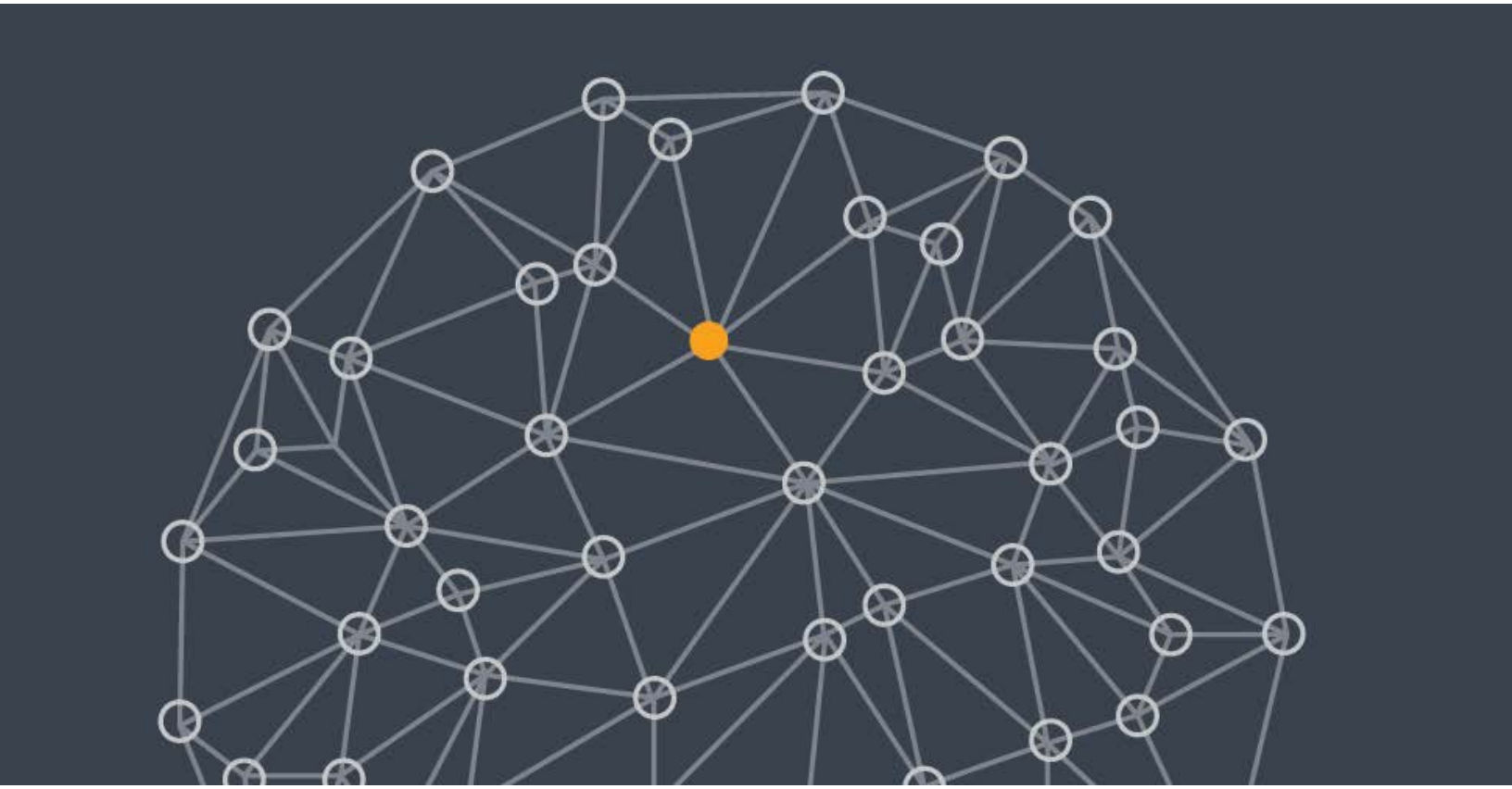
MILLIMAN RESEARCH REPORT

Medicaid risk-based managed care: Analysis of financial results for 2016

June 2017

Jeremy D. Palmer, FSA, MAAA
Christopher T. Pettit, FSA, MAAA



Milliman


Milliman

Table of Contents

Introduction

Risk-based managed care is the platform from which Medicaid recipients receive healthcare benefits, at least in part, in 38 or more states in the United States and the District of Columbia. 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. Since the inception of the Patient Protection and Affordable Care Act (ACA) in 2010, and subsequent Medicaid expansion efforts in several states, the number of Medicaid beneficiaries as well as the number of MCOs operating in the Medicaid line of business has increased substantially. Additionally, current healthcare reform proposals, such as block grants, may increase the reliance states put on managed care programs in stabilizing state budgets.

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) 2016 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.[1] Companies may be excluded from this report for the following reasons:

- Did not submit an 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
- Omitted from the NAIC database of annual statements utilized for this report.

This report includes information for 10 MCOs operating in the State of Arizona Medicaid program that were outside of the NAIC annual statement information. We have noted limitations of this information where applicable in the report.

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. Additionally, this report explores the differences among various types of MCOs using available segmentation attributes defined from the reported financial statements.

The target audiences of this report include state Medicaid agency and MCO personnel responsible for reviewing and monitoring the financial results of a risk-based managed care program.

This report has been routinely updated on an annual basis. This is the ninth iteration of the report, reflecting financial information for CY 2016. Previous versions of this report can be obtained from the Milliman website (milliman.com). The methodology used to generate this report is substantially consistent with the previous year's report.

This report is correlated with the analysis of Medicaid MCO administrative expenses in a report titled "Medicaid risk-based managed care: Analysis of administrative costs for 2016," which has been produced based on similar financial statement information.

1 National Association of Insurance Commissioners. Annual Statement Database, as delivered by SNL Financial, LC, all rights reserved.

Summary of results

The CY 2016 financial information for 35 states and the District of Columbia comprising 189 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.

MCOs reporting $10 million or more in annual Medicaid (Title XIX) revenue, excluding specialized behavioral health or long-term services and supports plans, were retained and categorized using certain key attributes. The attributes included the Centers for Medicare and Medicaid Services (CMS) region, state of domicile, annual Medicaid revenue, Medicaid revenue per member per month (PMPM), type of MCO (Medicaid focused or Medicaid other), affiliation type of MCO (independent or affiliated), MCO financial structure, pharmacy indicator, operating in a Medicaid expansion state, and underwriting (UW) gain or loss.

The growth in Medicaid enrollment from 2012 through 2016 illustrated by the information that has been collected for purposes of this report is approximately 70%, with revenue increasing by over 120%. Although additional information for Arizona MCOs was obtained for the 2015 update, these percentages indicate the significant growth in Medicaid experience specific to those under the management of an MCO. Revenue has continued to rise over the historical period, as has total Medicaid enrollment.

