FL Inc	95580 Healthplus of Michigan Inc	95893 Pacifiicare of Oregon
96229 CIGNA HealthCare of GA Inc	95781 Healthspring of AL Inc	95174 Pacifiicare of Texas Inc
95602 CIGNA HealthCare of IL Inc	11522 Healthspring of TN Inc	48038 Pacifiicare of WA Inc
95447 CIGNA Healthcare of Me Inc	95303 HealthWise	54976 Pacifisource Health Plans
95132 CIGNA Healthcare of NC Inc	54771 Highmark Inc	95566 Paramount Care of MI Inc
95500 CIGNA Healthcare of NJ Inc	60094 HIP Insurance Company of New York	95189 Paramount Health Care
95488 CIGNA HealthCare of NY Inc	95473 HMO Colorado Inc	11518 Paramount Ins Co

**Analysis of Administrative Expenses for Health  
Insurance Companies in Massachusetts**

Massachusetts Division of Insurance  
Health Care Access Bureau

95167 Peninsula Health Care Inc	95725 Sanford Hlth Plan of MN	95264 United Healthcare of FL Inc
74160 Personalcare Insurance of Illinois	95099 Scott & White Health Plan	95850 United Healthcare of GA Inc
95849 Physicians Health Plan of Mid-Michig	96881 Security Health Plan of WI Inc	95776 United Healthcare of IL Inc
95436 Physicians Health Plan of N In Inc	63245 SelectHealth Benefit Assur Co Inc	96644 United Healthcare of KY Ltd
95341 Physicians Plus Insurance Corp	95153 Selecthealth Inc	95833 United Healthcare of LA Inc
95811 Piedmont Comm Healthcare Inc	95240 Seton Health Plan Inc	95591 United Healthcare of Midlands Inc
49964 Preferred Assur Co	95138 Sha LLC	96385 United HealthCare of MidWest Inc
11161 Preferred Health Plan Inc	67636 Significa Ins Grp Inc	95103 United Healthcare of NC Inc
60110 Preferred Health Systems Insurance	96598 South Dakota State Med Holding Co	95186 United Healthcare of OH Inc
95271 Preferred Medical Plan Inc	95812 Southeastern In Health Org	11147 United Healthcare of TN Inc
95724 Preferred One Comm Health Plan	96555 Southern Health Services Inc	95765 United Healthcare of TX Inc
95390 Preferred Plus of Kansas Inc	66117 Southwest Life & Health Insurance Co	95501 United HealthCare of UT Inc
11817 Preferredone Ins Co	10649 Summa Insurance Company	12231 Unitedhealthcare Ins Co of The River
47570 Premera Blue Cross	95202 Summacare Inc	95710 Unitedhealthcare of WI Inc
95330 Presbyterian Health Plan Inc	11838 Summerlin Life and Health Ins Co	95378 Unitedhealthcare Plan of The River V
11504 Presbyterian Ins CO Inc	95647 Superior HealthPlan Inc	95796 Unity Health Plans Insurance Corp
60007 Primary Health Network Inc	95690 Tenet Choices Inc	11994 Upmc Health Network Inc
95561 Priority Health	95677 The Health Plan The Upper OH Valley	95216 Upmc Health Plan Inc
96512 Priority Healthcare Inc	60016 Thp Ins Co	12346 Valley Baptist Ins Co
95005 Providence Health Plan	12239 Timber Products Manufacturers Trust	95584 Vantage Health Plan Inc
95126 Public Health Trust Dade County FL	12326 Total Health Care USA Inc	95696 Vermont Health Plan LLC The
95448 QCA Health Plan Inc	55816 Triple-S Inc	95114 Vista Health Plan Inc
93688 QCC Insurance Company	60117 Tufts Insurance Co	95266 Vista Hlthpln of S FL Inc
60024 Rayant Ins Co of NY	70700 Unicare Health Ins Co of The Midwest	60091 Vista Ins Plan Inc
54933 Regence BCBS of Or	10076 Unicare Health Ins CO of TX	95322 Viva Health Inc
54550 Regence BCBS of UT	95505 Unicare Health Plans of The Midwest	12609 Washington State Auto Dealers Ins Tr
53902 Regence Blue Shield	95420 Unicare Health Plans of TX Inc	95531 Wellmark Health Plan of IA Inc
60131 Regence Blueshield of Idaho Inc	12012 Unison Family Health Plan Of Pa Inc	88848 Wellmark Inc
11602 Rochester Area Hmo Inc	60093 United Healthcare Insurance Co of NY	60128 Wellmark of South Dakota Inc
47004 Rocky Mountain HLTHcare Options Inc	95025 United Healthcare Mid Atlantic Inc	95321 Wellpath Select Inc
95482 Rocky Mountain Hmo Inc	95784 United HealthCare of AL Inc	95401 Winhealth Partners
11011 Rocky Mountain Hospital & Medical	95446 United HealthCare of AR Inc	53139 Wisconsin Phys Svc Ins Corp
95774 San Luis Valley Hmo Inc	96016 United Healthcare of AZ Inc	10159 Wps Health Plan Inc
95683 Sanford Hlth Plan	95090 United Healthcare of CO Inc	

