MILLIMAN RESEARCH REPORT

Medicaid managed care financial results for 2019

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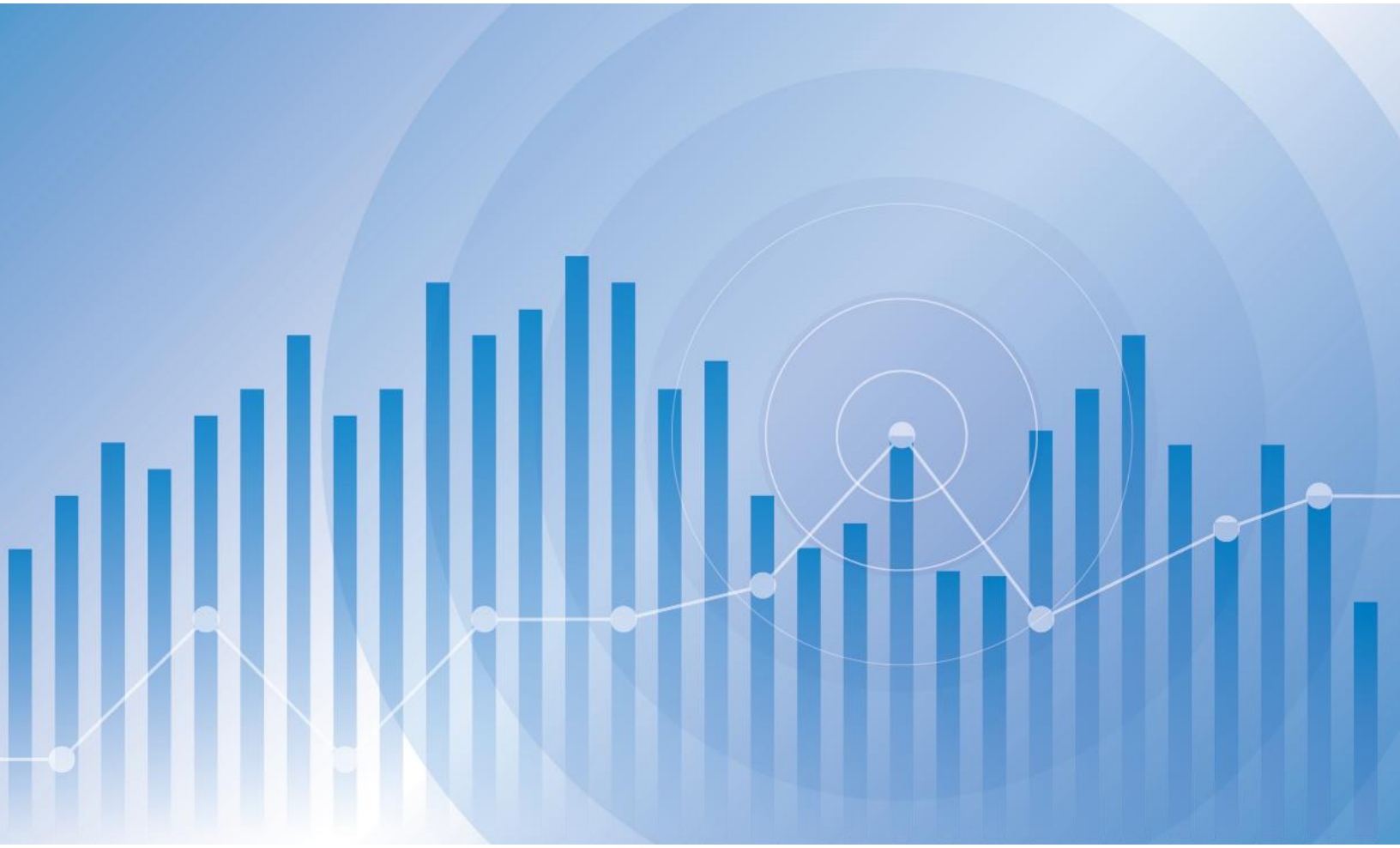

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Introduction

Managed care is a delivery system used by the majority of Medicaid state agencies in the operation of their Medicaid programs. Although managed care has been utilized dating back to Medicaid inception, the magnitude of its use has significantly expanded. While most state Medicaid managed care programs have traditionally covered low-income families including healthy children and adults, many states have expanded the managed care program to cover their most needy populations. These additional populations have included beneficiaries requiring long-term services and supports or individuals with disabilities.

Today, nearly every state utilizes some form of managed care, including comprehensive risk-based managed care, primary care case management, or limited-benefit plans. The form that accounts for the majority of Medicaid enrollment coverage is risk-based managed care, with approximately two out of every three members enrolled with a comprehensive managed care health plan.[1] Risk-based managed care continues to expand across the national Medicaid landscape and is the mechanism in which Medicaid recipients receive healthcare benefits, at least in part, in 38 or more states in the United States, the District of Columbia, and Puerto Rico. Managed care organizations (MCOs) of all varieties contract with state Medicaid agencies to deliver and manage the healthcare benefits under the Medicaid program in exchange for predetermined capitation revenue.

The introduction of the Medicaid expansion population in 2014 resulted in substantial increases in Medicaid beneficiaries, although enrollment levels are beginning to flatten out or even decrease in certain programs. The enrollment stabilization seen in recent years will likely be disrupted by the enrollment increases attributable to the COVID-19 pandemic during calendar year 2020, although the full impact on Medicaid enrollment is not yet known. We anticipate emerging experience related to the pandemic impact will be discernible in the quarterly financial statements that will be submitted over the course of calendar year 2020, but is not reflected in the values in this report.

Most states require that a contracted MCO also be a licensed health maintenance organization (HMO), which includes the requirement to file a statutory annual statement with the state insurance regulator. The statutory HMO annual statement is a standard reporting structure developed and maintained by the National Association of Insurance Commissioners (NAIC), with prescribed definitions allowing comparisons among various reporting entities.

This report summarizes the calendar year (CY) 2019 experience for selected financial metrics of organizations reporting Medicaid experience under the Title XIX Medicaid line of business on the NAIC annual statement. The information was compiled from the reported annual statements.[2] Individual reporting entities may be excluded from this report for the following reasons:

- Did not submit a health annual statement
- Reported less than $10 million in annual Medicaid (Title XIX) revenue
- Specialized behavioral health plan or long-term services and supports plan
- Premium revenues indicate a limited set of covered services
- Reported values appear to be influenced by unusual circumstances
- Otherwise omitted from the NAIC database of health annual statements utilized for this report

This report also includes information for seven MCOs operating in the Arizona Medicaid program that were outside of the NAIC annual statement database. We have noted limitations of this information where applicable in the report. A full list of reporting entities included in this analysis is provided in Appendix 5.

[1] Medicaid.gov. Enrollment Report: 2018 Managed Care Enrollment Summary. Retrieved June 12, 2020, from https://www.medicaid.gov/medicaid/managed-care/enrollment/index.html.

[2] National Association of Insurance Commissioners. Annual Statement Database, as delivered by S&P Global, Inc, all rights reserved.

The primary purpose of this report is to provide reference and benchmarking information for certain key financial metrics used in the day-to-day analysis of Medicaid MCO financial performance. The financial results are summarized on a composite basis for all reporting MCOs. This report provides differences among various types of MCOs using available segmentation attributes defined from the reported financial statements. Additionally, an interactive tool will be provided with this year's report that allows users to generate multiyear state-specific financial information. The tool will be available on the landing page for this report on the Milliman website.[3]

This is the 12th annual iteration of the report, reflecting financial information for CY 2019 and analysis related to administrative costs reported by the MCOs. Previous versions of this report and historical companion administrative analysis reports can be obtained from the Milliman website. The methodology used to generate this report is substantially consistent with the previous years' reports.

Appendix 1 provides additional detail and stratifications of the financial metrics presented in this report.

Appendix 2 provides the methodology and assumptions utilized in developing the metrics presented in this report.

Appendix 3 provides a mapping of Centers for Medicare and Medicaid Services (CMS) regions.

Appendix 4 provides a summary of state-by-state financial metrics.

Appendix 5 provides the listing of each included MCO as well as the company attributes assumed for purposes of the MCO groupings included in this report.

[3] See https://www.milliman.com/en/insight/medicaid-managed-care-financial-results-for-2019.

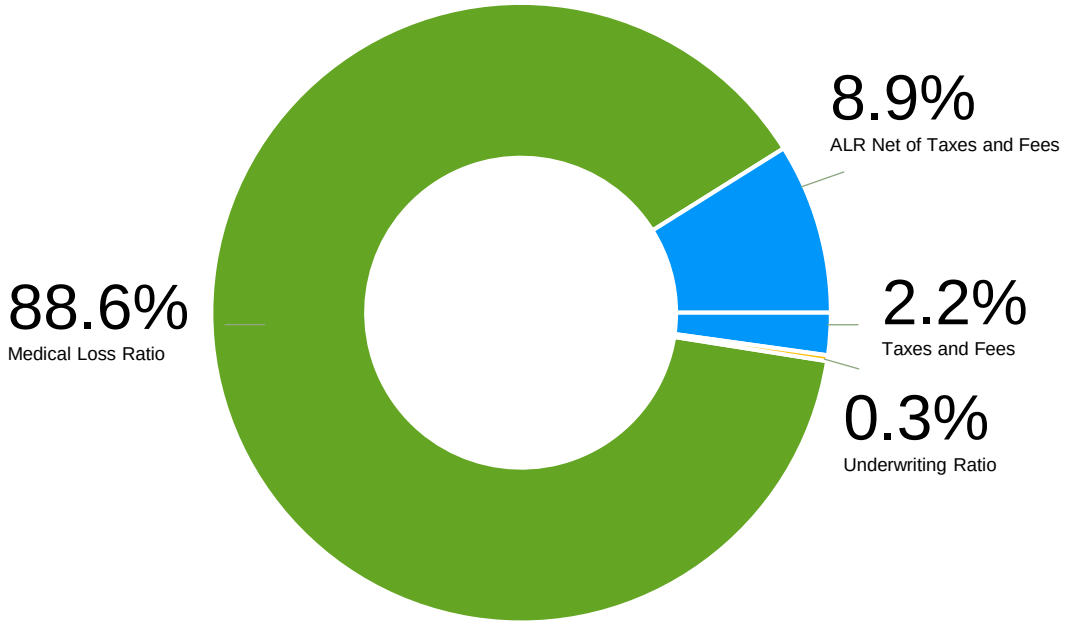
Summary of CY 2019 financial results

The CY 2019 financial information analyzed for this report comprises information for 167 reporting entities across 35 states, the District of Columbia, and Puerto Rico. The financial data for these MCOs were compiled to produce outcomes of key financial metrics for various company groupings. The distribution of results is summarized in this report to allow for user reference and benchmarking purposes.

The primary financial metrics that we analyzed for this report include the medical loss ratio (MLR), administrative loss ratio (ALR), underwriting ratio (UW ratio), and risk-based capital (RBC) ratio. The selected metrics focus primarily on the income statement values of the financial statement, with the exception of the RBC ratio, which is a capital (or solvency) measure. We additionally reviewed a metric not previously included in prior years' reports, the return on invested capital (ROIC). The ROIC metric is explained and analyzed in the Return on Invested Capital section of this report. The methodology and formulas behind these metrics are documented in Appendix 2.

Figure 1 summarizes the composite CY 2019 financial results for the 167 companies meeting the criteria selected for this study. Although the number of plans analyzed for this report is fewer than the prior year's report, the total Medicaid revenue base is higher and represents approximately $181.3 billion with achieved underwriting gains of 0.3%. The 0.3% positive underwriting ratio is the lowest value we have observed since the inception of this report.