The financial metrics include the medical loss ratio (MLR), administrative loss ratio (ALR), underwriting ratio (UW Ratio), and risk-based capital ratio (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.

Figure 1 summarizes the composite CY 2016 financial results for the 189 companies meeting the criteria selected for this study. The companies represent experience from 35 states and the District of Columbia with over $163 billion in annual Medicaid revenue.

FIGURE 1: COMPOSITE CY 2016 FINANCIAL RESULTS

FINANCIAL METRIC	COMPOSITE MEAN	25TH PERCENTILE	50TH PERCENTILE	75TH PERCENTILE
MEDICAL LOSS RATIO (MLR)	86.9%	82.1%	86.7%	90.0%
ADMINISTRATIVE LOSS RATIO (ALR)	12.2%	9.7%	11.8%	14.3%
UW RATIO	0.9%	(1.3%)	1.7%	4.7%
RBC RATIO	399%	306%	381%	486%

Notes

1. Values have been rounded.
2. The percentile distributions were developed independently for each metric. As such, the MLR plus ALR plus UW Ratio do not necessarily sum to 100%.
3. ALR includes expenses related to administrative functions as well as assessments and taxes.
4. Information for certain plans did not include risk-based capital information and they were omitted for RBC Ratio results.

Figure 2 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 2: COMPOSITE FINANCIAL RESULTS

FINANCIAL METRIC	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
MEDICAID REVENUE (IN $ BILLIONS)	$73.8	$83.6	$110.6	$144.1	$163.7
MEMBER MONTHS (IN MILLIONS)	249	262	311	391	424
MEDICAL LOSS RATIO (MLR)	87.9%	87.4%	86.0%	85.4%	86.9%
ADMINISTRATIVE LOSS RATIO (ALR)	11.4%	11.5%	11.9%	12.0%	12.2%
UW RATIO	0.7%	1.2%	2.1%	2.6%	0.9%
RBC RATIO	491%	468%	426%	407%	399%
ESTIMATED CMS MLR	92.3%	91.3%	90.6%	90.2%	91.9%

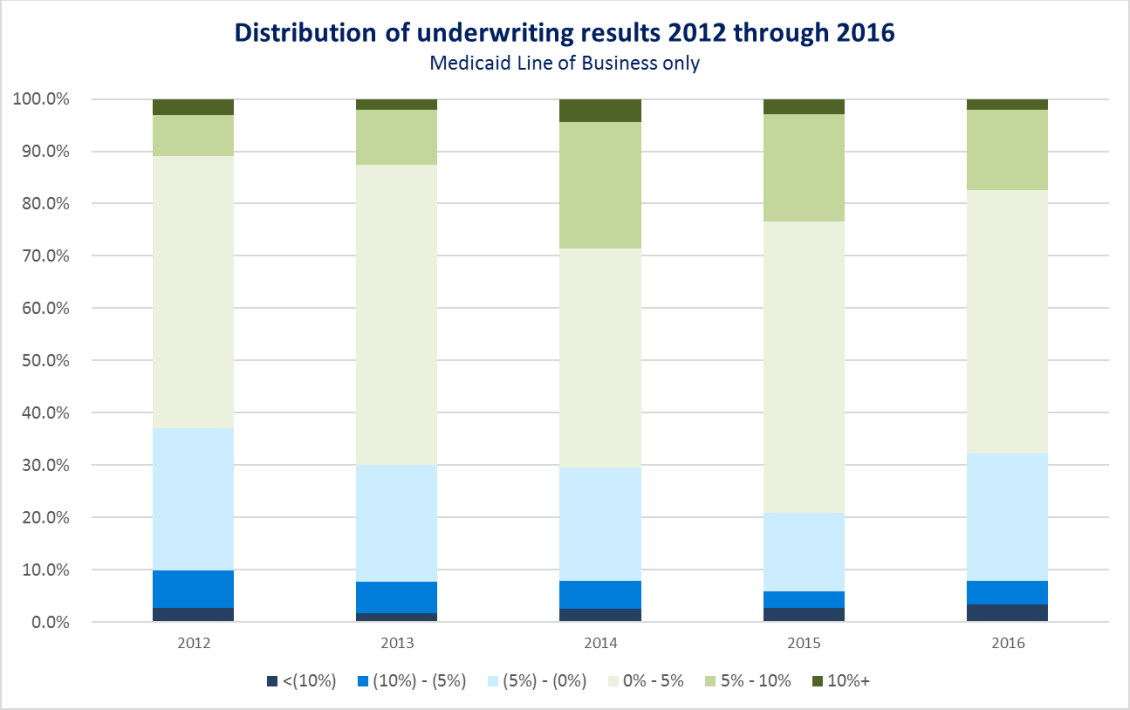
Notes

1. Values have been rounded.
2. Estimated CMS MLR developed to be consistent with prescribed CMS MLR calculation.

The results illustrated in Figure 2 indicate that, in aggregate, the financial gains reported by the MCOs reverted to CY 2012 and 2013 levels during CY 2016. Because of the inconsistency between the MLR calculation based on information obtained from page 7 of the annual statement and that defined in the Medicaid and Children's Health Insurance Program (CHIP) managed care final rule (CMS-2390-F), we have estimated the CMS MLR. Consistent with the prior year's report, we have estimated the 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, as footnoted in Figure 2. **This change represents a significant increase to the composite MLR of 4% to 5%. Based on this definition, more than 85% of the MCOs analyzed in this report would be at or above the 85% minimum MLR.** Please note that the MLR calculated throughout the remainder of this report is not the estimated CMS MLR, but rather the one determined specifically as defined on page 4.

While trying to analyze aggregate results from 2012 through 2016, we also looked at how those results have varied across insurers over the past five years. Figure 3 illustrates the distribution of underwriting results, based on the number of plans, in the Medicaid managed care market for each calendar year from the MCOs included in our analysis.

FIGURE 3: DISTRIBUTION OF UNDERWRITING RESULTS



It is interesting to note that while the composite UW Ratio has varied over the five-year historical period, the percentage of plans that have reported a loss has not varied as significantly. Additionally, the number of plans reporting larger underwriting gains (5%-10% and 10%+) was higher in CY 2014 than 2015, despite the composite UW Ratio being smaller.

The composite UW Ratio reported by the MCOs in CY 2016 represents an aggregate underwriting gain of approximately $1.5 billion dollars in relation to the $163.7 billion of revenue received. Consistent with the past few years, we continue to observe significant year-over-year growth in revenue and enrollment, as indicated by the numbers in Figure 2 above. Note that this growth from CY 2015 to 2016 is with even fewer plans than included in the prior year's report. As several Medicaid expansion programs were introduced in CY 2014, we expect to see enrollment stabilize in these programs following periods of enrollment ramp-up, but anticipate that as states continue to transition additional populations to managed care programs, the enrollment in general may rise. Also of note is that the risk-based capital amounts, as a percentage of revenue, have continued to decrease on a composite basis.