## Companies Excluded from the Nationwide Analysis

### Company premium less than \$10 million

12814	Allegiance Life & Hlth Ins Co Inc
12316	Avalon Healthcare Inc
47017	Capital Health Plans Inc
12258	Ccs New Jersey Inc
87980	CIGNA Ins Group Inc
95248	Community First Health Plans Inc
95768	Connecticare of New York Inc
95515	Educators Health Care
12514	Educators Health Plans Health Inc
66828	Fallon Health & Life Assurance Co
96475	HealthLink HMO Inc
52554	Heart of America Health Plan
95350	Hometown Health Plan Inc
48305	Hometown Health Providers Ins Co
12756	Medica Hlth Plans of FL Inc
12527	Mid Valley Ipa Employee Benefit Trus
10141	Mvp Health Plan of NH Inc
52564	Physician Health Plan of S MI
12619	Pioneer Educators Hlth Trust
37583	Sagicor Allnation Ins Co
11079	Saint Marys Preferred Health Ins Co
11093	Takecare Ins Co Inc
95329	Texas Childrens Health Plan Inc
12584	Triad Hlthcare of NJ IPA Inc
12834	Trilogy Hlth Ins Inc
47953	University Health Alliance
61705	Wellchoice Ins of NJ Inc
12339	Western Grocers Employee Ben Trust

### Administrative expenses as a percent of premium not betwe

11152	American Health Inc
48330	Hawaii Management Alliance Assn
74217	Medical Savings Insurance Co

### No group premium available; group mostly comprised of L/

95254	Premier Health Inc DBA Premier Blue
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### Massachusetts companies

12219	BCBS of MA HMO Blue Inc
53228	BCBS of MA
95520	CIGNA Hlthcare of Massachusetts Inc
95299	Connecticare of Massachusetts Inc
95541	Fallon Community Health Plan Inc
96911	Harvard Pilgrim Health Care Inc
95673	Health New England Inc
11109	Neighborhood Health Plan Inc
95688	Tufts Associated HMO Inc
95149	United Healthcare of New England Inc

## Companies Included in the Northeast Region Analysis

<b>95935</b>	Aetna Health Inc CT Corp	<b>95060</b>	Health America Pennsylvania Inc
<b>95245</b>	Aetna Health Inc DE Corp	<b>55247</b>	Health Ins Plan of Greater NY
<b>95517</b>	Aetna Health Inc ME Corp	<b>43893</b>	Health Net Ins CO NY Inc
<b>95287</b>	Aetna Health Inc NJ Corp	<b>95968</b>	Health Net of CT Inc
<b>95234</b>	Aetna Health Inc NY Corp	<b>95351</b>	Health Net of NJ Inc
<b>84450</b>	Aetna Health Ins CO of NY	<b>95305</b>	Health Net of NY Inc
<b>95044</b>	Amerihealth Hmo Inc	<b>55204</b>	Health Now NY Inc
<b>60061</b>	Amerihealth Insurance Co of NJ	<b>11102</b>	Healthassurance PA Inc
<b>60217</b>	Anthem Health Plans Inc	<b>54771</b>	Highmark Inc
<b>52618</b>	Anthem Health Plans of Me Inc	<b>60094</b>	HIP Insurance Company of New York
<b>53759</b>	Anthem Health Plans of NH	<b>96601</b>	HMO of Northeastern Pennsylvania
<b>53473</b>	BCBS of RI	<b>95529</b>	Horizon Healthcare of NJ Inc
<b>53295</b>	BCBS of VT	<b>55069</b>	Horizon Healthcare Services Inc
<b>41203</b>	Capital Advantage Insurance Company	<b>54747</b>	Hospital Service Assn of NE PA
<b>54720</b>	Capital Blue Cross	<b>18975</b>	HPHC Ins CO Inc
<b>95491</b>	Capital District Physicians Hlthpln	<b>54704</b>	Independence Blue Cross
<b>96202</b>	Carefirst Bluechoice Inc	<b>95308</b>	Independent Health Association Inc
<b>47058</b>	Carefirst of MD Inc	<b>47034</b>	Independent Health Benefits Corp
<b>47027</b>	CDPHP Universal Benefits Inc	<b>95199</b>	Keystone Health Plan Central Inc
<b>95599</b>	CIGNA Healthcare Midatlantic Inc	<b>95056</b>	Keystone Health Plan East Inc
<b>95493</b>	CIGNA Healthcare Nh Inc	<b>95048</b>	Keystone Health Plan West Inc
<b>95660</b>	CIGNA Healthcare of CT Inc	<b>60321</b>	Mamsi Life & Health Insurance Co
<b>95544</b>	CIGNA HealthCare of de Inc	<b>95527</b>	Matthew Thornton Health Plan Inc
<b>95447</b>	CIGNA Healthcare of Me Inc	<b>96310</b>	MD Individual Practice Assn Inc
<b>95500</b>	CIGNA Healthcare of NJ Inc	<b>11125</b>	Mvp Health Ins Co
<b>95488</b>	CIGNA HealthCare of NY Inc	<b>95521</b>	MVP Health Plan Inc
<b>95121</b>	Cigna Healthcare of Pennsylvania	<b>78026</b>	Oxford Health Insurance Inc
<b>95675</b>	Connecticare Inc	<b>96798</b>	Oxford Health Plans CT Inc
<b>11209</b>	Connecticare Ins Co Inc	<b>95506</b>	Oxford Health Plans NJ Inc
<b>96460</b>	Coventry Health Care of De Inc	<b>95479</b>	Oxford Health Plans NY Inc
<b>95748</b>	DC Chartered Health Plan Inc	<b>49964</b>	Preferred Assur Co
<b>55093</b>	Empire Healthchoice Assur Inc	<b>93688</b>	QCC Insurance Company
<b>95433</b>	Empire Healthchoice HMO Inc	<b>60024</b>	Rayant Ins Co of NY
<b>55107</b>	Excellus Health Plan Inc	<b>11602</b>	Rochester Area Hmo Inc
<b>60147</b>	First Priority Life Insurance Co	<b>67636</b>	Significa Ins Grp Inc
<b>95923</b>	Geisinger Health Plan	<b>60117</b>	Tufts Insurance Co
<b>10244</b>	Geisinger Indemnity Insurance Co	<b>12012</b>	Unison Family Health Plan Of Pa Inc
<b>12743</b>	Geisinger Quality Options Inc	<b>60093</b>	United Healthcare Insurance Co of NY
<b>95835</b>	Ghi Hmo Inc	<b>11994</b>	Upmc Health Network Inc
<b>55239</b>	Group Health Inc	<b>95216</b>	Upmc Health Plan Inc
<b>96717</b>	Harvard Pilgrim Health Care New Eng	<b>95696</b>	Vermont Health Plan LLC The