FIGURE 1: COMPOSITE CY 2019 FINANCIAL RESULTS

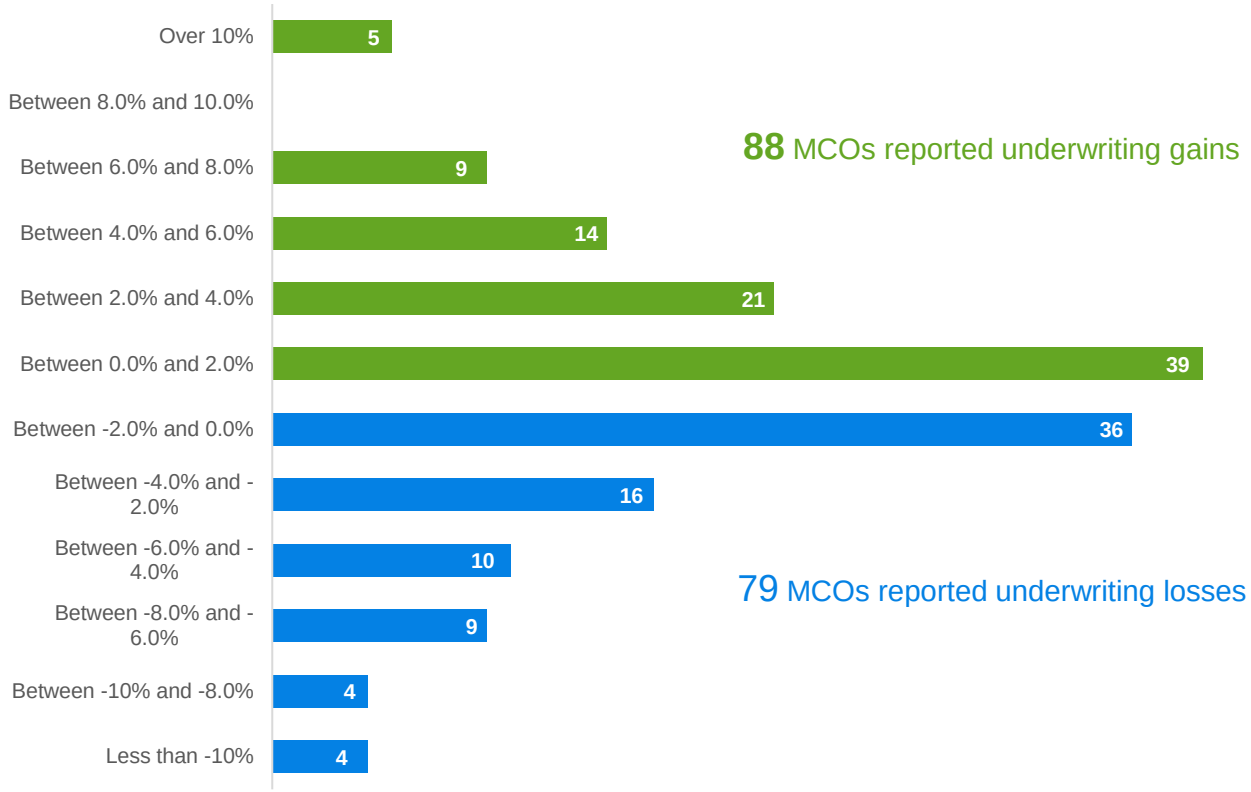


Notes

1. Values have been rounded.
2. Taxes and fees estimated based on a subset of the nationwide results.

The positive underwriting ratio of 0.3% represents a composite across identified MCOs, with considerable variances by individual MCOs. Figure 2 provides a distribution of the number of MCOs within ranges of underwriting ratios specific to CY 2019, indicating that slightly more than half of the MCOs reported gains, with the remaining MCOs reporting underwriting losses. Forty-five percent of MCOs reported an underwriting margin within a range of plus or minus 2%.

FIGURE 2: CY 2019 UNDERWRITING RATIO DISTRIBUTION

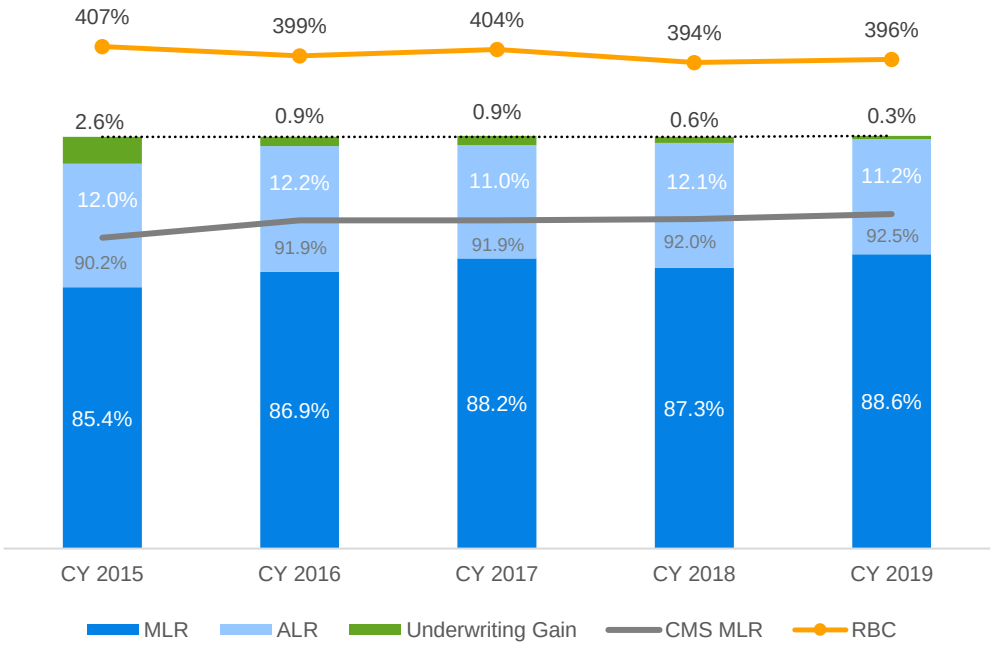


According to a study released by the Society of Actuaries, margin assumptions utilized in capitation rate setting generally vary from 0.5% to 2.5%.[4] Figure 2 illustrates the significant variance in actual reported underwriting results relative to capitation rate-setting assumptions at the individual reporting entity level. The aggregate 0.3% underwriting gain is less than the range of assumptions typically used in capitation rate development, indicating that financial experience in CY 2019 underperformed the financial assumptions used in the managed care capitation rate development. Appendix 4 provides a summary of the underwriting ratio and other financial metrics analyzed in our report on a state-by-state basis.

[4] Society of Actuaries (March 2017). Medicaid Managed Care Organizations: Considerations in Calculating Margin in Rate Setting. Retrieved June 26, 2020, from https://www.soa.org/research-reports/2017/medicaid-margins/.

Over the past five years, the growth in Medicaid managed care revenue utilized in our analysis reflects over a 25% increase. Enrollment included in the report increased by 5% over the same five-year period, although reported enrollment decreased by 6% from CY 2018 to CY 2019. As indicated earlier, we anticipate this to increase materially in CY 2020 due to economic impact and federal regulations related to COVID-19. Figure 3 summarizes the composite financial results for the most recent five-year period. The companies in each year are not the same; however, the criteria used to select the companies are consistent from year to year.

FIGURE 3: FIVE-YEAR HISTORICAL FINANCIAL RESULTS



Notes
1. Values have been rounded.
2. Estimated CMS MLR developed to approximate the prescribed CMS MLR calculation.

Several observations on the Medicaid managed care market can be made over the most recent five years. A few takeaways are the following:

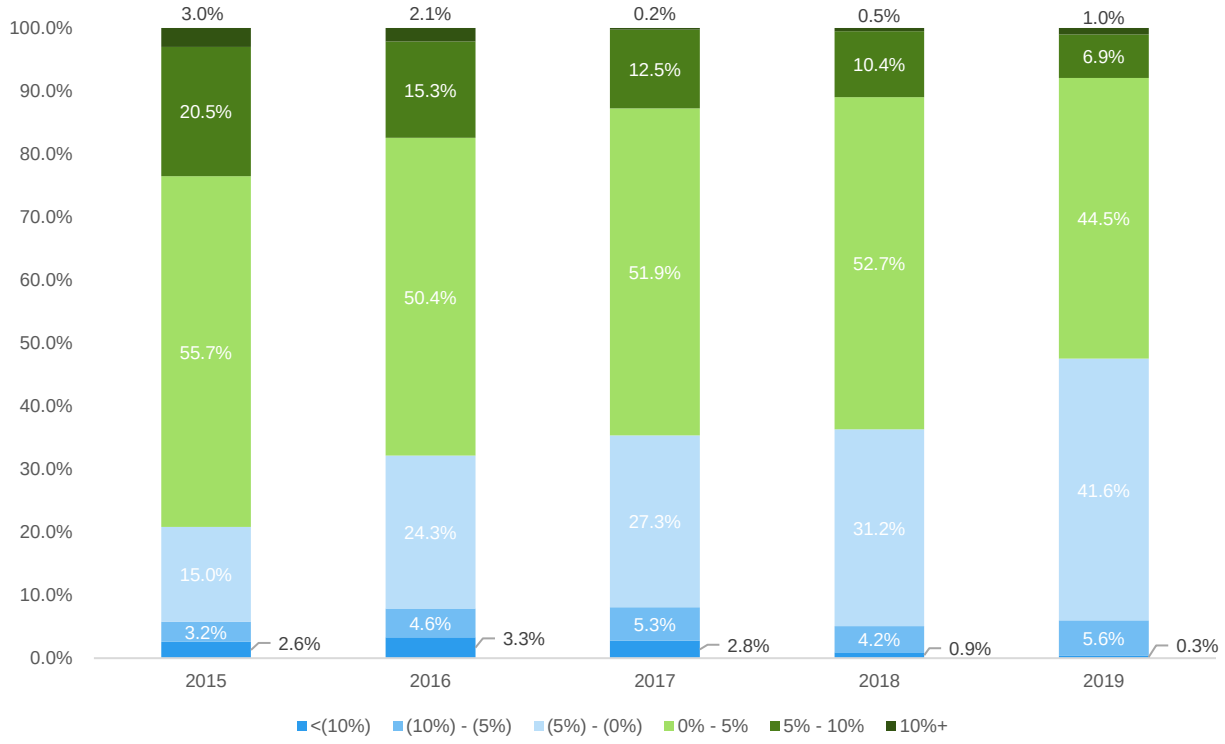
- Following a 2.6% aggregate underwriting gain in CY 2015, the composite underwriting ratio has been less than 1.0% the last four years.
- The ALR fluctuated by approximately 1% year over year between CY 2016 and CY 2019. The change in ALR appears to be primarily attributable to a reduction in the reported taxes and fees in CY 2017 and CY 2019, which may be driven by the health insurance providers fee (HIPF) moratorium those same years. Variances in the timing of how state Medicaid agencies reimburse MCOs for taxes and fees incurred and how the MCOs accrue this revenue and associated liability may impact the extent that the HIPF is reflected within a given calendar year.
- Risk-based capital ratios are stable and generally around 400%, down from the historical levels above 450% prior to Medicaid expansion efforts.
- The estimated CMS MLR (which is adjusted for taxes) was approximately 92% from CY 2016 to CY 2018 and then increased 0.5% to 92.5% in CY 2019.

Because of the inconsistency between the MLR calculation based on information obtained from page 7 of the annual statement and the MLR calculation as defined by 42 CFR 438.8, we have estimated the CMS MLR, represented by the gray line in Figure 3. Consistent with prior years' reports, we have estimated the CMS MLR under the definition prescribed in CMS-2390-F, by adjusting for quality improvement expenditures in the numerator and removal of applicable taxes and fees in the denominator.

This change represents an increase to the composite MLR of approximately 4% to 5%. Based on the CMS MLR calculation, approximately 90% of the MCOs analyzed in this report would be at or above an 85% MLR. The 85% threshold is significant in that states may choose to implement a minimum MLR requirement of 85% or above in their MCO contracts, and the certified capitation rates must target an MLR of 85% or higher for rating periods starting July 1, 2019, and after. Please note that the MLR calculated throughout the remainder of this report is the MLR formula as defined in Appendix 2 and not the estimated CMS MLR.

While Figure 3 illustrates the overall changes in the underwriting results over the last five years, it is also important to understand how the underwriting results have varied across insurers. Figure 4 illustrates the distribution of underwriting results in the Medicaid managed care market for each calendar year from the MCOs included in our analysis.

FIGURE 4: DISTRIBUTION OF UNDERWRITING RESULTS BY YEAR



Note: The distribution is weighted by the revenue associated with each MCO's corresponding underwriting results.

It is interesting to note that while the composite UW ratio has decreased over the five-year historical period, the percentage of plans reporting gains or losses over 5% appears to be decreasing in volatility over time. The decreased volatility may be attributable to the stabilization of the Medicaid expansion population. As experience for the expansion populations has emerged, actuaries have had better reliance on appropriate data underlying the capitation rate process. Additionally, the introduction of more stable LTSS populations to managed care over the last five-year period may also have dampened the underwriting volatility. The composite UW ratio reported by the MCOs in CY 2019 represents an aggregate underwriting gain of approximately $0.5 billion dollars in relation to the $181.3 billion of revenue received.

Administrative cost analysis

MEDICAID-FOCUSED AND MEDICAID-OTHER MCOS

The previous section of this report contains analysis of key financial metrics for 167 MCOs that reported operations in the Medicaid Title XIX line of business, based on page 7 of the NAIC annual statement (*Analysis of Operations by Line of Business*). This section examines the administrative expenses reported by the MCOs on the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page. Because this information is only reported at an aggregate MCO level, detailed administrative expense information is not stratified by line of business (e.g., Medicaid). Therefore, the results presented in this section of the report are limited to the 72 MCOs that reported 90% or more of their total revenue from the Medicaid line of business[5] and are defined as "Medicaid-focused."