The continued reporting and payment of funds related to the ACA-required health insurer assessment fee has had an impact on the MCO financials. It is important to note that the timing of receipt and reporting of the health insurer assessment fee amounts by the MCOs in this report, and potential corporate income tax gross-ups, vary across states and reporting entities. Therefore, we have not made any adjustments to the values in this report to account for these items. It is likely that this has caused a material increase in the reported revenues and the administrative expenses.

Financial metrics

The financial metrics calculated for purposes of this report include the medical loss ratio (MLR), administrative loss ratio (ALR), underwriting ratio (UW Ratio), and risk-based capital ratio (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.

The financial metrics selected encompass four of the primary ratios used by MCOs, state Medicaid agencies, and other stakeholders to evaluate the financial performance of a health plan. 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)

Note:
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 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 as well as the addition of quality improvement expenditures to the hospital and medical expenses in the numerator. **The estimated CMS MLR in Figure 2 above includes a 2% adjustment for quality improvement expenditures and removal of estimated Medicaid taxes, licensing, and regulatory fees from the revenue. These items are estimated to increase the MLR percentage as illustrated in Figure 2.** 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.

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:

$$\text{ALR} = \frac{\text{CLAIM ADJUSTMENT EXPENSES + GENERAL ADMINISTRATIVE EXPENSES}}{\text{TOTAL REVENUE}}$$

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)

Note:
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.

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 methodologies utilized to allocate administrative expenses across lines of business by non-Medicaid-focused MCOs may have an impact on the ALR.

UNDERWRITING RATIO

The UW Ratio is the sum of the MLR and the ALR 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:

$$\text{UW RATIO} = \frac{\text{NET UNDERWRITING GAIN OR (LOSS)}}{\text{TOTAL REVENUE}}$$

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)

Note:
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.

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 outlined above.

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 (www.naic.org).

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

$$\text{RBC RATIO} = \frac{\text{TOTAL ADJUSTED CAPITAL}}{\text{AUTHORIZED CONTROL LEVEL}}$$

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.

MCO grouping

MCOs reporting $10 million or more in annual Medicaid (Title XIX) revenue, excluding specialized behavioral health plans, long-term services and supports plans, and limited service plans, were retained and categorized using certain key attributes. The attributes included the CMS region, state of domicile, annual Medicaid revenue, Medicaid revenue PMPM, type of MCO (Medicaid focused or Medicaid other), affiliation type of MCO (independent or affiliated), MCO financial structure, pharmacy indicator, operating in a Medicaid expansion state, and UW gain or loss.

The MCO groupings selected encompass plan characteristics that were available on the reported financial statements and may be expected to exhibit differing results for the selected financial metrics. The groupings are defined in greater detail below.

CMS REGION

Healthcare delivery and premium revenue are believed to vary by geographic location. As such, it may be inferred that at least some portion of the financial results for an MCO is correlated with the geographic area in which the MCO is operating.

This report includes an MCO grouping representing the geographic segmentation of MCOs. The region was defined using the CMS regional definitions illustrated in Appendix 1 of this report. These definitions were taken from the CMS website (http://www.cms.hhs.gov). The region grouping is not the specific level at which premiums or capitations are established, however, and this could diminish the value of correlation among financial results at this grouping level.

Plans operating in the state of California are not included in this report, which is due to the lack of consistency in reporting and separate identifications of Medicaid experience on the financial statement pages.

FIGURE 4: CMS REGION

CMS REGION	N	MLR	ALR	UW RATIO	RBC RATIO
REGION 1	9	93.7%	8.1%	(1.8%)	320%
REGION 2	12	87.7%	11.0%	1.2%	471%
REGION 3	22	84.1%	12.3%	3.6%	404%
REGION 4	31	85.0%	12.2%	2.7%	406%
REGION 5	48	88.2%	12.8%	(1.0%)	400%
REGION 6	29	85.6%	13.7%	0.7%	337%
REGION 7	11	95.8%	10.6%	(6.4%)	383%
REGION 8	4	86.8%	9.9%	3.3%	319%
REGION 9	16	86.6%	11.0%	2.4%	389%
REGION 10	7	87.0%	11.9%	1.1%	459%

Despite a composite 0.9% underwriting gain on a national basis for the MCOs included in this report, the reported underwriting performance varies significantly across different regions. Some regions have seen a large change in financial performance between CY 2015 and 2016. The number of plans included in each region has stayed relatively consistent over the past couple of years, but they may represent changes within a state or across states as programs mature or contracts are rebid. Also of note is that while UW Ratio has varied from the prior year, the reported ALR amounts remained generally consistent across each region, with values illustrated in the 2015 report indicating small changes.

STATE OF DOMICILE

The state in which the MCO is incorporated (state of domicile) was considered for segmentation purposes because the combination of MCO and state of domicile is the finest level of detail available for reporting the statutory annual statement values. The state level is also the level at which the premiums are calculated, ignoring populations

enrolled, intrastate regions, and other premium rating characteristics. As such, the resulting financial performance for MCOs within a state may be thought to be correlated in some way, given the homogeneous program characteristics and premium rating methodologies. However, the state of domicile, in certain cases, may contain only a limited number of data points from which to compile reasonable results. Figure 5 provides average values for each state or territory with at least one health plan included in this analysis. For a limited number of health plans, the state of domicile was manually adjusted to represent the state where the Medicaid business is currently operated.