Appendix C

## Statistical Results

In order to determine a set of companies for comparison to the Massachusetts insurers, Oliver Wyman began by developing a set of metrics that, in our judgment, could be important in determining a company's level of administrative expenses. To uncover which were actually significant, Oliver Wyman utilized two statistical methods: analysis of variance (ANOVA) and regression analysis. These analyses were performed using Microsoft Excel's statistical package.

ANOVA testing attempts to determine if the mean value of two sets of data (*e.g.*, HMOs with and without a significant amount of ASO business) are statistically the same. This test assumes an adequately large sample size (typically 30 or more observations in each set) and produces more accurate results when the samples are of equal size. If the test reveals that the mean values are statistically different, then there is reason to believe the characteristic being tested is of importance. ANOVA is often used as a first step in statistical analysis and is usually followed by deeper analyses using other methods, including regression analysis.

Regression analysis is used to fit a mathematical model to a set of independent variables that determine the value of another single, dependent variable. In this case, the independent variables might be company size and whether the company is part of a holding company structure, and the dependent variable would be the expense ratio. The analysis produces a coefficient for each independent variable, which indicates the change in the dependent variable for every one unit increase in the particular independent variable.

Oliver Wyman identified six factors, or independent variables, that potentially could contribute to differences in the administrative expense percentages among companies:

- Total company premiums earned
- ASO fees as a percentage of total expenses

- Percentage of business in government programs, specifically Medicare, Medicaid, and the Federal Employees Health Benefit Plan (FEHBP)
- Percentage of HMO business
- For-profit status
- Designation as a Blue Cross Blue Shield (BCBS) licensee

ANOVA tests were conducted first to investigate the importance of two of the potential factors: whether the company was a BCBS licensee, and whether the insurer operated as a for-profit or not-for-profit corporation. Each of the variables were tested using two different approaches. The first analysis used data for all of the nationwide companies. There was some concern about the validity of this approach, however, because the samples sizes were vastly different. As an example, there are many more non-BCBS plans than BCBS plans. To account for this, the tests were performed a second time using random samples of equal size from each group.

The first table in this Appendix shows the testing for effect of being a BCBS licensee. This table shows that there are 312 non-BCBS licensees and 50 BCBS licensees. The column labeled “Average” shows that among the 312 non-BCBS licensees the average expense ratio was 13.04%, compared to 12.16% for BCBS licensees. However, the P-value for this test is 0.20. For this work, Oliver Wyman has set a threshold of 0.10 for significance. In the case of ANOVA testing, a P-value can be interpreted as a measure of support for the hypothesis that there is no statistically significant difference between the means of two samples. A P-value greater than 0.10 indicates that there is very little support in the data against the hypothesis.

The first step was to generate a correlation matrix. A correlation matrix displays the correlation between each of the variables. The matrix is used to confirm that none of the independent variables are related too strongly to any of the other independent variables. Typically, a correlation greater than 70% or less than -70% leads to the elimination of one of the correlated variables. This is a condition known as multicollinearity and such an occurrence can distort the results of the regression.

It is also important to examine the correlation between the independent variables and the dependent variable (expenses as a percent of premium, in this case). Because the independent variables are being used to predict the dependent variable, high correlation is desired. With respect to this analysis, multicollinearity is not a concern and there is some correlation between the independent and dependent variables. The correlation matrix can be seen in Appendix C.

We then performed a regression analysis to evaluate the entire set of nationwide data. The regression was repeated several times, eliminating the variable with the least significance each time until a set of significant factors was established. This final set of factors included the following as being predictive of expenses as a percentage of premium:

- ASO as a percentage of expenses,
- total company premium,
- the percentage of HMO business (versus PPO, POS, etc.),
- and the percentage of business in government programs.

The *Adjusted R Square* value describes the strength of the relationship between the independent and dependent variables, and is adjusted to account for the number of variables in the model. In the final regression, the value of the correlation coefficient is approximately 0.14, which means that 14 percent of the variation in the expense ratio is attributed to the factors in the analysis. The remainder is the result of chance or other circumstances.

The coefficients also provide interesting information about the relationship between the variables and the administrative expense percentage. The results show that every ten percent increase in government business as a percentage of total business reduces the administrative expense percentage by about 0.27 percent. An increase in total company premium also causes the administrative expense percentage to fall. For every \$1 billion increase in total company premium the administrative expense percentage falls by about 0.61 percent. Looking at the coefficient for ASO business as a percentage of total expenses, the model suggests that for every additional 10 percent in the ASO percentage, the administrative expense percentage declines by about 0.25 percent. Finally, the percentage of HMO business shows that each additional 10 percent of HMO business leads to a 0.22 percent reduction in the administrative expense percentage. The results of the series of regression analyses are provided in this Appendix.

In order to select companies for comparison in the benchmarking exercise, Oliver Wyman calculated the standard deviation for each independent variable across all companies nationwide. Oliver Wyman then used the standard deviation as a measure of “distance” in the sense that companies selected as the benchmarks were within a given distance from the company being benchmarked for the independent variables that were significant. The resulting set of companies used in the benchmarking can be found in Appendix D.