The administrative loss ratios reported by the Medicaid-focused MCOs were relatively consistent with the remaining 95 MCOs, which were defined as non-Medicaid-focused or among the seven state of Arizona plans for which this information was not available. The information received for the Arizona MCOs was obtained outside of the NAIC annual statement information and did not contain the level of administrative cost detail necessary to develop the metrics illustrated in this report. The 72 Medicaid-focused MCOs account for approximately 45% of the Medicaid revenue summarized for purposes of this report, with an 11.6% ALR, or 8.9% ALR net of taxes and fees.

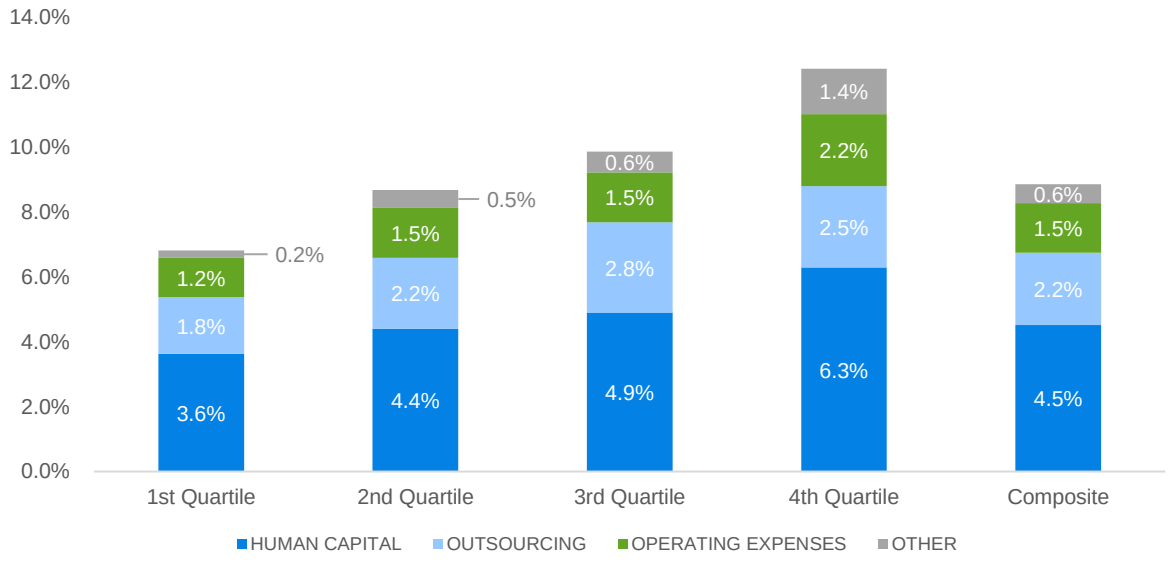
The remainder of this section summarizes the reported administrative costs for only the Medicaid-focused MCOs.

SUMMARY OF RESULTS

The primary expense categories that are used in the *Analysis of Operations by Line of Business* page include the claim adjustment expenses (CAE) and general administrative expenses (GAE). The CAE and GAE categories are further stratified by additional subcategories of expenses in the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page, which is the basis of the administrative expense categories illustrated in this administrative cost analysis.

Figure 5 summarizes the CY 2019 administrative expenses by quartile of ALR performance for the 72 companies meeting the criteria selected for this study. The administrative expenses are stratified by administrative cost categories summarized from the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page.[6]

FIGURE 5: ADMINISTRATIVE LOSS RATIO BY QUARTILE OF ALR PERFORMANCE



Note: Values have been rounded. The ALR net of taxes and fees excludes taxes and fees from the numerator and denominator of the ALR calculation.

[5] Revenue amounts not listed under the Title XIX Medicaid line of business are considered non-Medicaid for purposes of this report. To the extent that CHIP or other Medicaid revenue is reported in a line of business other than Medicaid, a plan may be excluded from the administrative cost section of this report.

[6] Further information on the administrative expense category classification is available in Appendix 2.

In composite, MCOs grouped in the fourth quartile have higher administrative loss ratios across all expense types compared to MCOs grouped in the first and second quartiles. Human capital (costs related to salaries, wages, and other items specific to in-house staffing resources) accounts for the majority of the increase in administrative costs, although other expense types also increase steadily from quartile to quartile. The significant "Other" expenses observed in the fourth quartile include write-in expenses such as royalties, interest on claims, and network access programs.

Figures 6 and 7 summarize the administrative cost per member per month (PMPM) net of taxes and ALR net of taxes for the most recent five-year period for all companies matching the inclusion criteria indicated in this report. Unlike other figures in this report illustrating multiple years of financial results across all MCOs, the financial information included in Figures 6 and 7 has been limited to a consistent set of 58 MCOs that were in operation between CY 2015 and CY 2019. This limitation facilitates a more consistent review of the year-over-year administrative cost changes experienced by a cohort group of MCOs.

FIGURE 6: ADMINISTRATIVE COST PMPM NET OF TAXES AND FEES BY YEAR

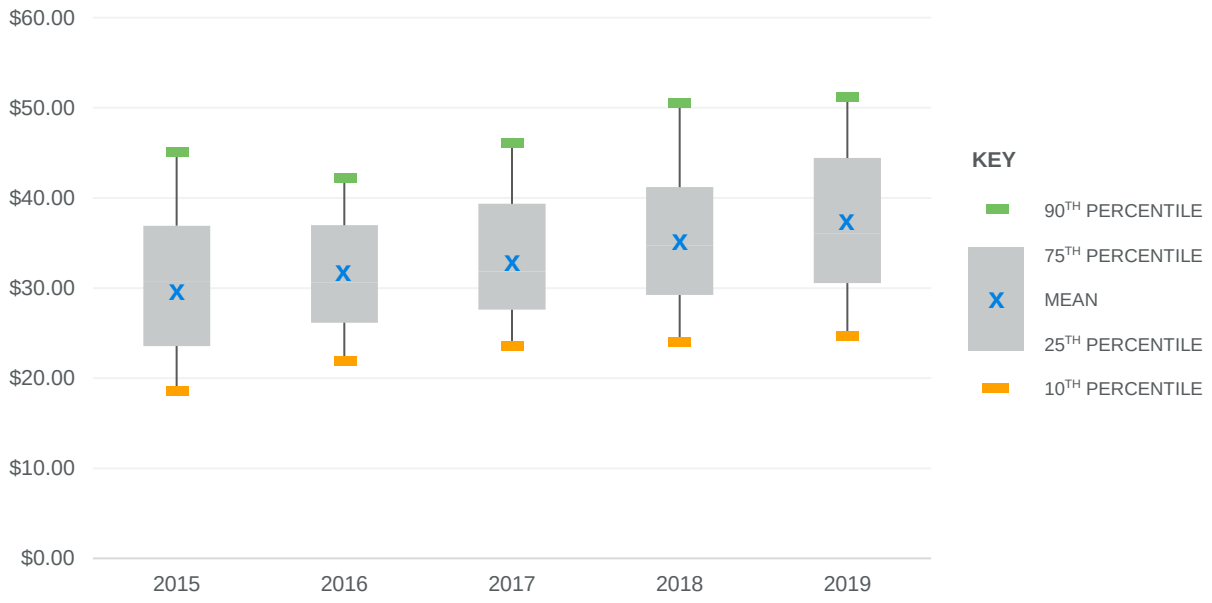
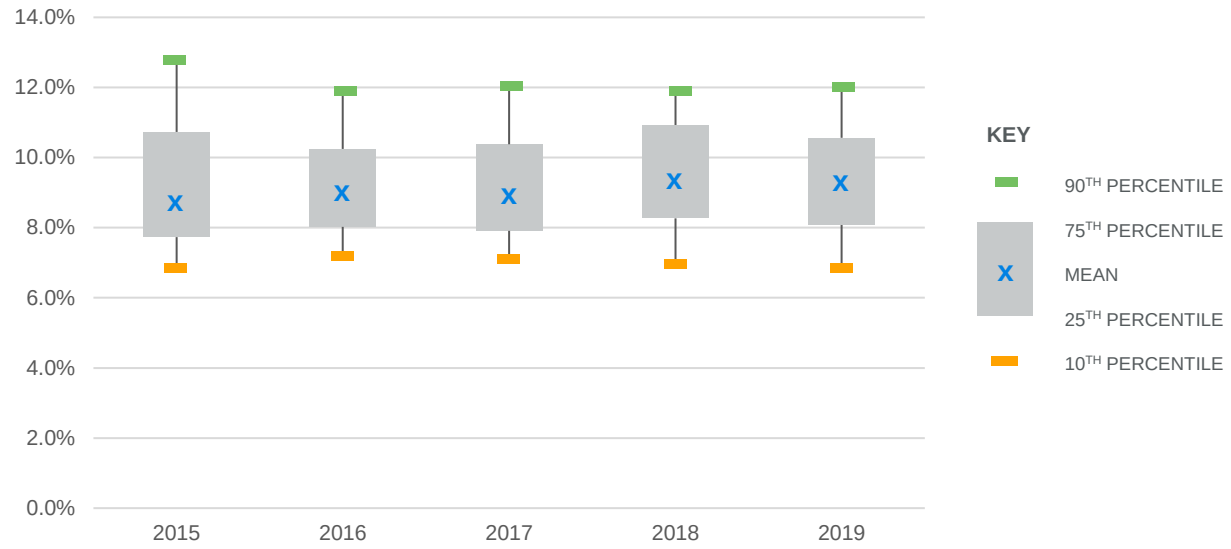


FIGURE 7: ALR NET OF TAXES AND FEES BY YEAR



Note: The ALR net of taxes and fees excludes taxes and fees from the numerator and denominator of the ALR calculation.

Figure 6 illustrates a steady increase in the reported administrative cost on a PMPM basis from CY 2015 to CY 2019. The average annualized increase in the mean is approximately 9.7% from CY 2015 to CY 2019; however, the ALRs net of taxes and fees observed in Figure 7 have remained relatively constant over the same time period. It is important to note that the trend of the mean values in Figure 6, represented by the blue X, indicate a pattern of larger organizations having a material impact to increase the average administrative PMPM over the past five years. The percentiles illustrated are less sensitive to outliers and changes in reported administrative expense for the largest health plans.

The PMPM increase from CY 2015 to CY 2019 is likely attributable to general inflationary trends as well as changes in the membership covered by the MCOs in this study, such as the introduction of Medicaid expansion members, disabled members, and members requiring long-term services and supports, all of which have higher claim and administrative costs. The ALR net of taxes and fees has not increased at the same rate, which may be attributable to the introduction of more costly populations into managed care. While more costly populations generally require greater administrative resources on a per member basis, the administrative expense is generally a lesser proportion of the total premium for these populations.