FIGURE 5: STATE OF DOMICILE

STATE OF DOMICILE	N	MLR	ALR	UW RATIO	RBC RATIO
ARIZONA	10	87.1%	11.0%	1.9%	N/A
COLORADO	1	88.5%	11.5%	0.1%	303%
DISTRICT OF COLUMBIA	2	77.9%	15.0%	7.1%	435%
FLORIDA	11	86.1%	10.6%	3.3%	309%
GEORGIA	3	82.5%	14.5%	3.0%	383%
HAWAII	4	85.8%	10.8%	3.3%	428%
ILLINOIS	8	95.1%	9.1%	(4.3%)	321%
INDIANA	2	86.7%	11.2%	2.1%	399%
IOWA	2	114.4%	8.5%	(22.9%)	245%
KANSAS	3	86.2%	11.5%	2.3%	459%
KENTUCKY	6	87.4%	10.1%	2.5%	569%
LOUISIANA	5	84.5%	14.8%	0.7%	273%
MARYLAND	4	83.3%	10.6%	6.1%	355%
MASSACHUSETTS	6	95.0%	7.2%	(2.1%)	309%
MICHIGAN	11	83.5%	14.5%	2.0%	325%
MINNESOTA	5	98.4%	8.4%	(6.8%)	569%
MISSISSIPPI	2	88.5%	13.7%	(2.3%)	217%
MISSOURI	3	87.4%	11.3%	1.3%	550%
NEBRASKA	3	86.6%	13.0%	0.4%	374%
NEVADA	2	85.6%	11.0%	3.4%	319%
NEW HAMPSHIRE	1	93.4%	13.6%	(7.0%)	981%
NEW JERSEY	5	84.2%	10.9%	4.9%	507%
NEW MEXICO	4	81.2%	17.3%	1.5%	444%
NEW YORK	7	92.6%	11.3%	(3.8%)	458%
OHIO	5	84.8%	15.6%	(0.3%)	328%
OREGON	2	90.1%	8.4%	1.5%	810%
PENNSYLVANIA	7	83.1%	13.9%	3.0%	402%
RHODE ISLAND	2	89.8%	10.1%	0.1%	345%
SOUTH CAROLINA	6	84.2%	11.2%	4.6%	472%
TENNESSEE	3	81.4%	16.0%	2.6%	434%
TEXAS	20	87.0%	12.5%	0.5%	328%

UTAH	3	86.3%	9.4%	4.4%	321%
VIRGINIA	5	87.6%	8.7%	3.7%	438%
WASHINGTON	5	86.7%	12.3%	1.0%	385%
WEST VIRGINIA	4	88.5%	8.3%	3.3%	414%
WISCONSIN	17	82.1%	13.6%	4.3%	427%

The number of states included in our analysis where MCOs reflect a reported underwriting loss for CY 2016 is the same number, eight, that was listed in the CY 2015 version of this report. Figure 3 above indicates that there are a larger number of plans reporting losses for CY 2016 versus 2015. Medicaid programs are operated on a state basis and rate changes from year to year are specific to the program and benefit coverages within that state. As such, capitation rate changes from year to year will vary depending upon the actual MCO experience.

ANNUAL MEDICAID REVENUE

The annual revenue under which the MCO operates may be a contributing factor to the resulting financial performance metrics summarized in this report. Administrative expense percentages are believed to vary based on MCO size because of fixed and variable expense structures. Additionally, claim volume may also dictate the amount of leverage that an MCO has in negotiations with providers regarding reimbursement levels.

The drawback of developing conclusions based on annual Medicaid revenue is that often MCOs, at the organization or parent company level, are larger than the Medicaid revenue they report in a given state program. The business in other programs such as Medicare and commercial or business in other states may provide the economies of scale to spread costs and create efficiencies. This distinction is not included in this report as each MCO and state was assumed to be an independent data point.

FIGURE 6: ANNUAL MEDICAID REVENUE

ANNUAL MEDICAID REVENUE	N	MLR	ALR	UW RATIO	RBC RATIO
$10 TO $250 MILLION	48	83.8%	12.1%	4.0%	551%
$250 TO $600 MILLION	45	86.6%	11.5%	1.9%	440%
$600 MILLION TO $1.2 BILLION	47	87.7%	11.8%	0.6%	402%
MORE THAN $1.2 BILLION	49	86.9%	12.4%	0.7%	354%

The results shown in Figure 6 represent a large change from CY 2015, in that the smallest plans produced the largest underwriting gains, as a percentage of revenue. For CY 2016, it would appear that aggregate revenue is inversely related to the UW Ratio. Furthermore, the CY 2016 results indicate an increase in UW Ratio and RBC Ratio for the smallest plans, and decreases in both UW Ratio and RBC Ratio for the largest plans. Although not able to be analyzed with this Medicaid information, it is possible that plans with smaller Medicaid lines of business may have other lines of business (commercial or Medicare) that can help provide management of overall expenses.

MEDICAID REVENUE PMPM

Within Medicaid, there are various population types that observe significantly different claim costs. For example, the average claim per member per month (PMPM) for a typical Temporary Assistance for Needy Families (TANF) population is expected to be significantly less than for a disabled population. The segmentation of population was not available in the data used in this report. As such, the revenue PMPM was used as a proxy to indicate different population morbidities. The specific categories were selected to yield a sufficient sample size in each group such that comparison would be meaningful. The trend in states transitioning certain long-term care services into managed care may have applied upward pressure on the revenue PMPMs observed across the plans included in this report.

FIGURE 7: MEDICAID REVENUE PMPM

MEDICAID REVENUE PMPM	N	MLR	ALR	UW RATIO	RBC RATIO
LESS THAN $290	63	86.3%	11.9%	1.8%	365%
$290 TO $425	64	85.1%	13.0%	1.9%	407%
MORE THAN $425	62	88.5%	11.6%	(0.2%)	408%

Somewhat related to the results in Figure 6, the information presented in Figure 7 indicates that the underwriting gains for MCOs decreased as the revenue, in this case PMPM, increased. This contrasts with the CY 2015 reported information, but is more in line with CY 2014 information. Please note that we continue to modify the revenue PMPM bands with each year. The MCOs with the lowest amount of revenue experience the largest increase in underwriting gains from the prior year, more than doubling the 0.8% reported in CY 2015. An additional observation is that the ALR for plans with PMPMs in the range of $290 to $425 revenue PMPM continues to be higher than those of the other two ranges.

TYPE OF MCO (MEDICAID FOCUSED OR MEDICAID OTHER)

MCOs participating in Medicaid managed care programs may be a "Medicaid focused" plan or may participate in programs other than Medicaid. The purpose of this segmentation is to review the results of plans that are predominantly serving Medicaid populations as opposed to a more diverse product offering. Please note that the 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 Children's Health Insurance Program (CHIP) costs are reported in a line of business other than Medicaid, a plan may be categorized as "Medicaid other." Additionally, revenue or expenses associated with plans that provide coverage to Medicare-Medicaid dual eligibles in demonstration programs that were not reported in the Medicaid column are excluded from this analysis.

"Medicaid other" refers to any MCO reporting $10 million or more of Medicaid revenue, but also reporting other lines of business making up more than 10% of the total revenue.

FIGURE 8: MCO TYPE

MCO TYPE	N	MLR	ALR	UW RATIO	RBC RATIO
MEDICAID FOCUSED	87	87.5%	11.7%	0.8%	401%
MEDICAID OTHER	102	86.4%	12.6%	1.0%	398%

The experience reported in CY 2016 is consistent with CY 2015 in that the UW Ratio for the Medicaid MCOs analyzed in this report appears to not materially differ between plans that are categorized as "Medicaid focused" and those as "Medicaid other." It is important to note that while categorized differently, the experience is limited to Medicaid revenue and expenses. Although reported ALR does differ between the two MCO types, the UW Ratios and RBC Ratios are nearly identical. Additionally, the notion that the ALR is lower for "Medicaid focused" plans reflects further divergence from prior years, where the ALR values were lower on "Medicaid other" plans, which may have been able to allocate these expenses across other lines of business.