ANOVA Tests for Variable Analysis

**Anova: Single Factor (For entire data set)**

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Non-BCBS	312	40.67012214	0.130352956	0.002067743
BCBS	50	6.079897083	0.121597942	0.001681563

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.003303161	1	0.003303161	1.639139958	0.201267825	3.867418759
Within Groups	0.725464515	360	0.002015179			
Total	0.728767676	361				

**Anova: Single Factor (For random samples)**

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
0.070106212	34	4.789115905	0.14085635	0.001524093
0.050648528	34	4.19295652	0.123322251	0.001034052

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.005226559	1	0.005226559	4.086211243	0.047292905	3.986269389
Within Groups	0.084418762	66	0.001279072			
Total	0.089645321	67				

**Anova: Single Factor (For entire data set)**

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
No Group	67	8.225796804	0.122773087	0.001580261
Group	295	38.52422242	0.130590584	0.0021127
	0	0	#DIV/0!	#DIV/0!

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.003336751	2	0.001668375	0.825642759	0.438783254	3.020870286
Within Groups	0.725430925	359	0.002020699			
Total	0.728767676	361				

**Anova: Single Factor (For random sample)**

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
0.067093166	34	4.733981658	0.139234755	0.002174714
0.113853896	34	4.28139682	0.125923436	0.001427839

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.003012251	1	0.003012251	1.672286571	0.200460712	3.986269389
Within Groups	0.11888425	66	0.001801277			
Total	0.1218965	67				

**Anova: Single Factor (For entire data set)**

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
For Profit	268	35.24400121	0.131507467	0.002106359
NFP	94	11.50601802	0.122404447	0.001726914

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.00576667	1	0.00576667	2.871366882	0.091033073	3.867418759
Within Groups	0.723001006	360	0.002008336			
Total	0.728767676	361				

**Anova: Single Factor (for random sample)**

SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
For Profit	35	4.928338702	0.140809677	0.002410407
NFP	35	4.364614197	0.124703263	0.00101779

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.00453979	1	0.00453979	2.648500417	0.108272877	3.98189616
Within Groups	0.116558689	68	0.001714098			
Total	0.12109848	69				

Correlation Matrix for Regression Analysis

	<i>Administrative Expenses as % of Premium</i>	<i>BCBS</i>	<i>For Profit</i>	<i>ASO as % of Expenses</i>	<i>Total Company Premiums</i>	<i>% Business as Gov't</i>	<i>% Business as HMO</i>
Administrative Expenses as % of Premium	100%						
BCBS	-7%	100%					
For Profit	9%	-46%	100%				
ASO as % of Expenses	19%	-52%	22%	100%			
Total Company Premiums	-23%	49%	-32%	-43%	100%		
% Business as Gov't	-24%	3%	2%	8%	11%	100%	
% Business as HMO	-17%	-44%	21%	29%	-20%	32%	100%

## Regression Statistics

### SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.396785008
R Square	0.157438342
Adjusted R Square	0.143117181
Standard Error	0.041633562
Observations	360

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	6	0.114332753	0.019055459	10.9934061	3.08244E-11
Residual	353	0.611873785	0.001733353		
Total	359	0.726206538			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.149016535	0.006548483	22.75588773	3.33998E-71	0.136137589	0.161895482
BCBS	0.01061839	0.009150034	1.160475484	0.246639487	-0.007377045	0.028613826
For Profit	0.007266452	0.005742308	1.265423586	0.206554139	-0.004026985	0.01855989
ASO as % of Expenses	0.027439431	0.00774841	3.541298302	0.000451558	0.012200579	0.042678283
Total Company Premiums	-6.24607E-12	2.07988E-12	-3.003092711	0.002863117	-1.03366E-11	-2.15556E-12
% Business as Gov't	-0.028610336	0.008721051	-3.280606412	0.001139098	-0.045762087	-0.011458584
% Business as HMO	-0.019871323	0.006081863	-3.26730876	0.001192312	-0.031832565	-0.007910082

### SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.392713572
R Square	0.15422395
Adjusted R Square	0.14227796
Standard Error	0.041653945
Observations	360

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	5	0.111998441	0.022399688	12.91010265	1.51094E-11
Residual	354	0.614208098	0.001735051		
Total	359	0.726206538			

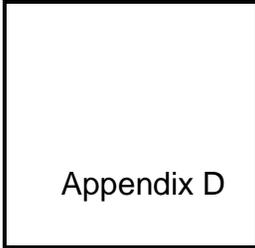
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.152363144	0.005882179	25.90249994	9.96525E-84	0.140794734	0.163931554
For Profit	0.00494936	0.00538663	0.918823018	0.358813774	-0.00564446	0.015543179
ASO as % of Expenses	0.024227055	0.007240613	3.345995214	0.000907795	0.00998703	0.03846708
Total Company Premiums	-5.67345E-12	2.02149E-12	-2.806570276	0.005284224	-9.64909E-12	-1.69781E-12
% Business as Gov't	-0.026874902	0.008596084	-3.126412308	0.00191595	-0.043780716	-0.009969089
% Business as HMO	-0.022410955	0.005677263	-3.947492526	9.52788E-05	-0.033576359	-0.01124555

**SUMMARY OUTPUT**

<i>Regression Statistics</i>	
Multiple R	0.390137031
R Square	0.152206903
Adjusted R Square	0.142654305
Standard Error	0.041644806
Observations	360

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	0.110533648	0.027633412	15.93356059	5.23444E-12
Residual	355	0.61567289	0.00173429		
Total	359	0.726206538			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.156028338	0.004321994	36.10100918	7.1553E-121	0.147528408	0.164528268
ASO as % of Expenses	0.024621238	0.007226306	3.407167837	0.000731683	0.010409487	0.038832989
Total Company Premiums	-6.11833E-12	1.96222E-12	-3.118071545	0.001969068	-9.97737E-12	-2.2593E-12
% Business as Gov't	-0.026875568	0.008594198	-3.127175863	0.001910695	-0.043777508	-0.009973627
% Business as HMO	-0.021701149	0.005623225	-3.859199942	0.000135118	-0.03276017	-0.010642128