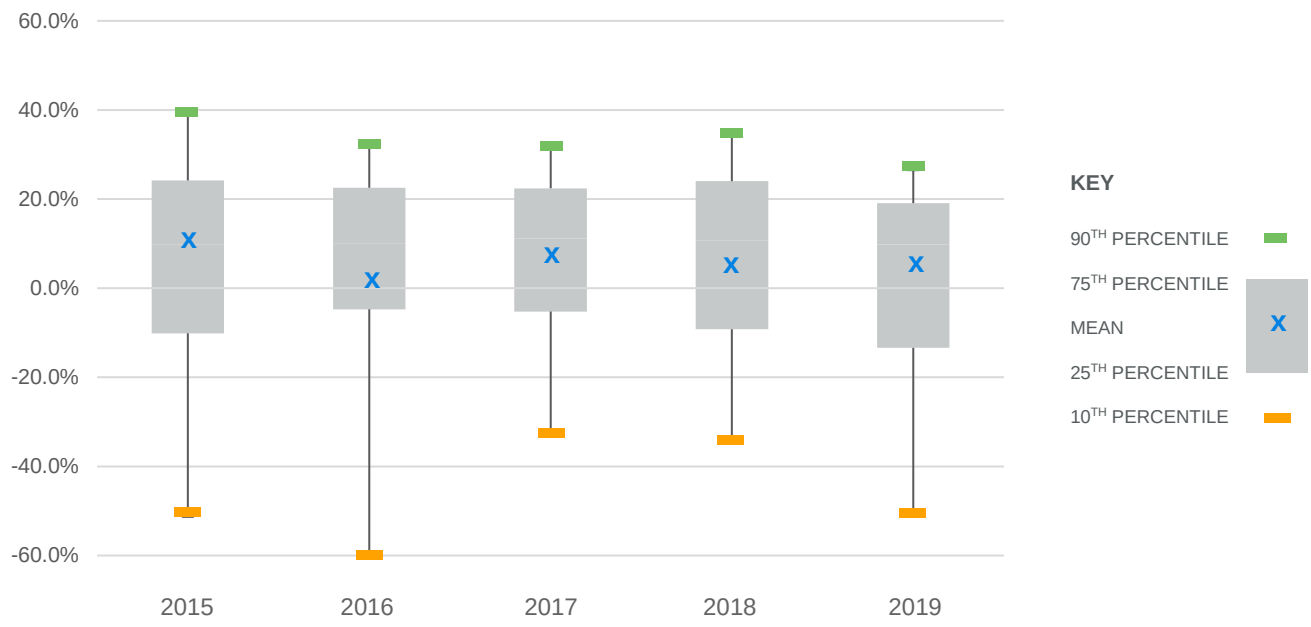
Return on invested capital

The primary metric of health plan financial performance in this report has historically been the UW ratio. The UW ratio measures the underwriting gain or loss relative to the total revenue earned by the MCO. The return on invested capital (ROIC) is an alternate metric of health plan financial performance that measures the underwriting gain or loss relative to the risk-based capital held by the health plan. The ROIC more directly measures the return (underwriting gain or loss) relative to the investment (risk-based capital). We utilized the following definition to calculate an ROIC based on the NAIC annual financial statements:

ROIC=	NET UNDERWRITING GAIN OR (LOSS) / TOTAL ADJUSTED CAPITAL
WHERE:	NET UNDERWRITING GAIN OR (LOSS): TITLE XIX–MEDICAID (P.7, L.24, C.8) TOTAL ADJUSTED CAPITAL: TOTAL ADJUSTED CAPITAL–CURRENT YEAR (P.28, L.14, C.1)

Using this definition, we reviewed the historical volatility of the ROIC achieved by health plans included in this report. Figure 8 illustrates various percentiles and the mean ROIC over the last five-year period.

FIGURE 8: ROIC BY YEAR



As illustrated by Figure 8, the range in ROIC between the 10th and 90th percentile is significant, varying from (60%) to 40% over the five-year period. The range in the 25th and 75th percentile is much smaller, varying from (13%) to 24% over the five-year period. The mean ROIC ranged from 2% in CY 2016 to 11% in CY 2015. As mentioned at the beginning of this report, the aggregate underwriting gains observed in the last four-year period are at the low end of reported underwriting gains since the inception of this report. The low underwriting gains are directly related to the lower ROICs observed in the same time period.

We have also included an additional table, Figure 15 in Appendix 1, that illustrates the ROIC in CY 2019 for Medicaid-focused MCOs, stratified by certain MCO characteristics.

Conclusion

Risk-based managed care represents a large portion of total Medicaid expenditures for CY 2019 and the amount of expenditures will continue to grow as Medicaid programs are anticipated to continue shifting membership to managed care organizations. Additional transition of members is also occurring for other populations that have traditionally operated under fee-for-service (FFS) arrangements. MCOs are an integral part of this delivery system and their financial results will help us understand the continued sustainability of risk-based managed care.

The results in this report provide reference and benchmarking information for certain key financial metrics used in the day-to-day analysis of Medicaid MCO financial performance. It is likely that the COVID-19 pandemic will significantly impact the financial results in CY 2020 and possibly beyond. Further investigation and analysis will be required to estimate the impact of the pandemic on the results presented in this report, and we anticipate presenting the emerging experience in the next iteration of this report.

Limitations and data reliance

The results contained in this report were compiled using data and information obtained from the statutory annual statements for Medicaid MCOs filed with the respective state insurance regulators. The annual statements were retrieved as of May 21, 2020, from an online database. In addition to the limiting criteria used to select companies in this report, certain MCOs may be omitted from this report because of the timing of annual statement submissions or their exclusions from the online database. For example, California is known to operate managed care programs, but they are not included in this report because there were no annual statements found in the online database for them. Additionally, a limited number of annual statements are included in the database for MCOs operating in the New York Medicaid program.

The information was relied upon as reported and without audit. We performed a limited review of the data for reasonableness and consistency. To the extent that the data reported contained material errors or omissions, the values contained within this report would likewise contain similar reporting errors.

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The views expressed in this research paper are made by the authors and do not represent the opinions of Milliman, Inc. Other Milliman consultants may hold alternative views and reach different conclusions from those shown.

Qualifications

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this report.

Appendix 1: Financial metrics and MCO characteristics

In addition to the figures illustrated in the body of this report, we have analyzed the financial metrics stratified by certain MCO characteristics to understand the potential impact these characteristics have on the reported financial results. The figures in Appendix 1 illustrate the following financial metrics and MCO characteristics:

Financial metrics

- Medical loss ratio
- Underwriting ratio
- Risk-based capital ratio
- Administrative loss ratio
- Administrative loss ratio net of taxes and fees (Medicaid-focused MCOs only)
- Return on invested capital (Medicaid-focused MCOs only)

MCO characteristics

- CMS region (see chart in Appendix 3)
- Annual Medicaid revenue
- Annual Medicaid revenue PMPM
- MCO type (Medicaid-focused versus all other MCOs)
- MCOs operating in five or more states
- MCO financial structure
- State Medicaid expansion status
- Underwriting gain/loss

FIGURE 9: MEDICAL LOSS RATIO: CY 2019 RESULTS

			REVENUE	PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	167	181.3	88.6%	80.2%	85.0%	88.8%	91.7%	95.4%
CMS REGION	REGION 1	8	7.0	94.0%	89.4%	91.1%	94.2%	97.1%	99.0%
	REGION 2	13	13.2	92.1%	86.3%	91.1%	92.9%	95.1%	95.5%
	REGION 3	23	24.7	87.8%	76.1%	82.9%	88.6%	90.9%	94.6%
	REGION 4	28	38.0	87.8%	83.1%	85.4%	88.2%	90.8%	94.1%
	REGION 5	37	41.9	87.0%	73.0%	79.0%	84.4%	89.9%	95.4%
	REGION 6	25	31.6	89.1%	86.1%	86.8%	89.6%	90.4%	93.2%
	REGION 7	9	8.3	90.6%	84.7%	88.2%	89.4%	90.8%	99.9%
	REGION 8	4	0.9	86.6%	80.2%	83.4%	87.9%	92.6%	96.1%
	REGION 9	13	9.9	89.2%	83.0%	84.8%	90.0%	90.5%	95.5%
	REGION 10	7	5.7	86.9%	82.1%	85.9%	88.4%	89.0%	90.1%
ANNUAL REVENUE	$10 TO $400 MILLION	47	9.5	88.0%	72.8%	82.1%	88.3%	93.9%	97.1%
	$400 TO $800 MILLION	39	22.8	89.2%	83.0%	85.9%	88.4%	90.6%	97.6%
	$800 MILLION TO $1.5 BILLION	39	42.9	87.7%	77.6%	83.1%	89.8%	92.1%	93.8%
	MORE THAN $1.5 BILLION	42	106.2	88.8%	85.1%	86.1%	88.3%	90.9%	93.8%
REVENUE PMPM	LESS THAN $350	61	34.2	86.0%	75.3%	82.1%	85.6%	89.9%	95.1%
	$350 TO $500	54	62.3	89.0%	84.1%	86.1%	89.5%	90.7%	95.4%
	MORE THAN $500	52	84.8	89.3%	85.8%	86.8%	90.5%	93.0%	95.3%
MCO TYPE	MEDICAID FOCUSED	79	84.7	88.5%	82.9%	85.9%	89.3%	91.5%	94.1%
	MEDICAID OTHER	88	96.6	88.6%	80.2%	83.8%	88.1%	92.0%	96.0%
MULTISTATE OPERATIONS	FIVE OR MORE	95	114.5	87.8%	80.2%	84.7%	87.0%	90.4%	92.9%
	LESS THAN FIVE	72	66.8	89.8%	80.9%	86.3%	90.0%	94.6%	97.1%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	117	129.8	87.8%	80.2%	84.5%	87.0%	90.5%	93.2%
	NONPROFIT	50	51.5	90.4%	82.1%	88.4%	90.6%	95.2%	97.6%
EXPANSION STATUS	EXPANSION STATE	102	120.6	88.6%	78.1%	85.8%	89.1%	92.7%	95.5%
	NON-EXPANSION STATE	65	60.7	88.5%	82.6%	84.3%	88.2%	90.2%	94.1%
GAIN/(LOSS) POSITION	REPORTED A GAIN	88	95.2	85.9%	76.1%	82.5%	85.5%	87.4%	89.6%
	REPORTED A LOSS	79	86.1	91.5%	88.3%	89.8%	91.7%	95.1%	97.6%

FIGURE 10: UNDERWRITING RATIO: CY 2019 RESULTS

			REVENUE	PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	167	181.3	0.3%	(6.3%)	(2.1%)	0.4%	2.5%	5.2%
CMS REGION	REGION 1	8	7.0	(2.1%)	(14.2%)	(4.3%)	(1.7%)	(1.1%)	(0.6%)
	REGION 2	13	13.2	(3.2%)	(5.8%)	(4.4%)	(3.9%)	(1.2%)	2.1%
	REGION 3	23	24.7	1.0%	(4.5%)	(0.5%)	0.6%	3.0%	5.6%
	REGION 4	28	38.0	1.1%	(7.6%)	(0.8%)	1.3%	2.2%	4.3%
	REGION 5	37	41.9	0.8%	(5.3%)	(0.7%)	2.6%	4.8%	7.1%
	REGION 6	25	31.6	(0.1%)	(5.0%)	(2.6%)	0.0%	1.1%	1.7%
	REGION 7	9	8.3	0.2%	(8.0%)	(2.2%)	(0.5%)	3.5%	4.4%
	REGION 8	4	0.9	3.1%	(3.6%)	(1.6%)	2.3%	5.3%	6.6%
	REGION 9	13	9.9	0.1%	(9.8%)	(1.9%)	(0.3%)	2.4%	3.7%
	REGION 10	7	5.7	0.9%	(2.7%)	(0.2%)	0.7%	3.0%	6.1%
ANNUAL REVENUE	$10 TO $400 MILLION	47	9.5	(0.3%)	(9.0%)	(4.5%)	0.9%	4.5%	6.9%
	$400 TO $800 MILLION	39	22.8	(0.8%)	(7.8%)	(2.6%)	(0.1%)	2.1%	4.2%
	$800 MILLION TO $1.5 BILLION	39	42.9	0.0%	(4.2%)	(2.5%)	(0.4%)	1.8%	7.0%
	MORE THAN $1.5 BILLION	42	106.2	0.7%	(2.4%)	(0.3%)	1.0%	2.0%	2.8%
REVENUE PMPM	LESS THAN $350	61	34.2	1.7%	(4.5%)	(0.6%)	2.3%	4.8%	7.1%
	$350 TO $500	54	62.3	(0.3%)	(7.2%)	(2.1%)	(0.1%)	1.5%	3.5%
	MORE THAN $500	52	84.8	0.1%	(6.3%)	(3.0%)	(0.8%)	1.6%	2.8%
MCO TYPE	MEDICAID FOCUSED	79	84.7	(0.0%)	(7.2%)	(2.6%)	0.2%	2.4%	4.4%
	MEDICAID OTHER	88	96.6	0.5%	(4.5%)	(1.7%)	0.6%	2.7%	6.6%
MULTISTATE OPERATIONS	FIVE OR MORE	95	114.5	1.0%	(3.9%)	(1.1%)	1.4%	3.2%	6.1%
	LESS THAN FIVE	72	66.8	(1.0%)	(6.7%)	(3.9%)	(0.5%)	1.6%	4.0%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	117	129.8	0.9%	(3.9%)	(1.2%)	0.9%	2.8%	5.6%
	NONPROFIT	50	51.5	(1.3%)	(7.2%)	(5.0%)	(1.0%)	1.6%	4.4%
EXPANSION STATUS	EXPANSION STATE	102	120.6	0.2%	(6.3%)	(2.1%)	(0.0%)	2.5%	6.1%
	NON-EXPANSION STATE	65	60.7	0.4%	(5.0%)	(1.8%)	0.7%	2.5%	4.8%
GAIN/(LOSS) POSITION	REPORTED A GAIN	88	95.2	2.6%	0.6%	1.4%	2.4%	4.5%	7.0%
	REPORTED A LOSS	79	86.1	(2.3%)	(8.0%)	(5.0%)	(2.4%)	(0.7%)	(0.3%)