The annual statements of MCOs are reported at the legal entity level. Many MCOs create separate legal entities for the Medicaid line of business. This practice complicates a comparison of Medicaid focused and Medicaid other MCOs in that a Medicaid focused MCO may be a subsidiary of a larger parent organization.

AFFILIATION TYPE OF MCO (INDEPENDENT OR AFFILIATED)

The complications with the definitions of legal entities described above can be mitigated somewhat by using parent company information for the MCO legal entity, located on the jurat page of the annual statement.

Many researchers and analysts believe that an MCO that is affiliated with a larger organization will benefit from administrative efficiencies and other economies of scale because of its resource-sharing and overhead allocation capabilities. The economies of scale could also extend to claim items such as national prescription benefit management (PBM) contracts or stop-loss reinsurance contracts.

FIGURE 9: MCO AFFILIATION TYPE

MCO AFFILIATION TYPE	N	MLR	ALR	UW RATIO	RBC RATIO
INDEPENDENT	34	89.0%	11.5%	(0.5%)	418%
AFFILIATED	155	86.7%	12.2%	1.1%	397%

The results shown in Figure 9 do not indicate that MCOs that are affiliated with larger organizations experience ALR values that are, on average, lower than the independent MCOs. To the contrary, the results indicate a higher average ALR for an MCO that is affiliated with a larger organization. The mean MLR, however, is lower for affiliated MCOs and produces more positive underwriting gains than the independent MCOs. The percentage of independent MCOs included in the analysis is approximately the same as in CY 2015. With the growth of Medicaid managed care, including ACA expansion, it is becoming more common for organizations to be affiliated with a larger company whether through mergers and/or acquisitions. This experience is seen across other lines of business as well.

MCO FINANCIAL STRUCTURE (FOR-PROFIT OR NONPROFIT)

The MCO financial structure was defined using the company type found on the jurat page of the annual statement. The segmentation of the financial structure includes for-profit and nonprofit MCOs.

The financial structure of an MCO is thought by some to be correlated to its resulting financial performance. For example, for-profit companies could be assumed to require higher UW Ratios to provide a greater return on investment for shareholders, while nonprofit companies may be generally focused on a sufficient contribution to surplus to allow for ongoing research and development as well as other capital initiatives.

FIGURE 10: MCO FINANCIAL STRUCTURE

FINANCIAL STRUCTURE	N	MLR	ALR	UW RATIO	RBC RATIO
FOR-PROFIT	132	85.8%	12.7%	1.5%	386%
NONPROFIT	57	89.8%	10.9%	(0.7%)	422%

The for-profit companies included in this analysis exhibit a higher ALR compared with the nonprofit companies and produced positive underwriting gains. The nonprofit MCOs actually reported a material increase in the MLR, which resulted in a significant decrease in underwriting performance from CY 2015. The RBC Ratios indicate a mean value that is lower for for-profit companies. This appears intuitive in that the nonprofit companies may retain more of their earnings and thus have an increased capital level as compared with for-profit companies, which may release capital in the form of dividends or stock repurchase initiatives. However, it should be noted that the RBC Ratio remained approximately the same from CY 2015 for the for-profit MCOs, but declined by over 3% for the nonprofit MCOs.

PHARMACY INDICATOR

Pharmacy benefits typically make up 20% to 25% of the total claim cost for Medicaid beneficiaries enrolled in managed care. A limited number of states exclude pharmacy and potentially other services from the capitation rate while most states carve this benefit into the capitation agreement.

Financial results of programs with or without pharmacy benefits in the capitation rates are reported because of the potential impact of the unique administrative structure of the pharmacy benefits as well as the potential impact of pharmacy management on other medical services within the risk-based structure.

FIGURE 11: PHARMACY INDICATOR

PHARMACY INDICATOR	N	MLR	ALR	UW RATIO	RBC RATIO
PHARMACY INCLUDED	163	87.2%	12.0%	0.8%	396%
PHARMACY EXCLUDED	26	82.6%	14.8%	2.6%	435%

Over the past couple of years, cost and utilization trends associated with prescription drugs have seen unprecedented increases across several Medicaid programs. Although only a limited number of states carve out pharmacy benefits from the managed care contract, MCOs in those exclusion states experienced positive gains in CY 2016 consistent with CY 2015. MCOs operating in states where the pharmacy benefit is carved in saw a decrease in underwriting performance. While not necessarily a causal relationship, it appears intuitive that administrative costs for pharmacy-included plans would be lower on a composite basis as the pharmacy component is thought to have a lower administrative cost structure.

MEDICAID EXPANSION STATES

The ACA provided states with the ability to expand coverage under Medicaid beginning in 2014. During CY 2015 we identified 28 states plus the District of Columbia that provided coverage to beneficiaries through Medicaid expansion. That has increased to 32 states for the CY 2016 report. These states began coverage either prior to CY 2016 or during 2016, with a sufficient passage of time to identify as a Medicaid expansion state for this analysis. We have summarized the financial metrics for MCOs operating in states that expanded Medicaid coverage versus those that did not (as of December 31, 2016).

FIGURE 12: STATE MEDICAID EXPANSION

STATE EXPANSION/ NO EXPANSION	N	MLR	ALR	UW RATIO	RBC RATIO
EXPANSION STATE	110	87.6%	12.1%	0.3%	420%
NON-EXPANSION STATE	79	85.6%	12.3%	2.1%	363%

Although there is a slight difference in the MLR and ALR values, the UW Ratio gains were higher for MCOs with Medicaid business in states where Medicaid expansion had not occurred. This is in direct contrast with CY 2015, which may indicate that as experience has emerged and the programs matured, experience may be correcting itself in comparison with previously established capitation rates. Also of note is that, despite the expansion of Medicaid coverage, the enrollment of beneficiaries into managed care may not be fully reflected in the reported experience, depending upon timelines and enrollment processes established by the different states

As this may not be a causal relationship, it illustrates the difference in plan performance in managed care where states have opted to expand the Medicaid program under the ACA.

REPORTED GAIN OR LOSS

It is intuitive that MCOs reporting an underwriting gain would have lower MLRs and/or ALRs than those reporting an underwriting loss. This segmentation is intended to review the average MLR and ALR values, and observe the relative contribution of each component to the gain or loss position.