## Benchmarking Analysis

**Analysis of Administrative Expenses for Health Insurance Companies in Massachusetts**

Massachusetts Division of Insurance  
Health Care Access Bureau

Code	Company	Administrative Expense Percentage	Net Premium Income	ASO as a % of Expenses	Percentage of Business in MA, Medicaid, FEHBP	Percentage of HMO Business
95541	Fallon Community Health Plan Inc	8.50%	4,508,728,100	0.00%	50.95%	100.00%
95688	Tufts Associated HMO Inc	10.49%	12,092,566,684	0.00%	31.79%	100.00%
96911	Harvard Pilgrim Health Care Inc	11.61%	12,042,333,360	-22.54%	15.50%	85.62%
11538	Kaiser Foundation Health Plan Inc	2.84%	3,729,371,006	0.00%	39.93%	100.00%
95540	Kaiser Fndtn Health Plan Nw	4.78%	10,294,862,740	0.00%	31.00%	98.65%
96156	Dean Health Plan Inc	6.80%	3,809,066,191	-1.36%	10.46%	96.32%
96237	Kaiser Foundation Health Plan of GA	6.89%	4,224,920,468	0.00%	15.07%	93.07%
96881	Security Health Plan of WI Inc	7.52%	2,429,614,172	-1.82%	24.40%	100.00%
77950	Health Alliance Medical Plans	7.64%	2,252,855,762	5.85%	12.61%	72.76%
95639	Kaiser Fndtn Health Plan Mid Atl	7.64%	9,140,564,303	-0.78%	38.70%	98.24%
95844	Health Alliance Plan of MI	7.69%	8,801,641,596	0.00%	17.10%	100.00%
95669	Kaiser Foundation Health Pln Co	7.87%	9,237,548,939	0.00%	38.39%	98.10%
95204	Kaiser Foundation Health Plan of OH	8.06%	2,998,658,785	0.00%	27.63%	93.19%
95281	Optima Health Plan	8.21%	3,868,874,676	0.00%	58.03%	94.21%
11691	Communitycare Hmo Inc	8.53%	2,221,778,173	0.00%	40.11%	98.30%
95099	Scott & White Health Plan	8.91%	2,650,858,867	-2.06%	18.57%	99.80%
95005	Providence Health Plan	9.03%	3,875,070,675	-17.50%	47.25%	100.00%
96377	Group Health Plan Inc	9.39%	3,191,691,995	-23.45%	37.02%	56.43%
95308	Independent Health Association Inc	9.48%	5,320,037,221	0.00%	40.11%	96.39%
95491	Capital District Physicians Hlthpln	9.77%	4,887,084,936	0.00%	23.54%	99.86%
95433	Empire Healthchoice HMO Inc	10.08%	11,280,844,852	0.01%	27.85%	95.31%
95234	Aetna Health Inc NY Corp	11.02%	7,025,090,393	0.49%	24.45%	70.85%
95923	Geisinger Health Plan	11.08%	4,210,456,704	-3.53%	42.16%	88.05%
95521	MVP Health Plan Inc	11.30%	5,690,164,238	0.00%	8.56%	85.97%
95169	Healthkeepers Inc	11.54%	3,695,244,586	-16.22%	25.13%	100.00%
95263	Avmed Inc	11.55%	4,841,942,494	0.00%	28.61%	94.69%
95044	Amerihealth Hmo Inc	11.87%	3,483,572,219	-3.25%	22.66%	57.04%
95506	Oxford Health Plans NJ Inc	12.08%	2,750,632,904	0.00%	13.48%	59.54%
95125	CIGNA HealthCare of AZ Inc	12.52%	4,152,495,787	-31.56%	40.50%	89.72%
95968	Health Net of CT Inc	12.76%	7,229,038,002	-7.29%	40.81%	50.33%
95672	Group HLTH Cooperative	13.30%	9,469,425,254	-3.11%	47.45%	100.00%
47049	Community Health Plan of WA	13.58%	2,487,544,854	0.00%	56.04%	100.00%
95114	Vista Health Plan Inc	13.60%	3,825,885,547	0.00%	22.66%	100.00%
95885	Humana Health Plan Inc	14.49%	10,912,978,721	-0.89%	41.57%	69.19%
95675	Connecticare Inc	14.86%	4,194,664,081	-1.24%	10.66%	82.28%
95490	Aetna Health Inc TX Corp	14.87%	6,088,859,860	0.00%	5.99%	88.58%
95264	United Healthcare of FL Inc	15.14%	11,844,699,795	0.00%	30.02%	100.00%
95103	United Healthcare of NC Inc	16.20%	4,845,151,790	-5.06%	23.32%	100.00%
95089	Health Options Inc	16.94%	10,128,216,628	-9.38%	18.52%	99.82%
	<b>AVERAGE</b>	<b>10.91%</b>	<b>5,585,872,478</b>	<b>-2.89%</b>	<b>29.75%</b>	<b>90.47%</b>
95673	Health New England Inc	11.80%	1,360,408,448	0.00%	0.17%	92.18%
95520	CIGNA Hlthcare of Massachusetts Inc	11.94%	477,127,126	-191.12%	0.00%	94.45%
95635	CIGNA HealthCare of St Louis Inc	8.92%	127,985,695	-435.46%	0.00%	77.52%
95796	Unity Health Plans Insurance Corp	9.91%	1,357,748,265	-0.40%	3.06%	84.60%
95447	CIGNA Healthcare of Me Inc	10.97%	496,089,059	-54.14%	0.00%	95.96%
95493	CIGNA Healthcare Nh Inc	12.04%	1,177,253,867	-19.60%	0.00%	92.12%
95517	Aetna Health Inc ME Corp	13.19%	995,413,977	0.00%	0.00%	89.87%
95244	Nevada Care Inc	13.34%	831,736,775	0.00%	71.58%	88.42%
95383	CIGNA Healthcare of Texas Inc	13.78%	1,816,685,521	-117.18%	0.00%	95.82%
95696	Vermont Health Plan LLC The	13.81%	492,954,383	0.00%	0.00%	93.76%
95209	CIGNA Healthcare of OH Inc	15.29%	98,610,835	-1264.62%	0.00%	97.58%
12326	Total Health Care USA Inc	16.02%	56,924,856	0.00%	0.00%	98.35%
	<b>AVERAGE</b>	<b>12.44%</b>	<b>745,140,323</b>	<b>-59.56%</b>	<b>8.55%</b>	<b>91.17%</b>
11109	Neighborhood Health Plan Inc	8.59%	2,782,365,697	0.00%	80.32%	100.00%
11602	Rochester Area Hmo Inc	7.56%	3,949,488,645	0.00%	65.48%	99.94%
95434	Pacificare of Colorado Inc	10.81%	5,681,389,915	0.00%	61.96%	97.36%
95710	Unitedhealthcare of WI Inc	12.00%	4,208,352,363	-0.58%	37.99%	82.63%
95322	Viva Health Inc	12.46%	1,284,017,031	0.00%	69.93%	100.00%
96903	Pacificare of Oklahoma Inc	13.33%	1,924,965,888	0.00%	56.37%	100.00%
95206	Health Net of Arizona Inc	13.56%	2,761,767,402	0.00%	72.86%	100.00%
95025	United Healthcare Mid Atlantic Inc	14.93%	2,825,449,971	0.00%	63.18%	100.00%
95266	Vista Hlthpln of S FL Inc	15.08%	2,155,873,684	0.00%	67.51%	100.00%
11522	Healthspring of TN Inc	15.11%	1,560,898,614	0.00%	78.81%	100.00%
95186	United Healthcare of OH Inc	15.38%	6,695,681,287	0.00%	34.85%	100.00%
	<b>AVERAGE</b>	<b>12.78%</b>	<b>3,304,788,480</b>	<b>-0.07%</b>	<b>55.99%</b>	<b>97.33%</b>