FIGURE 11: RISK-BASED CAPITAL RATIO: CY 2019 RESULTS

			REVENUE	PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	160	174.7	396.0%	271.5%	324.1%	380.2%	522.7%	733.2%
CMS REGION	REGION 1	8	7.0	334.0%	211.2%	262.7%	316.0%	380.4%	537.0%
	REGION 2	13	13.2	430.2%	310.8%	347.1%	403.8%	561.7%	758.6%
	REGION 3	23	24.7	418.7%	324.9%	337.5%	385.7%	527.7%	758.7%
	REGION 4	28	38.0	352.4%	238.6%	311.4%	373.4%	501.9%	901.4%
	REGION 5	37	41.9	423.1%	310.9%	350.2%	442.8%	552.1%	732.1%
	REGION 6	25	31.6	325.9%	239.7%	272.1%	337.4%	405.8%	442.8%
	REGION 7	9	8.3	322.8%	203.1%	300.8%	327.6%	377.9%	495.4%
	REGION 8	4	0.9	616.6%	401.5%	470.2%	559.2%	607.2%	635.0%
	REGION 9	6	3.3	531.5%	322.7%	330.6%	494.4%	575.5%	846.0%
	REGION 10	7	5.7	515.8%	338.6%	359.2%	538.7%	869.1%	880.8%
ANNUAL REVENUE	$10 TO $400 MILLION	46	9.4	564.0%	322.7%	381.4%	508.2%	647.2%	869.1%
	$400 TO $800 MILLION	38	22.1	442.4%	300.8%	337.4%	383.5%	495.0%	580.0%
	$800 MILLION TO $1.5 BILLION	36	40.2	409.3%	253.3%	304.8%	367.3%	473.5%	609.9%
	MORE THAN $1.5 BILLION	40	103.0	337.2%	229.0%	286.6%	329.3%	379.6%	475.9%
REVENUE PMPM	LESS THAN $350	61	34.2	452.5%	310.9%	374.1%	442.8%	560.4%	842.2%
	$350 TO $500	49	57.3	398.6%	271.1%	325.7%	359.2%	527.7%	687.8%
	MORE THAN $500	50	83.1	366.2%	232.3%	304.7%	341.7%	397.0%	577.0%
MCO TYPE	MEDICAID FOCUSED	72	78.1	373.0%	253.3%	320.4%	359.9%	435.2%	732.1%
	MEDICAID OTHER	88	96.6	405.5%	296.1%	325.6%	417.7%	539.6%	734.3%
MULTISTATE OPERATIONS	FIVE OR MORE	92	112.2	372.3%	280.5%	324.5%	373.8%	473.9%	588.0%
	LESS THAN FIVE	68	62.5	425.9%	263.5%	323.8%	411.7%	545.4%	758.7%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	113	125.7	379.4%	296.1%	327.6%	379.1%	486.7%	687.8%
	NONPROFIT	47	49.0	428.1%	239.7%	310.9%	384.5%	561.7%	758.6%
EXPANSION STATUS	EXPANSION STATE	95	114.0	415.7%	271.9%	325.7%	387.9%	560.4%	758.6%
	NON-EXPANSION STATE	65	60.7	361.6%	269.3%	322.6%	373.5%	463.4%	647.2%
GAIN/(LOSS) POSITION	REPORTED A GAIN	85	92.0	411.2%	304.7%	350.2%	442.8%	575.5%	846.0%
	REPORTED A LOSS	75	82.7	381.6%	253.5%	310.5%	344.6%	416.3%	573.4%

Note: Arizona MCOs were excluded from this table, as RBC ratio information was not available.

FIGURE 12: ADMINISTRATIVE LOSS RATIO: CY 2019 RESULTS

			REVENUE	PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	167	181.3	11.2%	7.5%	9.5%	11.7%	13.8%	16.6%
CMS REGION	REGION 1	8	7.0	8.1%	5.6%	6.8%	9.0%	11.7%	15.4%
	REGION 2	13	13.2	11.1%	7.8%	9.5%	10.3%	11.4%	13.3%
	REGION 3	23	24.7	11.2%	7.3%	9.1%	11.6%	14.7%	18.9%
	REGION 4	28	38.0	11.1%	8.8%	9.6%	11.2%	13.1%	14.5%
	REGION 5	37	41.9	12.1%	7.3%	11.0%	13.8%	16.5%	19.9%
	REGION 6	25	31.6	11.0%	8.3%	10.2%	12.1%	13.7%	16.6%
	REGION 7	9	8.3	9.2%	5.1%	8.1%	10.9%	11.8%	14.0%
	REGION 8	4	0.9	10.3%	6.8%	7.2%	10.2%	13.0%	13.2%
	REGION 9	13	9.9	10.7%	8.9%	9.6%	10.9%	14.1%	16.8%
	REGION 10	7	5.7	12.2%	8.1%	10.3%	11.8%	12.6%	13.1%
ANNUAL REVENUE	$10 TO $400 MILLION	47	9.5	12.4%	6.8%	9.1%	13.1%	15.4%	19.9%
	$400 TO $800 MILLION	39	22.8	11.6%	8.9%	10.0%	11.4%	12.7%	14.9%
	$800 MILLION TO $1.5 BILLION	39	42.9	12.3%	7.8%	9.5%	11.8%	13.9%	18.2%
	MORE THAN $1.5 BILLION	42	106.2	10.5%	7.5%	8.4%	10.3%	12.7%	13.7%
REVENUE PMPM	LESS THAN $350	61	34.2	12.3%	8.1%	9.8%	12.5%	14.8%	18.4%
	$350 TO $500	54	62.3	11.3%	8.3%	10.0%	11.5%	13.2%	14.7%
	MORE THAN $500	52	84.8	10.5%	6.6%	7.8%	10.4%	13.3%	14.9%
MCO TYPE	MEDICAID FOCUSED	79	84.7	11.5%	8.1%	9.7%	11.6%	13.5%	15.6%
	MEDICAID OTHER	88	96.6	10.9%	7.3%	9.0%	11.9%	14.0%	16.8%
MULTISTATE OPERATIONS	FIVE OR MORE	95	114.5	11.2%	8.3%	10.0%	12.1%	13.7%	15.6%
	LESS THAN FIVE	72	66.8	11.1%	7.2%	8.8%	10.9%	13.8%	16.6%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	117	129.8	11.3%	8.2%	9.8%	12.1%	14.0%	16.7%
	NONPROFIT	50	51.5	10.8%	7.1%	8.1%	10.5%	12.6%	16.0%
EXPANSION STATUS	EXPANSION STATE	102	120.6	11.2%	7.2%	9.0%	11.7%	13.4%	17.3%
	NON-EXPANSION STATE	65	60.7	11.1%	8.4%	10.0%	11.8%	13.9%	16.5%
GAIN/(LOSS) POSITION	REPORTED A GAIN	88	95.2	11.5%	8.1%	10.1%	12.2%	14.3%	18.5%
	REPORTED A LOSS	79	86.1	10.8%	7.3%	8.9%	10.7%	13.3%	14.9%

FIGURE 13: ADMINISTRATIVE LOSS RATIO NET OF TAXES (MEDICAID-FOCUSED MCOS): CY 2019 RESULTS

			REVENUE	PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	72	78.1	8.9%	6.5%	8.0%	9.0%	10.5%	11.9%
CMS REGION	REGION 1	2	1.6	8.9%	8.1%	8.1%	9.4%	10.6%	10.6%
	REGION 2	3	3.5	9.2%	8.9%	8.9%	8.9%	9.8%	9.8%
	REGION 3	11	9.1	9.4%	6.8%	7.5%	9.2%	10.5%	11.7%
	REGION 4	13	13.7	9.8%	8.2%	8.7%	9.6%	12.6%	13.3%
	REGION 5	14	24.2	8.5%	6.1%	7.0%	8.2%	10.8%	11.7%
	REGION 6	16	16.5	8.4%	6.5%	7.3%	8.4%	9.3%	11.8%
	REGION 7	7	6.5	7.4%	5.1%	5.2%	8.2%	10.9%	11.9%
	REGION 8	1	0.1	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%
	REGION 9	2	1.0	11.6%	11.2%	11.2%	11.4%	11.7%	11.7%
	REGION 10	3	1.8	10.2%	9.6%	9.6%	10.3%	10.3%	10.3%
ANNUAL REVENUE	$10 TO $400 MILLION	14	3.3	10.9%	7.9%	9.0%	11.0%	11.9%	13.8%
	$400 TO $800 MILLION	23	13.4	9.7%	6.5%	8.2%	9.7%	10.9%	11.9%
	$800 MILLION TO $1.5 BILLION	20	21.5	9.1%	6.6%	7.5%	8.3%	10.3%	11.3%
	MORE THAN $1.5 BILLION	15	39.9	8.3%	6.1%	7.6%	8.4%	8.9%	9.2%
REVENUE PMPM	LESS THAN $350	24	14.1	10.2%	6.3%	9.0%	9.7%	11.9%	13.3%
	$350 TO $500	27	28.5	8.8%	6.8%	7.9%	8.4%	10.4%	11.7%
	MORE THAN $500	21	35.5	8.3%	5.9%	7.5%	8.7%	9.2%	11.6%
MULTISTATE OPERATIONS	FIVE OR MORE	49	52.5	8.9%	6.5%	8.2%	9.2%	10.6%	11.9%
	LESS THAN FIVE	23	25.6	8.8%	6.1%	7.0%	9.0%	10.4%	11.7%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	54	54.1	8.9%	6.5%	7.9%	9.1%	10.6%	11.9%
	NONPROFIT	18	24.0	8.7%	6.1%	8.1%	9.0%	9.7%	11.7%
EXPANSION STATUS	EXPANSION STATE	45	58.6	8.6%	6.1%	7.6%	8.7%	10.3%	11.7%
	NON-EXPANSION STATE	27	19.5	9.6%	7.5%	8.4%	9.6%	11.9%	13.8%
GAIN/(LOSS) POSITION	REPORTED A GAIN	39	39.5	8.8%	5.9%	7.6%	9.0%	10.5%	11.9%
	REPORTED A LOSS	33	38.5	8.9%	7.0%	8.1%	9.0%	10.6%	11.9%

Note: This table is limited to Medicaid-focused MCOs. Arizona MCOs were additionally excluded from this table, as detailed administrative cost information was not available.

FIGURE 14: RETURN ON INVESTED CAPITAL (MEDICAID-FOCUSED MCOS): CY 2019 RESULTS

			REVENUE	PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	72	78.1	3.8%	(51.1%)	(13.4%)	9.8%	19.1%	26.5%
CMS REGION	REGION 1	2	1.6	(2.2%)	(20.7%)	(20.7%)	(8.6%)	3.6%	3.6%
	REGION 2	3	3.5	(11.4%)	(24.2%)	(24.2%)	18.9%	26.7%	26.7%
	REGION 3	11	9.1	14.7%	1.3%	4.8%	13.7%	20.0%	21.8%
	REGION 4	13	13.7	7.7%	(55.0%)	(22.2%)	14.6%	19.0%	31.0%
	REGION 5	14	24.2	3.5%	(45.0%)	(1.8%)	13.6%	24.1%	32.5%
	REGION 6	16	16.5	(5.9%)	(48.6%)	(27.6%)	(3.5%)	9.3%	13.6%
	REGION 7	7	6.5	8.1%	(73.1%)	(7.9%)	20.5%	26.5%	29.0%
	REGION 8	1	0.1	(13.7%)	(13.7%)	(13.7%)	(13.7%)	(13.7%)	(13.7%)
	REGION 9	2	1.0	(9.9%)	(58.0%)	(58.0%)	(20.8%)	16.4%	16.4%
	REGION 10	3	1.8	11.5%	(10.0%)	(10.0%)	16.2%	20.8%	20.8%
ANNUAL REVENUE	$10 TO $400 MILLION	14	3.3	(10.9%)	(58.0%)	(48.6%)	(6.3%)	15.3%	25.2%
	$400 TO $800 MILLION	23	13.4	1.9%	(61.0%)	(13.1%)	14.6%	20.8%	26.7%
	$800 MILLION TO $1.5 BILLION	20	21.5	6.1%	(43.2%)	(8.8%)	11.7%	17.5%	28.6%
	MORE THAN $1.5 BILLION	15	39.9	5.0%	(16.6%)	(2.2%)	9.8%	16.9%	31.0%
REVENUE PMPM	LESS THAN $350	24	14.1	5.9%	(73.1%)	(11.8%)	15.3%	20.4%	24.1%
	$350 TO $500	27	28.5	3.0%	(55.0%)	(16.6%)	9.8%	16.4%	29.0%
	MORE THAN $500	21	35.5	3.4%	(45.0%)	(12.1%)	3.6%	16.9%	26.5%
MULTISTATE OPERATIONS	FIVE OR MORE	49	52.5	5.7%	(52.8%)	(10.0%)	12.0%	20.5%	26.7%
	LESS THAN FIVE	23	25.6	(0.5%)	(51.1%)	(20.1%)	1.1%	15.3%	21.6%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	54	54.1	6.0%	(48.6%)	(10.0%)	12.6%	20.0%	26.5%
	NONPROFIT	18	24.0	(1.6%)	(58.0%)	(45.0%)	1.1%	14.6%	32.5%
EXPANSION STATUS	EXPANSION STATE	45	58.6	6.4%	(45.0%)	(4.9%)	12.0%	20.5%	31.0%
	NON-EXPANSION STATE	27	19.5	(3.9%)	(73.1%)	(22.2%)	1.0%	16.4%	26.5%
GAIN/(LOSS) POSITION	REPORTED A GAIN	39	39.5	17.1%	1.1%	13.6%	16.9%	24.1%	31.0%
	REPORTED A LOSS	33	38.5	(15.6%)	(61.0%)	(48.6%)	(16.6%)	(1.8%)	6.6%

Note: This table is limited to Medicaid-focused MCOs. Arizona MCOs were additionally excluded from this table, as total adjusted capital information was not available.