FIGURE 13: MCO GAIN/LOSS

MCO GAIN/(LOSS)	N	MLR	ALR	UW RATIO	RBC RATIO
REPORTED A GAIN	125	84.1%	12.4%	3.5%	409%
REPORTED A LOSS	64	92.9%	11.7%	(4.6%)	381%

As observed in Figure 13, the mean values of the MLRs appear to be the primary drivers of the resulting gain or loss positions. The ALR mean values are higher, on average, among MCOs that reported a gain compared with those that reported a loss. Although fewer MCOs reported a gain in CY 2016 in comparison with CY 2015 (66% vs. 73%) the composite performance of MCOs reporting a gain are generally consistent with CY 2015 MCOs reporting a gain and similar for those reporting a loss.

Conclusion

Risk-based managed care represents a large portion of total Medicaid expenditures for CY 2016 and the amount of expenditures will continue to grow as Medicaid expansion programs continue to shift additional membership to managed care organizations. Additional transition of members is also occurring for other populations that have traditionally been operated under fee-for-service 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 provide reference and benchmarking information for certain key financial metrics used in the day-to-day analysis of Medicaid MCO financial performance. The results observed for the MCOs were volatile in nature but did suggest certain correlations among the various MCO characteristics selected for this study.

It will be important to continue monitoring the results over time as the world of healthcare finance continues to evolve and pose new challenges.

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 June 7, 2017, 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.

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.

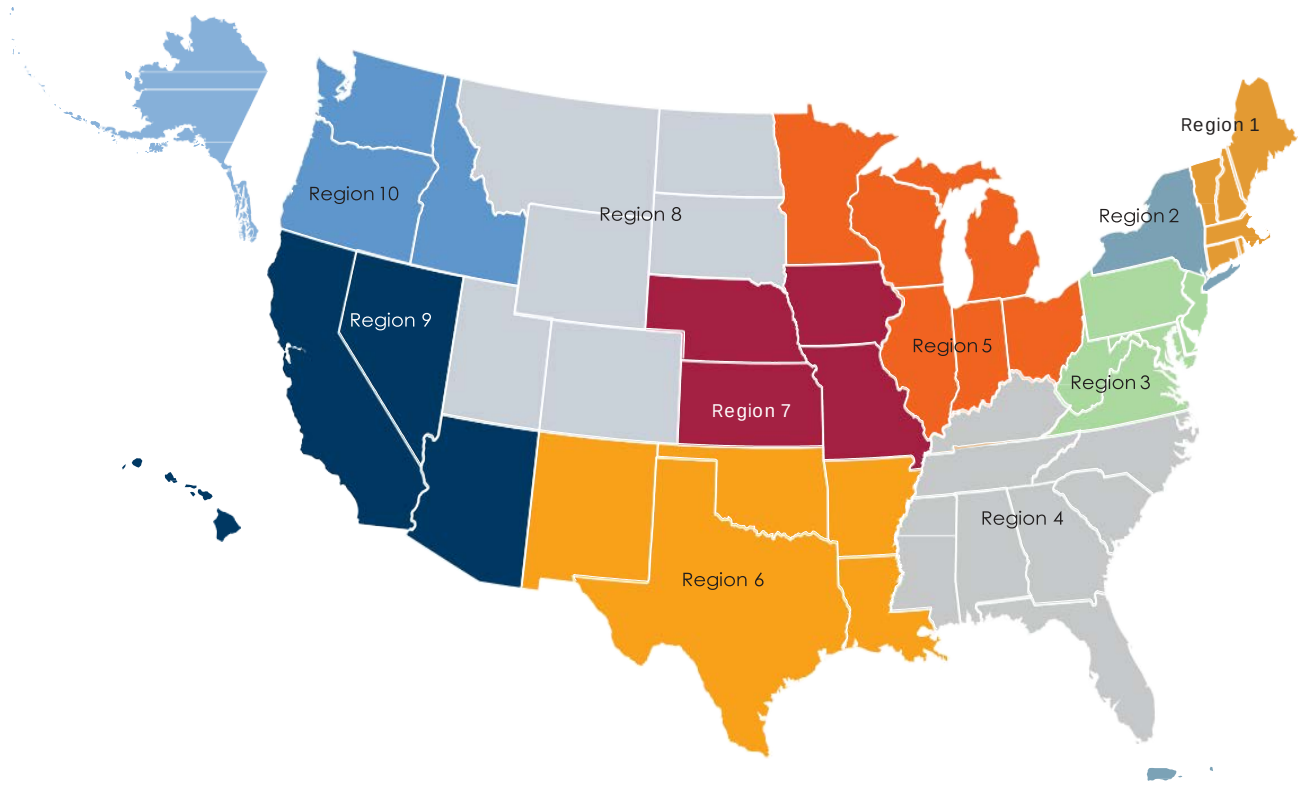
This report is intended for informational purposes only. Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

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


Region 1
Region 2
Region 3
Region 4
Region 5
Region 6
Region 7
Region 8
Region 9
Region 10

Appendix 2

MEDICAL LOSS RATIO: CY 2016 RESULTS

		REVENUE		PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	189	163.7	86.9%	78.1%	82.2%	86.5%	89.9%	95.0%
CMS REGION	REGION 1	9	7.1	93.7%	82.1%	89.4%	90.6%	93.6%	99.6%
	REGION 2	12	15.6	87.7%	79.4%	81.3%	87.8%	93.4%	94.0%
	REGION 3	22	21.0	84.1%	76.1%	78.2%	85.0%	88.7%	91.4%
	REGION 4	31	35.0	85.0%	78.8%	81.6%	84.8%	88.0%	88.5%
	REGION 5	48	36.7	88.2%	77.1%	81.7%	86.8%	90.1%	97.7%
	REGION 6	29	26.8	85.6%	78.0%	81.1%	84.4%	87.8%	91.0%
	REGION 7	11	6.6	95.8%	84.3%	85.2%	86.7%	95.0%	114.2%
	REGION 8	4	0.8	86.8%	80.2%	84.3%	88.5%	91.5%	94.6%
	REGION 9	16	8.4	86.6%	75.7%	82.7%	85.5%	88.5%	94.2%
	REGION 10	7	5.7	87.0%	81.9%	85.2%	89.1%	91.6%	92.1%
ANNUAL REVENUE	$10 TO $250 MILLION	48	5.6	83.8%	70.3%	80.5%	85.4%	88.5%	95.0%
	$250 TO $600 MILLION	45	17.8	86.6%	80.6%	82.9%	86.7%	90.9%	93.6%
	$600 MILLION TO $1.2 BILLION	47	42.3	87.7%	80.0%	84.4%	87.1%	91.6%	93.4%
	MORE THAN $1.2 BILLION	49	98.0	86.9%	78.8%	82.1%	86.1%	88.5%	96.9%
REVENUE PMPM	LESS THAN $290	63	29.4	86.3%	78.8%	81.6%	86.4%	89.1%	93.2%
	$290 TO $425	64	56.2	85.1%	77.8%	81.9%	85.2%	88.1%	92.2%
	MORE THAN $425	62	78.1	88.5%	79.4%	83.0%	87.8%	92.3%	99.5%
MCO TYPE	MEDICAID FOCUSED	87	78.8	87.5%	78.2%	82.1%	86.2%	89.7%	94.6%
	MEDICAID OTHER	102	84.9	86.4%	79.5%	82.0%	86.8%	90.6%	94.0%
MCO AFFILIATION TYPE	INDEPENDENT	34	16.5	89.0%	74.3%	83.0%	87.4%	90.1%	94.0%
	AFFILIATED	155	147.3	86.7%	78.7%	82.0%	86.2%	90.0%	94.2%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	132	117.2	85.8%	78.2%	81.4%	85.2%	88.0%	93.2%
	NONPROFIT	57	46.6	89.8%	80.6%	86.5%	89.1%	92.2%	96.5%
PHARMACY INDICATOR	INCLUDED	163	153.2	87.2%	78.8%	82.3%	86.8%	90.6%	94.6%
	EXCLUDED	26	10.6	82.6%	78.3%	81.6%	85.6%	88.0%	93.2%
EXPANSION STATUS	EXPANSION STATE	110	107.6	87.6%	77.4%	82.3%	86.8%	92.0%	96.5%
	NON-EXPANSION STATE	79	56.1	85.6%	78.8%	81.6%	86.0%	88.1%	91.2%
GAIN/(LOSS) POSITION	REPORTED A GAIN	125	111.1	84.1%	77.1%	80.8%	84.3%	87.0%	88.7%
	REPORTED A LOSS	64	52.7	92.9%	86.4%	87.8%	92.0%	94.8%	101.5%