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Massachusetts Division of Insurance  
Health Care Access Bureau

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95109	Aetna Health Inc PA Corp	13.23%	8,546,453,564	0.00%	26.53%	71.47%
95299	Connecticare of Massachusetts Inc	15.62%	162,391,689	0.00%	0.00%	75.20%
95149	United Healthcare of New England Inc	13.98%	2,276,941,894	0.00%	58.54%	87.55%
49948	Hawaii Medical Service Assn	8.59%	9,514,824,115	-2.22%	21.38%	33.07%
95649	HMO DBA Blue Plus	8.59%	3,978,928,567	-1.39%	47.83%	75.12%
95199	Keystone Health Plan Central Inc	10.18%	2,721,175,517	-9.97%	43.14%	84.44%
95234	Aetna Health Inc NY Corp	11.02%	7,025,090,393	0.49%	24.45%	70.85%
95506	Oxford Health Plans NJ Inc	12.08%	2,750,632,904	0.00%	13.48%	59.54%
95489	Coventry Health Care of KS Inc	12.40%	3,020,238,602	-12.27%	34.03%	62.61%
95968	Health Net of CT Inc	12.76%	7,229,038,002	-7.29%	40.81%	50.33%
95885	Humana Health Plan Inc	14.49%	10,912,978,721	-0.89%	41.57%	69.19%
95351	Health Net of NJ Inc	14.59%	3,190,853,445	-4.86%	19.47%	29.81%
96342	Health Plan of Nevada	20.81%	6,583,715,554	0.00%	51.41%	38.33%
<b>AVERAGE</b>		<b>12.75%</b>	<b>5,692,747,582</b>	<b>-2.90%</b>	<b>34.64%</b>	<b>55.51%</b>
12219	BCBS of MA HMO Blue Inc	10.04%	12,325,261,118	0.00%	8.34%	92.20%
95540	Kaiser Fndtn Health Plan Nw	4.78%	10,294,862,740	0.00%	31.00%	98.65%
95669	Kaiser Foundation Health Pln Co	7.87%	9,237,548,939	0.00%	38.39%	98.10%
55107	Excellus Health Plan Inc	8.99%	25,409,697,441	-9.27%	14.82%	32.84%
95479	Oxford Health Plans NY Inc	9.59%	17,648,042,106	0.00%	23.41%	10.37%
95056	Keystone Health Plan East Inc	10.03%	22,631,734,911	-6.43%	51.76%	99.68%
95433	Empire Healthchoice HMO Inc	10.08%	11,280,844,852	0.01%	27.85%	95.31%
55204	Health Now NY Inc	10.39%	11,770,701,451	-7.47%	19.55%	31.79%
55247	Health Ins Plan of Greater NY	12.43%	20,571,508,764	-0.01%	47.14%	93.42%
95610	Blue Care Network of MI	13.77%	9,207,653,341	0.00%	4.81%	99.54%
95287	Aetna Health Inc NJ Corp	14.17%	11,959,747,473	0.00%	18.88%	51.31%
<b>AVERAGE</b>		<b>10.23%</b>	<b>15,001,234,202</b>	<b>-3.13%</b>	<b>29.46%</b>	<b>67.30%</b>
53228	BCBS of MA	10.61%	19,416,611,957	-67.35%	13.67%	33.41%
71835	Anthem Hlth Plans of VA Inc	7.02%	10,484,174,606	-129.99%	26.36%	0.00%
60217	Anthem Health Plans Inc	8.99%	16,176,251,177	-61.31%	14.53%	33.40%
52618	Anthem Health Plans of Me Inc	9.79%	5,663,237,920	-41.25%	12.10%	11.08%
60111	BCBS of MS Mut Ins Co	9.94%	1,124,192,045	-71.72%	22.46%	0.00%
77780	BCBS OF NE	10.34%	4,916,887,490	-93.34%	16.28%	1.22%
54518	BCBS of TN Inc	10.90%	10,838,980,060	-125.34%	13.12%	0.00%
11011	Rocky Mountain Hospital & Medical	12.74%	5,619,848,424	-64.93%	33.17%	0.00%
55026	BCBSM Inc	12.89%	12,661,183,178	-96.69%	12.29%	0.00%
38520	BCBS Of SC Inc	13.72%	6,768,706,102	-110.78%	29.20%	0.00%
53589	BCBS of AZ Inc	13.98%	6,109,626,837	-65.65%	23.77%	2.84%
<b>AVERAGE</b>		<b>10.80%</b>	<b>8,036,308,784</b>	<b>-89.92%</b>	<b>18.82%</b>	<b>7.80%</b>