Appendix 2: Definition of financial metrics

The financial metrics calculated for purposes of this report include the medical loss ratio (MLR), underwriting ratio (UW ratio), risk-based capital ratio (RBC ratio), administrative loss ratio (ALR), and administrative cost PMPM. These selected metrics focus primarily on the income statement values of the financial statement, with the exception of the RBC ratio, which is a capital (or solvency) measure.

The financial metrics selected encompass five of the primary ratios used by MCOs, state Medicaid agencies, and other stakeholders to evaluate the financial performance of an MCO. The metrics are defined in greater detail below.

MEDICAL LOSS RATIO (MLR)

MLR is a common financial metric used to report and benchmark the financial performance of an MCO. The MLR represents the proportion of revenue that was used by the MCO to fund claim expenses. The MLR is stated as a percentage, with claim expense in the numerator and revenue in the denominator.

In terms of the statutory annual statement, the MLR was defined as follows:

$$\text{MLR} = \frac{\text{TOTAL HOSPITAL AND MEDICAL EXPENSES + INCREASE IN RESERVES FOR A\&H CONTRACTS}}{\text{TOTAL REVENUE}}$$

WHERE:

TOTAL HOSPITAL AND MEDICAL EXPENSES: TITLE XIX–MEDICAID (P.7, L.17, C.8)
INCREASE IN RESERVES FOR ACCIDENT AND HEALTH (A&H) CONTRACTS: TITLE XIX–MEDICAID (P.7, L.21, C.8)
TOTAL REVENUE: TITLE XIX–MEDICAID (P.7, L.7, C.8)

Certain states include pass-through type programs such as franchise fees or provider taxes. This would also include amounts related to the health insurer assessment fee and applicable income tax gross-ups. These items may or may not be included in the total revenue reported by the MCO because the reporting practices vary among plans. If reported in the total revenue, there should be a corresponding offset amount included in the administrative costs for this as well.

Actuaries and financial analysts use the MLR as a measure of premium adequacy and often compare the resulting MLR with a “target” level. The MLR alone is not sufficient to compare MCO financial results among various states and programs. The target loss ratios (the claim cost included in the premium or capitation rate) vary by state and populations enrolled. Additionally, there may be reporting differences among MCOs as to what is classified as medical expense versus administrative expense.

As previously noted, the definition of MLR for purposes of this report may not be consistent with other definitions, in particular the Medicaid and Children's Health Insurance Program (CHIP) managed care final rule (CMS-2390-F). The Medicaid and CHIP managed care final rule allows for the reduction of taxes, licensing, and regulatory fees from the revenue and a credibility adjustment, as well as the addition of quality improvement expenditures to the hospital and medical expenses in the numerator. The estimated CMS MLR in Figure 3 of this report above includes a 2% adjustment for quality improvement expenditures and removal of estimated Medicaid taxes, licensing, and regulatory fees from the revenue, which generally results in an additional 2% to 3% increase in the CMS MLR. However, other provisions, such as the exclusion of pass-through payments from the numerator and denominator of the MLR formula, could decrease the MLR percentage.

UNDERWRITING RATIO

The UW ratio is the sum of the MLR and the ALR (defined below) subtracted from 100%. A positive UW ratio indicates a financial gain, while a negative UW ratio indicates a loss. This financial metric is used to report and benchmark the financial performance of an MCO in consideration of both medical and administrative expenses. The UW ratio represents the proportion of revenue that was “left over” to fund the MCO’s contribution to surplus and profit after funding medical and administrative expenses. The UW ratio is stated as a percentage, with total underwriting gain or loss in the numerator and revenue in the denominator.

In terms of the statutory annual statement, the UW ratio was defined as follows:

UW RATIO=	NET UNDERWRITING GAIN OR (LOSS) / TOTAL REVENUE
WHERE:	NET UNDERWRITING GAIN OR (LOSS): TITLE XIX–MEDICAID (P.7, L.24, C.8) TOTAL REVENUE: TITLE XIX–MEDICAID (P.7, L.7, C.8)

The UW ratio is focused on the income from operations and excludes consideration of investment income and income taxes. The UW ratio requires interpretation and considerations similar in nature to the MLR and ALR metrics.

RISK-BASED CAPITAL RATIO (RBC RATIO)

The RBC ratio is a financial metric used by many insurance regulators to monitor the solvency of the MCOs. The RBC ratio represents the proportion of the required minimum capital that is held by the MCO as of a specific date (the end of the financial reporting period). The RBC ratio is stated as a percentage or a ratio, with total adjusted capital (TAC) in the numerator and authorized control level (ACL) in the denominator.

The NAIC prescribes a specific formula to develop both the TAC and the ACL. Further, the MCO is subjected to various action levels based on the resulting RBC ratio, as follows:

- Company action level (TAC is between 150% and 200% of the ACL RBC)
- Regulatory action level (TAC is between 100% and 150% of the ACL RBC)
- Authorized control level (TAC is between 70% and 100% of the ACL RBC)
- Mandatory control level (TAC is less than 70% of the ACL RBC)

Further details and discussion of the RBC requirements may be found at the NAIC website.[7]

In terms of the statutory annual statement, the RBC ratio was defined as follows:

RBC RATIO=	TOTAL ADJUSTED CAPITAL / AUTHORIZED CONTROL LEVEL
WHERE:	TOTAL ADJUSTED CAPITAL: TOTAL ADJUSTED CAPITAL–CURRENT YEAR (P.28, L.14, C.1) AUTHORIZED CONTROL LEVEL: AUTHORIZED CONTROL LEVEL–CURRENT YEAR (P.28, L.15, C.1)

Note: The RBC ratio is not unique to the Medicaid Title XIX line of business as it is calculated at the company level. Therefore, companies reporting non-Medicaid business will reflect composite RBC ratios for all lines of business within the reported legal entity.

ADMINISTRATIVE LOSS RATIO (ALR)

ALR is also a common financial metric used to report and benchmark the financial performance of an MCO. The ALR represents the proportion of revenue that was used by the MCO to fund administrative expenses. The ALR is stated as a percentage, with administrative expense in the numerator and revenue in the denominator.

In terms of the statutory annual statement, the ALR was defined as follows:

ALR=	CLAIM ADJUSTMENT EXPENSES + GENERAL ADMINISTRATIVE EXPENSES / TOTAL REVENUE
WHERE:	CLAIM ADJUSTMENT EXPENSES: TITLE XIX–MEDICAID (P.7, L.19, C.8) GENERAL ADMINISTRATIVE EXPENSES: TITLE XIX–MEDICAID (P.7, L.20, C.8) TOTAL REVENUE: TITLE XIX–MEDICAID (P.7, L.7, C.8)

[7] See https://www.naic.org/.

The ALR requires interpretation and considerations similar in nature to the MLR metric outlined above, most notably impacted by the state and federal taxes levied on MCOs across the different states. The ALR net of taxes and fees was estimated for Medicaid-focused MCOs by distributing the total Medicaid CAE and GAE expenses by the expense allocation reported on the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page and then subtracting out the estimated taxes. The ALR values net of taxes and fees illustrated in this report were calculated by excluding taxes and fees from both the numerator and denominator of the ALR formula.

ADMINISTRATIVE COST PMPM

The administrative cost PMPM is the second metric for analyzing administrative expenses because of the fixed cost nature of certain components of the administrative expense. The administrative cost PMPM was defined as follows:

ADMIN PMPM =	CLAIM ADJUSTMENT EXPENSES + GENERAL ADMINISTRATIVE EXPENSES	
	CURRENT YEAR MEMBER MONTHS	
WHERE:	CLAIM ADJUSTMENT EXPENSES: TITLE XIX-MEDICAID (P.7, L.19, C.8)	
	GENERAL ADMINISTRATIVE EXPENSES: TITLE XIXI-MEDICAID (P.7, L.20, C.8)	
	CURRENT YEAR MEMBER MONTHS: TITLE XIX-MEDICAID (P.30 GT, L.6, C.9)	

The administrative cost PMPM net of taxes and fees illustrated in this report estimated the taxes and fees consistently with the methodology utilized for the ALR net of taxes and fees.

ADMINISTRATIVE EXPENSE CATEGORIES

The administrative expenses reported on the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page are broken out into 25 specific line items. These line items were grouped into five administrative expense categories to better illustrate the components of administrative cost incurred by the MCOs. The subcategories were selected to be intuitive groupings as well as meaningful with respect to their relative magnitudes. The following descriptions outline each administrative expense category:

- Human capital: Administrative costs associated with the employment of MCO staff.
- Outsourcing: Administrative costs associated with functions outsourced to a third party.
- Operating expenses: Administrative costs associated with the day-to-day costs of running the MCO.
- Taxes and fees: Administrative costs associated with taxes and fees incurred by the MCO. Payroll taxes were assigned to the human capital category. Real estate taxes were assigned to the operating expenses category. Federal and state income taxes are not included on the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page, and are not included in this administrative expense category.
- Other expenses: Administrative costs for aggregate write-ins.

The *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page illustrates administrative expenses across all lines of business. Throughout the figures illustrated in this report, the administrative costs in each administrative expense category were proportionally adjusted so the total Medicaid administrative expenses would match the amounts reported on the *Analysis of Operations by Line of Business* page.

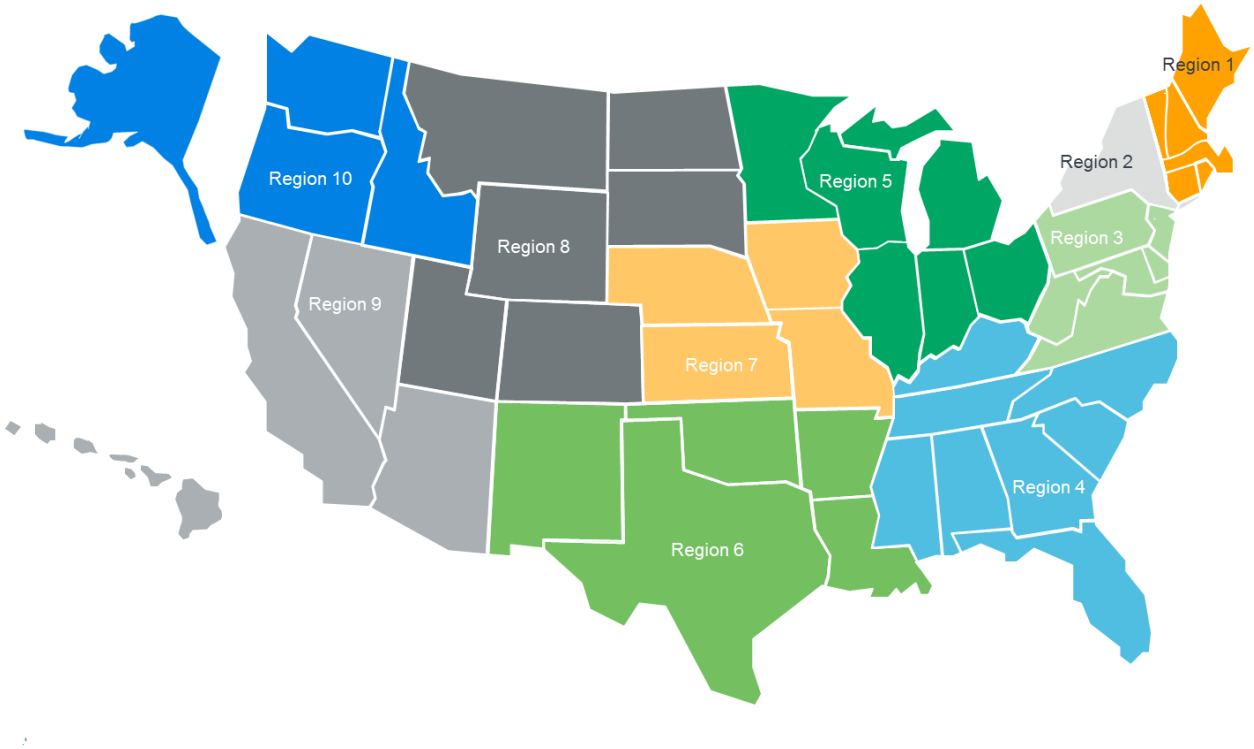
Additionally, line 19 and line 20 of the *Underwriting and Investment Exhibit Part 3 – Analysis of Expenses* page, "Reimbursements by uninsured plans" and "Reimbursements from fiscal intermediaries," were excluded from the administrative cost grouping, because these lines would likely be attributable to non-Medicaid business.