ADMINISTRATIVE LOSS RATIO: CY 2016 RESULTS

		REVENUE		PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	189	163.7	12.2%	8.2%	9.7%	12.0%	14.4%	17.2%
CMS REGION	REGION 1	9	7.1	8.1%	5.8%	7.7%	9.4%	10.2%	13.6%
	REGION 2	12	15.6	11.0%	9.1%	9.7%	10.9%	12.8%	13.4%
	REGION 3	22	21.0	12.3%	7.1%	9.1%	9.8%	14.7%	18.1%
	REGION 4	31	35.0	12.2%	9.3%	9.8%	11.5%	14.1%	15.7%
	REGION 5	48	36.7	12.8%	8.1%	9.6%	12.4%	15.5%	16.9%
	REGION 6	29	26.8	13.7%	9.8%	11.7%	13.9%	15.2%	19.9%
	REGION 7	11	6.6	10.6%	10.1%	10.7%	11.6%	12.7%	14.2%
	REGION 8	4	0.8	9.9%	7.1%	7.1%	8.1%	10.6%	13.0%
	REGION 9	16	8.4	11.0%	7.6%	9.6%	11.3%	12.1%	14.1%
	REGION 10	7	5.7	11.9%	7.5%	8.6%	11.7%	12.7%	14.6%
ANNUAL REVENUE	$10 TO $250 MILLION	48	5.6	12.1%	8.1%	10.5%	12.2%	14.7%	17.0%
	$250 TO $600 MILLION	45	17.8	11.5%	7.5%	9.3%	11.7%	13.7%	15.8%
	$600 MILLION TO $1.2 BILLION	47	42.3	11.8%	9.0%	9.6%	11.2%	13.0%	15.8%
	MORE THAN $1.2 BILLION	49	98.0	12.4%	7.7%	9.7%	12.7%	15.2%	17.0%
REVENUE PMPM	LESS THAN $290	63	29.4	11.9%	9.2%	10.1%	12.2%	14.2%	16.6%
	$290 TO $425	64	56.2	13.0%	7.7%	9.6%	12.6%	14.7%	15.8%
	MORE THAN $425	62	78.1	11.6%	7.7%	9.2%	10.5%	14.1%	17.7%
MCO TYPE	MEDICAID FOCUSED	87	78.8	11.7%	7.7%	9.6%	11.7%	14.2%	15.8%
	MEDICAID OTHER	102	84.9	12.6%	8.2%	9.7%	11.8%	14.5%	17.3%
MCO AFFILIATION TYPE	INDEPENDENT	34	16.5	11.5%	8.1%	9.6%	11.2%	16.4%	19.9%
	AFFILIATED	155	147.3	12.2%	8.0%	9.7%	12.0%	14.3%	16.0%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	132	117.2	12.7%	9.2%	10.3%	12.6%	14.7%	16.6%
	NONPROFIT	57	46.6	10.9%	7.1%	8.2%	9.7%	11.9%	15.8%
PHARMACY INDICATOR	INCLUDED	163	153.2	12.0%	7.7%	9.6%	11.7%	14.1%	16.5%
	EXCLUDED	26	10.6	14.8%	9.5%	10.7%	12.9%	15.5%	17.0%
EXPANSION STATUS	EXPANSION STATE	110	107.6	12.1%	7.5%	9.3%	11.6%	14.6%	16.4%
	NON-EXPANSION STATE	79	56.1	12.3%	9.1%	10.3%	12.2%	14.1%	17.0%
GAIN/(LOSS) POSITION	REPORTED A GAIN	125	111.1	12.4%	8.9%	9.8%	11.8%	14.3%	16.6%
	REPORTED A LOSS	64	52.7	11.7%	7.6%	9.0%	11.8%	14.2%	16.4%