## Administrative Expense Percentages for Insurers in the Northeast

**Analysis of Administrative Expenses for Health Insurance Companies in Massachusetts**

Massachusetts Division of Insurance  
Health Care Access Bureau

	2002	2003	2004	2005	2006	2007	2002-2007
Aetna Health Inc CT Corp	11.7%	16.6%	15.0%	15.4%	17.3%	13.5%	15.0%
Aetna Health Inc DE Corp	13.3%	12.9%	14.6%	12.6%	15.3%	11.3%	13.4%
Aetna Health Inc ME Corp	12.7%	12.8%	13.4%	13.5%	15.4%	11.1%	13.2%
Aetna Health Inc NJ Corp	12.8%	13.9%	14.6%	14.3%	15.8%	13.0%	14.2%
Aetna Health Inc NY Corp	8.1%	11.2%	12.7%	13.7%	11.3%	10.3%	11.0%
Aetna Health Ins CO of NY	27.2%	11.4%	13.1%	13.9%	18.4%	12.3%	16.2%
Amerihealth Hmo Inc	10.5%	9.9%	10.8%	14.0%	12.6%	14.8%	11.9%
Amerihealth Insurance Co of NJ	14.0%	13.8%	12.0%	10.5%	11.8%	12.7%	12.5%
Anthem Health Plans Inc	10.4%	10.8%	8.9%	8.8%	8.3%	7.4%	9.0%
Anthem Health Plans of Me Inc	11.7%	12.1%	10.6%	9.8%	8.7%	6.9%	9.8%
Anthem Health Plans of NH	14.3%	15.3%	10.0%	7.8%	8.0%	8.5%	10.0%
BCBS of RI	10.9%	10.6%	12.1%	10.5%	10.9%	11.3%	11.0%
BCBS of VT	12.9%	11.5%	11.0%	13.5%	13.0%	15.8%	13.0%
Capital Advantage Insurance Company	16.7%	17.4%	16.8%	15.2%	19.8%	18.7%	17.6%
Capital Blue Cross	16.0%	17.8%	15.5%	16.5%	19.0%	25.0%	17.3%
Capital District Physicians Hlthpln	9.1%	8.1%	9.1%	10.4%	10.8%	11.0%	9.8%
Carefirst Bluechoice Inc	16.9%	16.0%	17.1%	16.7%	15.6%	15.7%	16.2%
Carefirst of MD Inc	14.2%	13.1%	13.4%	12.7%	13.5%	12.9%	13.3%
CDPHP Universal Benefits Inc	42.1%	40.9%	17.6%	8.5%	9.6%	12.2%	11.0%
CIGNA Healthcare Midatlantic Inc	16.0%	9.7%	12.6%	9.4%	12.7%	14.0%	12.1%
CIGNA Healthcare Nh Inc	13.3%	9.7%	10.8%	11.0%	14.2%	14.7%	12.0%
CIGNA Healthcare of CT Inc	17.5%	12.5%	14.3%	12.8%	15.5%	14.1%	14.5%
CIGNA HealthCare of de Inc	39.4%	109.0%	21.8%	14.4%	7.1%	24.0%	42.9%
CIGNA Healthcare of Me Inc	11.9%	11.3%	10.0%	8.4%	10.5%	14.1%	11.0%
CIGNA Healthcare of NJ Inc	17.6%	11.4%	14.8%	10.9%	15.9%	17.4%	14.2%
CIGNA HealthCare of NY Inc	14.6%	9.5%	12.5%	9.3%	13.4%	11.4%	11.8%
Cigna Healthcare of Pennsylvania	15.0%	-3.2%	5.3%	9.0%	12.2%	13.7%	7.9%
Connecticare Inc	15.3%	15.0%	13.7%	14.9%	15.4%	14.9%	14.9%
Connecticare Ins Co Inc		-702.4%	-166.2%	15.1%	27.3%	19.7%	6.1%
Coventry Health Care of De Inc	14.5%	17.6%	16.2%	15.4%	13.6%	13.4%	14.6%
DC Chartered Health Plan Inc	19.2%	15.6%	13.2%	14.5%	13.0%	14.0%	14.5%
Empire Healthchoice Assur Inc	10.2%	9.1%	8.7%	7.9%	5.3%	4.5%	7.3%
Empire Healthchoice HMO Inc	11.9%	10.5%	10.9%	10.8%	9.5%	8.8%	10.1%
Excellus Health Plan Inc	7.6%	7.5%	8.8%	9.3%	10.2%	9.8%	9.0%
First Priority Life Insurance Co						12.2%	12.5%
Geisinger Health Plan	10.4%	9.9%	9.5%	16.8%	9.3%	10.2%	11.1%
Geisinger Indemnity Insurance Co		18.0%	11.8%	19.5%	8.5%	11.1%	11.1%
Geisinger Quality Options Inc						12.5%	12.5%
Ghi Hmo Inc	16.9%	14.5%	13.2%	12.6%	12.8%	14.4%	13.7%
Group Health Inc	10.4%	10.5%	10.1%	10.1%	10.9%	11.9%	10.7%
Harvard Pilgrim Health Care New Eng	14.3%	14.6%	16.0%	14.8%	17.0%	14.1%	15.1%
Health America Pennsylvania Inc	8.5%	9.2%	8.3%	8.6%	7.7%	7.7%	8.4%
Health Ins Plan of Greater NY	11.8%	11.9%	13.3%	13.2%	12.1%	12.2%	12.4%
Health Net Ins CO NY Inc	12.9%	10.9%	17.5%	16.8%	17.6%	18.1%	16.0%
Health Net of CT Inc	10.2%	10.7%	11.7%	13.3%	16.0%	14.6%	12.8%
Health Net of NJ Inc	10.9%	11.9%	12.9%	14.8%	19.1%	22.8%	14.6%
Health Net of NY Inc	15.2%	14.1%	13.7%	15.0%	17.2%	16.2%	15.3%
Health Now NY Inc	12.2%	11.2%	9.9%	9.9%	9.9%	10.0%	10.4%
Healthassurance PA Inc	14.0%	14.8%	13.8%	13.2%	12.5%	12.8%	13.4%
Highmark Inc	11.7%	11.6%	10.2%	8.9%	10.1%	9.4%	10.2%
HIP Insurance Company of New York	20.3%	16.5%	25.3%	18.6%	12.7%	9.9%	13.1%
HMO of Northeastern Pennsylvania	14.6%	14.0%	11.3%	10.3%	9.4%	10.7%	11.6%
Horizon Healthcare of NJ Inc	9.7%	12.6%	12.8%	11.7%	13.6%	12.2%	12.2%
Horizon Healthcare Services Inc	14.3%	14.9%	11.8%	13.8%	14.0%	13.0%	13.6%
Hospital Service Assn of NE PA	11.6%	9.0%	12.1%	14.2%	12.0%	17.0%	12.6%
HPHC Ins CO Inc		14.8%	19.7%	12.9%	16.8%	17.1%	16.6%
Independence Blue Cross	14.9%	9.8%	10.5%	10.0%	14.1%	17.0%	12.6%
Independent Health Association Inc	10.0%	10.1%	9.6%	10.1%	8.7%	8.8%	9.5%
Independent Health Benefits Corp	60.4%	39.4%	8.7%	7.6%	9.2%	9.6%	9.7%
Keystone Health Plan Central Inc	10.8%	10.3%	8.7%	7.2%	11.1%	13.9%	10.2%
Keystone Health Plan East Inc	9.1%	9.0%	10.2%	11.2%	10.6%	10.3%	10.0%