FIGURE 15: ADMINISTRATIVE CATEGORY DEFINITION

ADMINISTRATIVE EXPENSE BREAKDOWN		U&I EXHIBIT PART 3 EXPENSES (COLUMNS 3-4)
HUMAN CAPITAL	SALARIES, WAGES, AND OTHER BENEFITS	LINE 2
	BOARDS, BUREAUS, AND ASSOCIATION FEES	LINE 15
	INSURANCE, EXCEPT ON REAL ESTATE	LINE 16
	PAYROLL TAXES	LINE 23 .4
OUTSOURCING	AUDITING, ACTUARIAL, AND OTHER CONSULTING SERVICES	LINE 6
	OUTSOURCED SERVICES INCLUDING EDP, CLAIMS, AND OTHER SERVICES	LINE 14
OPERATING EXPENSES	RENT	LINE 1
	COMMISSIONS	LINE 3
	LEGAL FEES AND EXPENSES	LINE 4
	CERTIFICATIONS AND ACCREDIDATION FEES	LINE 5
	TRAVELING EXPENSES	LINE 7
	MARKETING AND ADVERTISING	LINE 8
	POSTAGE, EXPRESS, AND TELEPHONE	LINE 9
	PRINTING AND OFFICE SUPPLIES	LINE 10
	OCCUPANCY, DEPRECIATION, AND AMORTIZATION	LINE 11
	EQUIPMENT	LINE 12
	COST OR DEPRECIATION OF EDP EQUIPMENT AND SOFTWARE	LINE 13
	COLLECTION AND BANK SERVICE CHARGES	LINE 17
	GROUP SERVICE AND ADMINISTRATION FEES	LINE 18
	REAL ESTATE EXPENSES	LINE 21
	REAL ESTATE TAXES	LINE 22
	INVESTMENT EXPENSES NOT INCLUDED ELSEWHERE	LINE 24
TAXES AND FEES	STATE AND LOCAL INSURANCE TAXES	LINE 23 .1
	STATE PREMIUM TAXES	LINE 23 .2
	REGULATORY AUTHORITY LICENSES AND FEES	LINE 23 .3
	OTHER (EXCLUDING FEDERAL INCOME AND REAL ESTATE TAXES)	LINE 23 .5
OTHER	AGGREGATE WRITE-INS FOR EXPENSES	LINE 25
EXCLUDED[8]	REIMBURSEMENTS BY UNINSURED PLANS	LINE 19
	REIMBURSEMENTS FROM FISCAL INTERMEDIARIES	LINE 20

[8] These administrative expenses are excluded for purposes of allocating the expenses only; the actual Medicaid administrative expenses reported were not adjusted.

Appendix 3: CMS regions



Appendix 4: Financial results by state

While the Medicaid managed care financial results are relatively stable at a nationwide level, the financial results may vary significantly from state to state. Figure 16 provides the average MLR, ALR, and UW ratio for each state or territory with at least one MCO included in this analysis. Please note that MCOs were assigned to their states of domicile, and results for MCOs that report operations from multiple states within one entity would therefore be included within a single state. For a limited number of MCOs, the state of domicile was manually adjusted to represent the state where the Medicaid business is currently operated. Additionally, the state of domicile, in certain cases, may contain only a limited number of MCOs operating in the state Medicaid managed care market to the extent certain MCOs operating in the state are excluded for reasons cited earlier in this report.

FIGURE 16: STATE OF DOMICILE

STATE	N	MLR	ALR	UW RATIO	RBC RATIO
ARIZONA	7	89.6%	10.1%	0.3%	N/A
COLORADO	1	86.7%	12.8%	0.5%	579.5%
DISTRICT OF COLUMBIA	3	84.5%	17.0%	(1.5%)	615.5%
FLORIDA	9	89.1%	9.9%	1.0%	268.5%
GEORGIA	4	83.0%	12.8%	4.2%	438.6%
HAWAII	3	94.9%	11.9%	(6.8%)	509.6%
IOWA	2	91.5%	5.2%	3.3%	307.4%
ILLINOIS	3	91.8%	10.0%	(1.8%)	304.0%
INDIANA	3	86.8%	8.4%	4.8%	401.7%
KANSAS	2	88.5%	14.0%	(2.5%)	325.1%
KENTUCKY	4	89.7%	9.2%	1.1%	396.3%
LOUISIANA	5	87.0%	13.1%	(0.1%)	300.3%
MARYLAND	4	83.6%	11.5%	4.9%	454.4%
MASSACHUSETTS	5	95.4%	7.0%	(2.5%)	350.8%
MICHIGAN	8	79.7%	16.0%	4.3%	450.4%
MINNESOTA	4	93.9%	8.8%	(2.8%)	565.0%
MISSISSIPPI	3	91.5%	12.8%	(4.4%)	371.0%
MISSOURI	2	95.0%	9.8%	(4.8%)	339.7%
NEBRASKA	3	86.7%	10.9%	2.4%	329.4%
NEVADA	3	83.0%	12.1%	5.0%	566.5%
NEW HAMPSHIRE	1	89.4%	12.7%	(2.1%)	253.5%
NEW JERSEY	4	91.1%	11.6%	(2.7%)	347.4%
NEW MEXICO	2	86.8%	12.5%	0.6%	275.8%
NEW YORK	7	92.9%	11.1%	(3.9%)	450.8%
OHIO	5	85.9%	13.6%	0.4%	330.7%
OREGON	2	89.0%	9.7%	1.3%	691.1%
PENNSYLVANIA	6	86.9%	13.0%	0.1%	405.4%
PUERTO RICO	2	91.3%	9.6%	(0.9%)	408.1%
RHODE ISLAND	2	91.3%	10.0%	(1.3%)	290.5%
SOUTH CAROLINA	5	89.6%	10.6%	(0.2%)	519.5%
TENNESSEE	3	84.6%	13.8%	1.6%	439.7%
TEXAS	18	90.2%	10.0%	(0.3%)	336.4%
UTAH	3	86.6%	9.2%	4.2%	620.5%
VIRGINIA	6	89.2%	9.2%	1.6%	390.3%
WASHINGTON	5	86.6%	12.6%	0.8%	470.5%
WEST VIRGINIA	4	91.7%	8.2%	0.1%	474.8%
WISCONSIN	14	83.7%	13.3%	3.1%	495.3%

