

**APPENDIX H-2: EXHIBIT 2A
MBHP FINANCIAL RATIO DEFINITIONS**

Fiscal Year: _____

FINANCIAL INDICATOR	FORMULA
RATE OF RETURN	
ASSETS	Net Income/Total Assets (%)
REVENUES	Net Income/Total Revenue (%)
EQUITY	Net Income/Equity (%)
LIQUIDITY	
CURRENT RATIO	Current Assets / Current Liabilities
ACID TEST	(Current Assets - Accounts Receivable) / Current Liabilities
WORKING CAPITAL	Current Assets - Current Liabilities (\$)
CASH TO CLAIMS AND PAYABLES	(Cash and Cash Equivalents) / Claims and Payables
DAYS OF TOTAL IBNR	Total IBNR Claims (Estimated) / (Total Medical Claims / 365) (# Days)
CLAIMS AS A % OF REVENUE	Claims Payable / Total Revenue (%)
CAPITAL STRUCTURE	
DEBT RATIO	Total Debt / Total Assets (%)
DEBT SERVICE COVERAGE	(Net Income + Depreciation + Interest) / (Interest Expense + Current Loans + Notes Payable)
RECEIVABLES TO CURRENT ASSETS	Premium Receivables / Current Assets (%)
CASH TO CURRENT ASSETS	Cash / Current Assets (%)
EQUITY PER ENROLLEE	Total Equity / Total Enrollees (\$)

PROFITABILITY	
OPERATING MARGIN	Operating income/Premium revenue(exclude investment income and non-Healthcare related revenue)
NET PROFIT MARGIN	Net Income / Total Revenue(include income from all sources including investments)
GROSS PROFIT MARGIN	(Premiums Revenue - Total Medical Costs) / Premiums Revenue (%)
NET WORTH	Total Assets - Total Liabilities (\$)
BEHAVIORAL HEALTH EXPENSE RATIO/BEHAVIORAL HEALTH LOSS RATIO	Total Behavioral Health Costs / Total Revenue (%)
BEHAVIORAL HEALTH EXPENSE PMPM	Total Behavioral Health Costs / Member Months (\$)
BEHAVIORAL HEALTH EXPENSE PMPD	Total Behavioral Health Costs / Member Days (\$)
ADMINISTRATIVE EXPENSE RATIO	Total Administrative Costs / Total Revenue (%)