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Keystone Health Plan West Inc	7.6%	7.2%	6.9%	6.5%	7.4%	6.9%	7.1%
Mamsi Life & Health Insurance Co	8.0%	8.3%	7.2%	9.1%	10.3%	10.1%	8.6%
Matthew Thorton Health Plan Inc	13.9%	15.6%	13.3%	10.3%	9.6%	9.1%	12.2%
MD Individual Practice Assn Inc	7.3%	7.8%	6.7%	6.4%	5.0%	4.4%	6.1%
Mvp Health Ins Co	16.6%	14.4%	13.1%	15.1%	18.3%	19.7%	15.6%
MVP Health Plan Inc	12.7%	10.7%	11.3%	10.2%	11.3%	11.8%	11.3%
Oxford Health Insurance Inc	14.4%	13.8%	13.3%	11.2%	12.3%	11.2%	12.4%
Oxford Health Plans CT Inc	15.9%	14.3%	13.7%	13.4%	13.5%	12.0%	13.8%
Oxford Health Plans NJ Inc	13.0%	11.4%	11.4%	11.5%	12.7%	12.2%	12.1%
Oxford Health Plans NY Inc	11.0%	10.6%	10.2%	9.8%	8.1%	7.0%	9.6%
Preferred Assur Co	15.7%	29.3%	18.1%	14.2%	16.4%	8.5%	13.4%
QCC Insurance Company	11.5%	12.2%	12.0%	12.0%	13.1%	12.9%	12.3%
Rayant Ins Co of NY	23.2%	21.8%	20.6%	18.1%	18.2%	39.9%	20.6%
Rochester Area Hmo Inc		8.0%	7.9%	7.8%	7.1%	7.4%	7.6%
Significa Ins Grp Inc						13.7%	13.7%
Tufts Insurance Co			25.7%	20.3%	22.0%	14.7%	19.8%
Unison Family Health Plan Of Pa Inc			23.3%	13.8%	14.4%	14.5%	14.9%
United Healthcare Insurance Co of NY	14.8%	12.2%	13.2%	12.4%	12.0%	13.1%	12.8%
Upmc Health Network Inc				8.5%	8.4%	9.0%	8.6%
Upmc Health Plan Inc	8.7%	7.0%	7.5%	10.0%	9.0%	8.9%	8.4%
Vermont Health Plan LLC The	15.1%	12.5%	13.4%	12.9%	13.2%	15.6%	13.8%

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