Appendix 5: MCO groupings

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
ARIZONA	ARIZONA COMPLETE HEALTH	REGION 9	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	LOSS	EXPANSION STATE
ARIZONA	BANNER-UNIVERSITY FAMILY CARE	REGION 9	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
ARIZONA	CARE 1ST	REGION 9	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
ARIZONA	HEALTH CHOICE ARIZONA	REGION 9	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	GAIN	EXPANSION STATE
ARIZONA	MAGELLAN	REGION 9	$10M TO $400M	$500+	MEDICAID ONLY	FIVE OR MORE	NONPROFIT	LOSS	EXPANSION STATE
ARIZONA	MERCY CARE PLAN	REGION 9	$1.5 B+	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
ARIZONA	UNITED HEALTHCARE	REGION 9	$1.5 B+	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
COLORADO	ROCKY MTN HLTH MAINTENANCE ORG	REGION 8	$10M TO $400M	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
DISTRICT OF COLUMBIA	AMERIGROUP DISTRICT	REGION 3	$10M TO $400M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
DISTRICT OF COLUMBIA	AMERIHEALTH CARITAS DISTRICT	REGION 3	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
DISTRICT OF COLUMBIA	TRUSTED HEALTH PLAN	REGION 3	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	EXPANSION STATE
FLORIDA	AETNA BETTER HLTH OF FL INC.	REGION 4	$400M TO $800M	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
FLORIDA	FLORIDA MHS INC.	REGION 4	$10M TO $400M	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
FLORIDA	FLORIDA TRUE HEALTH INC.	REGION 4	$10M TO $400M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
FLORIDA	HUMANA MEDICAL PLAN INC.	REGION 4	$1.5 B+	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
FLORIDA	MOLINA HEALTHCARE OF FL INC.	REGION 4	$400M TO $800M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
FLORIDA	SIMPLY HEALTHCARE PLANS INC.	REGION 4	$1.5 B+	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
FLORIDA	SUNSHINE STATE HEALTH PLAN INC	REGION 4	$1.5 B+	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
FLORIDA	UNITEDHEALTHCARE OF FL INC.	REGION 4	$800M TO $1.5 B	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
FLORIDA	WELLCARE OF FLORIDA INC.	REGION 4	$1.5 B+	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
GEORGIA	AMGP GEORGIA MANAGED CARE CO.	REGION 4	$800M TO $1.5 B	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
GEORGIA	CARESOURCE GEORGIA CO.	REGION 4	$400M TO $800M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
GEORGIA	PEACH STATE HEALTH PLAN INC.	REGION 4	$800M TO $1.5 B	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
GEORGIA	WELLCARE OF GEORGIA INC.	REGION 4	$800M TO $1.5 B	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
HAWAII	ALOHACARE	REGION 9	$10M TO $400M	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
HAWAII	HAWAII MEDICAL SERVICE ASSN.	REGION 9	$400M TO $800M	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
HAWAII	WELLCARE HEALTH INS OF AZ INC.	REGION 9	$400M TO $800M	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
ILLINOIS	ILLINICARE HEALTH PLAN INC.	REGION 5	$1.5 B+	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
ILLINOIS	MERIDIAN HEALTH PLAN OF IL INC	REGION 5	$1.5 B+	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
ILLINOIS	MOLINA HEALTHCARE OF IL INC	REGION 5	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
INDIANA	ANTHEM INSURANCE COMPANIES INC	REGION 5	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
INDIANA	CARESOURCE INDIANA INC.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
INDIANA	COORDINATED CARE CORP.	REGION 5	$800M TO $1.5 B	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
IOWA	AMERIGROUP IOWA INC.	REGION 7	$1.5 B+	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
IOWA	IOWA TOTAL CARE INC.	REGION 7	$800M TO $1.5 B	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
KANSAS	AETNA BETTER HEALTH OF KS INC.	REGION 7	$800M TO $1.5 B	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
KANSAS	SUNFLOWER STATE HLTH PLAN INC.	REGION 7	$800M TO $1.5 B	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
KENTUCKY	AETNA BETTER HLTH OF KY INS CO	REGION 4	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
KENTUCKY	ANTHEM KY MNGD CARE PLAN INC.	REGION 4	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
KENTUCKY	UNIVERSITY HEALTH CARE INC.	REGION 4	$1.5 B+	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
KENTUCKY	WELLCARE HLTH INS CO. OF KY	REGION 4	$1.5 B+	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
LOUISIANA	AETNA BETTER HEALTH INC. (LA)	REGION 6	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
LOUISIANA	AMERIHEALTH CARITAS LA INC.	REGION 6	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
LOUISIANA	CMNTY CARE HLTH PLAN OF LA INC	REGION 6	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
LOUISIANA	LA HEALTHCARE CONNECTIONS INC.	REGION 6	$1.5 B+	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
LOUISIANA	UNITEDHEALTHCARE OF LA INC.	REGION 6	$1.5 B+	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MARYLAND	AETNA HEALTH INC. (A PA CORP.)	REGION 3	$10M TO $400M	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MARYLAND	AMERIGROUP MARYLAND INC.	REGION 3	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MARYLAND	KAISER FOUNDATION HEALTH PLAN	REGION 3	$10M TO $400M	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
MARYLAND	MEDSTAR FAMILY CHOICE INC.	REGION 3	$400M TO $800M	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	LOSS	EXPANSION STATE
MASSACHUSETTS	ALLWAYS HEALTH PARTNERS INC	REGION 1	$10M TO $400M	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MASSACHUSETTS	BOSTON MED CENTER HEALTH PLAN	REGION 1	$1.5 B+	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MASSACHUSETTS	FALLON COMMUNITY HLTH PLAN INC	REGION 1	$400M TO $800M	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MASSACHUSETTS	HEALTH NEW ENGLAND INC.	REGION 1	$10M TO $400M	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MASSACHUSETTS	TUFTS HEALTH PUBLIC PLANS INC.	REGION 1	$1.5 B+	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	EXPANSION STATE
MICHIGAN	AETNA BETTER HEALTH OF MI INC.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MICHIGAN	BLUE CROSS COMPLETE OF MI LLC	REGION 5	$800M TO $1.5 B	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	GAIN	EXPANSION STATE
MICHIGAN	MCLAREN HEALTH PLAN INC.	REGION 5	$400M TO $800M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
MICHIGAN	MERIDIAN HLTH PLAN OF MI INC.	REGION 5	$1.5 B+	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MICHIGAN	MOLINA HEALTHCARE OF MI INC.	REGION 5	$800M TO $1.5 B	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MICHIGAN	PRIORITY HEALTH CHOICE INC.	REGION 5	$400M TO $800M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
MICHIGAN	UNITEDHEALTHCARE CMNTY (MI)	REGION 5	$800M TO $1.5 B	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
MICHIGAN	UPPER PENINSULA HLTH PLAN LLC	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	EXPANSION STATE
MINNESOTA	HEALTHPARTNERS INC.	REGION 5	$800M TO $1.5 B	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MINNESOTA	HENNEPIN HEALTH	REGION 5	$10M TO $400M	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MINNESOTA	HMO MINNESOTA	REGION 5	$1.5 B+	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
MINNESOTA	UCARE MINNESOTA	REGION 5	$1.5 B+	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
MISSISSIPPI	MAGNOLIA HEALTH PLAN INC.	REGION 4	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
MISSISSIPPI	MOLINA HEALTHCARE OF MS INC.	REGION 4	$10M TO $400M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
MISSISSIPPI	UNITEDHEALTHCARE OF MS INC.	REGION 4	$800M TO $1.5 B	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
MISSOURI	HOME STATE HEALTH PLAN INC.	REGION 7	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
MISSOURI	MISSOURI CARE INC.	REGION 7	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
NEBRASKA	NEBRASKA TOTAL CARE INC.	REGION 7	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
NEBRASKA	UNITEDHEALTHCARE (MIDLANDS)	REGION 7	$400M TO $800M	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
NEBRASKA	WELLCARE OF NEBRASKA INC.	REGION 7	$10M TO $400M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
NEVADA	CMNTY CARE HLTH PLAN OF NV INC	REGION 9	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
NEVADA	HEALTH PLAN OF NEVADA INC.	REGION 9	$800M TO $1.5 B	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
NEVADA	SILVERSUMMIT HEALTHPLAN INC.	REGION 9	$10M TO $400M	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
NEW HAMPSHIRE	GRANITE STATE HEALTH PLAN INC.	REGION 1	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
NEW JERSEY	AETNA BETTER HEALTH INC. (NJ)	REGION 2	$400M TO $800M	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
NEW JERSEY	AMERICHOICE OF NEW JERSEY INC.	REGION 2	$1.5 B+	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
NEW JERSEY	AMERIGROUP NEW JERSEY INC.	REGION 2	$800M TO $1.5 B	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
NEW JERSEY	WELLCARE HLTH PLANS OF NJ INC.	REGION 2	$400M TO $800M	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
NEW MEXICO	PRESBYTERIAN HEALTH PLAN INC.	REGION 6	$1.5 B+	$500+	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	EXPANSION STATE
NEW MEXICO	WESTERN SKY CMNTY CARE INC	REGION 6	$10M TO $400M	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
NEW YORK	CAP DISTRICT PHYSICIANS' HLTH	REGION 2	$400M TO $800M	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
NEW YORK	EXCELLUS HEALTH PLAN INC.	REGION 2	$800M TO $1.5 B	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
NEW YORK	HEALTH INS PLAN OF GREATER NY	REGION 2	$800M TO $1.5 B	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
NEW YORK	HEALTHNOW NEW YORK INC.	REGION 2	$10M TO $400M	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
NEW YORK	INDEPENDENT HEALTH ASSN.	REGION 2	$10M TO $400M	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
NEW YORK	MVP HEALTH PLAN INC.	REGION 2	$800M TO $1.5 B	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
NEW YORK	UNITEDHEALTHCARE OF NY INC.	REGION 2	$1.5 B+	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
OHIO	BUCKEYE CMNTY HLTH PLAN INC	REGION 5	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
OHIO	CARESOURCE	REGION 5	$1.5 B+	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
OHIO	MOLINA HEALTHCARE OF OHIO INC.	REGION 5	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
OHIO	PARAMOUNT ADVANTAGE	REGION 5	$800M TO $1.5 B	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
OHIO	UNITEDHEALTHCARE CMNTY (OH)	REGION 5	$1.5 B+	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
OREGON	PROVIDENCE HEALTH ASSURANCE	REGION 10	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
OREGON	TRILLIUM CMNTY HEALTH PLAN INC	REGION 10	$400M TO $800M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
PENNSYLVANIA	AETNA BETTER HEALTH INC. (PA)	REGION 3	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
PENNSYLVANIA	GATEWAY HEALTH PLAN INC.	REGION 3	$1.5 B+	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
PENNSYLVANIA	GEISINGER HEALTH PLAN	REGION 3	$800M TO $1.5 B	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
PENNSYLVANIA	HEALTH PARTNERS PLANS INC.	REGION 3	$800M TO $1.5 B	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
PENNSYLVANIA	UNITEDHEALTHCARE OF PA INC.	REGION 3	$800M TO $1.5 B	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
PENNSYLVANIA	UPMC FOR YOU INC.	REGION 3	$1.5 B+	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
PUERTO RICO	MOLINA HEALTHCARE OF PR INC.	REGION 2	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
PUERTO RICO	TRIPLE-S SALUD INC.	REGION 2	$400M TO $800M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
RHODE ISLAND	NEIGHBORHOOD HEALTH PLAN OF RI	REGION 1	$800M TO $1.5 B	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
RHODE ISLAND	UNITEDHEALTHCARE (NEW ENGLAND)	REGION 1	$400M TO $800M	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
SOUTH CAROLINA	ABSOLUTE TOTAL CARE INC.	REGION 4	$400M TO $800M	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
SOUTH CAROLINA	BLUECHOICE HEALTHPLAN OF SC	REGION 4	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
SOUTH CAROLINA	MOLINA HEALTHCARE OF SC INC.	REGION 4	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	SELECT HEALTH OF SC INC.	REGION 4	$800M TO $1.5 B	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
SOUTH CAROLINA	WELLCARE OF SOUTH CAROLINA INC	REGION 4	$10M TO $400M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TENNESSEE	AMERIGROUP TENNESSEE INC.	REGION 4	$1.5 B+	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TENNESSEE	UNITEDHEALTHCARE PLAN	REGION 4	$1.5 B+	$350 TO $500	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TENNESSEE	VOLUNTEER STATE HLTH PLAN INC.	REGION 4	$1.5 B+	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TEXAS	AETNA BETTER HEALTH OF TX INC.	REGION 6	$10M TO $400M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
TEXAS	AMERIGROUP INSURANCE CO.	REGION 6	$800M TO $1.5 B	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
TEXAS	AMERIGROUP TEXAS INC.	REGION 6	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
TEXAS	BANKERS RESERVE LIFE INS CO.	REGION 6	$1.5 B+	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TEXAS	COMMUNITY FIRST HLTH PLANS INC	REGION 6	$400M TO $800M	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
TEXAS	COMMUNITY HEALTH CHOICE TX INC	REGION 6	$800M TO $1.5 B	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	NON-EXPANSION STATE
TEXAS	COOK CHILDREN'S HEALTH PLAN	REGION 6	$400M TO $800M	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	NON-EXPANSION STATE
TEXAS	DRISCOLL CHILDREN'S HLTH PLAN	REGION 6	$400M TO $800M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	NON-EXPANSION STATE
TEXAS	EL PASO FIRST HEALTH PLANS INC	REGION 6	$10M TO $400M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
TEXAS	HEALTHSPRING L&H INSURANCE CO.	REGION 6	$800M TO $1.5 B	$500+	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
TEXAS	MOLINA HLTHCR OF TEXAS INC.	REGION 6	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TEXAS	PARKLAND CMNTY HEALTH PLAN INC	REGION 6	$400M TO $800M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	LOSS	NON-EXPANSION STATE
TEXAS	SCOTT & WHITE HEALTH PLAN	REGION 6	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
TEXAS	SETON HEALTH PLAN INC.	REGION 6	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TEXAS	SHA L.L.C.	REGION 6	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
TEXAS	SUPERIOR HEALTHPLAN INC.	REGION 6	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
TEXAS	TEXAS CHILDREN'S HLTH PLAN INC	REGION 6	$1.5 B+	$350 TO $500	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
TEXAS	UNITEDHEALTHCARE CMNTY (TX)	REGION 6	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
UTAH	MOLINA HEALTHCARE OF UTAH INC.	REGION 8	$10M TO $400M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
UTAH	SELECTHEALTH INC.	REGION 8	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
UTAH	STEWARD HEALTH CHOICE UTAH INC	REGION 8	$10M TO $400M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	LOSS	EXPANSION STATE
VIRGINIA	COVENTRY HLTHCARE OF VA INC.	REGION 3	$800M TO $1.5 B	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
VIRGINIA	HEALTHKEEPERS INC.	REGION 3	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
VIRGINIA	MAGELLAN COMPLETE CARE OF VA	REGION 3	$800M TO $1.5 B	$500+	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
VIRGINIA	OPTIMA HEALTH PLAN	REGION 3	$1.5 B+	$500+	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
VIRGINIA	UNITEDHEALTHCARE	REGION 3	$1.5 B+	$500+	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
VIRGINIA	VIRGINIA PREMIER HLTH PLAN INC	REGION 3	$1.5 B+	$500+	MEDICAID ONLY	LESS THAN FIVE	NONPROFIT	GAIN	EXPANSION STATE
WASHINGTON	AMERIGROUP WASHINGTON INC.	REGION 10	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
WASHINGTON	COMMUNITY HEALTH PLAN OF WA	REGION 10	$400M TO $800M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MULTISTATE OPERATIONS	FINANCIAL STRUCTURE	GAIN OR LOSS	EXPANSION STATUS
WASHINGTON	COORDINATED CARE OF WA INC.	REGION 10	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
WASHINGTON	MOLINA HEALTHCARE OF WA INC.	REGION 10	$1.5 B+	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
WASHINGTON	UNITEDHEALTHCARE OF WA INC.	REGION 10	$400M TO $800M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
WEST VIRGINIA	COVENTRY HEALTH CARE OF WV INC	REGION 3	$400M TO $800M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	LOSS	EXPANSION STATE
WEST VIRGINIA	HEALTH PLAN OF WV INC.	REGION 3	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	LOSS	EXPANSION STATE
WEST VIRGINIA	UNICARE HEALTH PLAN OF WV INC.	REGION 3	$400M TO $800M	$0 TO $350	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	EXPANSION STATE
WEST VIRGINIA	WV FAMILY HEALTH PLAN INC.	REGION 3	$10M TO $400M	$500+	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	GAIN	EXPANSION STATE
WISCONSIN	CHILDREN'S CMNTY HLTH PLAN INC	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	COMPCARE HEALTH SVCS INS CORP.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	DEAN HEALTH PLAN INC.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	GROUP HLTH COOP OF EAU CLAIRE	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	GRP HLTH COOP OF SOUTH CENTRAL	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	INDEPENDENT CARE HEALTH PLAN	REGION 5	$10M TO $400M	$350 TO $500	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
WISCONSIN	MANAGED HEALTH SVCS INS CORP.	REGION 5	$10M TO $400M	$350 TO $500	MEDICAID ONLY	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	MERCYCARE HMO INC.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
WISCONSIN	MOLINA HEALTHCARE OF WI INC.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	NETWORK HEALTH PLAN	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	QUARTZ HEALTH PLAN CORP.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	FOR-PROFIT	LOSS	NON-EXPANSION STATE
WISCONSIN	SECURITY HEALTH PLAN OF WI INC	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID OTHER	LESS THAN FIVE	NONPROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	TRILOGY HEALTH INSURANCE INC.	REGION 5	$10M TO $400M	$0 TO $350	MEDICAID ONLY	LESS THAN FIVE	FOR-PROFIT	GAIN	NON-EXPANSION STATE
WISCONSIN	UNITEDHEALTHCARE OF WI INC.	REGION 5	$400M TO $800M	$0 TO $350	MEDICAID OTHER	FIVE OR MORE	FOR-PROFIT	GAIN	NON-EXPANSION STATE

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