UNDERWRITING RATIO: CY 2016 RESULTS

		REVENUE		PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	189	163.7	0.9%	(6.6%)	(1.4%)	1.8%	4.7%	8.6%
CMS REGION	REGION 1	9	7.1	(1.8%)	(7.0%)	(1.9%)	(0.8%)	0.6%	5.2%
	REGION 2	12	15.6	1.2%	(4.9%)	(3.1%)	(1.1%)	4.8%	7.8%
	REGION 3	22	21.0	3.6%	(0.6%)	1.5%	4.5%	5.8%	7.6%
	REGION 4	31	35.0	2.7%	(4.5%)	0.1%	2.7%	6.6%	7.6%
	REGION 5	48	36.7	(1.0%)	(5.6%)	(3.2%)	0.4%	2.2%	8.6%
	REGION 6	29	26.8	0.7%	(4.9%)	(1.8%)	1.6%	4.1%	6.3%
	REGION 7	11	6.6	(6.4%)	(21.0%)	(9.2%)	1.6%	4.1%	4.3%
	REGION 8	4	0.8	3.3%	(2.7%)	(1.3%)	0.1%	3.4%	6.8%
	REGION 9	16	8.4	2.4%	(5.0%)	(1.3%)	2.4%	5.4%	10.9%
	REGION 10	7	5.7	1.1%	(6.7%)	0.7%	1.7%	2.2%	6.3%
ANNUAL REVENUE	$10 TO $250 MILLION	48	5.6	4.0%	(5.0%)	(1.2%)	1.1%	6.7%	13.1%
	$250 TO $600 MILLION	45	17.8	1.9%	(4.9%)	(1.3%)	2.2%	5.0%	6.3%
	$600 MILLION TO $1.2 BILLION	47	42.3	0.6%	(6.7%)	(1.8%)	1.7%	4.1%	7.6%
	MORE THAN $1.2 BILLION	49	98.0	0.7%	(4.6%)	(1.3%)	1.7%	3.4%	6.1%
REVENUE PMPM	LESS THAN $290	63	29.4	1.8%	(4.9%)	(1.0%)	1.8%	4.6%	7.3%
	$290 TO $425	64	56.2	1.9%	(4.5%)	(0.2%)	2.1%	5.4%	8.6%
	MORE THAN $425	62	78.1	(0.2%)	(9.4%)	(2.7%)	0.7%	3.0%	5.7%
MCO TYPE	MEDICAID FOCUSED	87	78.8	0.8%	(5.8%)	(1.3%)	1.8%	5.3%	7.4%
	MEDICAID OTHER	102	84.9	1.0%	(4.8%)	(1.9%)	1.5%	4.3%	6.7%
MCO AFFILIATION TYPE	INDEPENDENT	34	16.5	(0.5%)	(4.8%)	(2.2%)	0.8%	2.9%	5.8%
	AFFILIATED	155	147.3	1.1%	(5.0%)	(1.3%)	2.1%	5.1%	7.4%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	132	117.2	1.5%	(5.0%)	(0.7%)	2.2%	5.3%	7.6%
	NONPROFIT	57	46.6	(0.7%)	(4.9%)	(1.9%)	0.4%	2.9%	5.2%
PHARMACY INDICATOR	INCLUDED	163	153.2	0.8%	(4.9%)	(1.4%)	1.7%	5.0%	7.3%
	EXCLUDED	26	10.6	2.6%	(5.6%)	(0.7%)	1.0%	4.1%	8.6%
EXPANSION STATUS	EXPANSION STATE	110	107.6	0.3%	(6.7%)	(2.2%)	1.6%	4.7%	7.3%
	NON-EXPANSION STATE	79	56.1	2.1%	(4.5%)	(0.2%)	2.2%	4.9%	7.3%
GAIN/(LOSS) POSITION	REPORTED A GAIN	125	111.1	3.5%	0.8%	1.7%	3.6%	5.8%	9.2%
	REPORTED A LOSS	64	52.7	(4.6%)	(10.2%)	(5.4%)	(3.2%)	(1.3%)	(0.5%)

RISK-BASED CAPITAL RATIO: CY 2016 RESULTS

		REVENUE		PERCENTILE					
MCO GROUPING	CATEGORY	N	(IN $ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	179	158.4	399%	246%	310%	379%	497%	680%
CMS REGION	REGION 1	9	7.1	320%	157%	269%	366%	455%	981%
	REGION 2	12	15.6	471%	336%	410%	507%	608%	730%
	REGION 3	22	21.0	404%	285%	304%	393%	498%	586%
	REGION 4	31	35.0	406%	232%	306%	374%	520%	581%
	REGION 5	48	36.7	400%	291%	324%	368%	458%	580%
	REGION 6	29	26.8	337%	242%	269%	324%	469%	671%
	REGION 7	11	6.6	383%	207%	304%	373%	473%	545%
	REGION 8	4	0.8	319%	303%	306%	310%	346%	381%
	REGION 9	6	3.1	389%	316%	320%	383%	428%	580%
	REGION 10	7	5.7	459%	264%	299%	417%	721%	1064%
ANNUAL REVENUE	$10 TO $250 MILLION	45	5.2	551%	303%	338%	389%	567%	790%
	$250 TO $600 MILLION	41	16.4	440%	311%	361%	428%	536%	671%
	$600 MILLION TO $1.2 BILLION	46	41.4	402%	240%	274%	362%	469%	580%
	MORE THAN $1.2 BILLION	47	95.3	354%	220%	290%	338%	398%	520%
REVENUE PMPM	LESS THAN $290	55	24.5	365%	242%	307%	378%	486%	574%
	$290 TO $425	63	56.0	407%	256%	303%	390%	498%	782%
	MORE THAN $425	61	77.9	408%	271%	320%	368%	485%	608%
MCO TYPE	MEDICAID FOCUSED	77	73.5	401%	256%	304%	383%	545%	709%
	MEDICAID OTHER	102	84.9	398%	262%	307%	374%	473%	580%
MCO AFFILIATION TYPE	INDEPENDENT	33	16.4	418%	262%	304%	403%	567%	709%
	AFFILIATED	146	142.0	397%	256%	307%	373%	473%	589%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	126	113.9	386%	264%	306%	371%	472%	589%
	NONPROFIT	53	44.5	422%	242%	318%	393%	545%	678%
PHARMACY INDICATOR	INCLUDED	153	147.8	396%	243%	303%	379%	486%	671%
	EXCLUDED	26	10.6	435%	307%	342%	392%	473%	568%
EXPANSION STATUS	EXPANSION STATE	100	102.3	420%	243%	304%	383%	486%	716%
	NON-EXPANSION STATE	79	56.1	363%	262%	307%	374%	480%	581%
GAIN/(LOSS) POSITION	REPORTED A GAIN	118	106.7	409%	268%	311%	393%	522%	671%
	REPORTED A LOSS	61	51.7	381%	224%	294%	355%	441%	589%

Appendix 3

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
ARIZONA	CARE 1ST	REGION 9	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	HEALTH CHOICE	REGION 9	$600M TO $1.2 B	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	HEALTH NET ACCESS	REGION 9	$10M TO $250M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	MARICOPA HEALTH PLAN	REGION 9	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
ARIZONA	MERCY CARE PLAN	REGION 9	$1.2 B+	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	PHOENIX HEALTH PLAN	REGION 9	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	UNITED HEALTH CARE COMMUNITY	REGION 9	$1.2 B+	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	UNIVERSITY FAMILY CARE	REGION 9	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
ARIZONA	UNITED - CRS	REGION 9	$250M TO $600M	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ARIZONA	CMDP	REGION 9	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
COLORADO	ROCKY MTN HLTH MAINTENANCE ORG	REGION 8	$10M TO $250M	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
DISTRICT OF COLUMBIA	AMERIHEALTH CARITAS DISTRICT	REGION 3	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
DISTRICT OF COLUMBIA	TRUSTED HEALTH PLAN	REGION 3	$10M TO $250M	$290 TO $425	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
FLORIDA	AMERIGROUP FLORIDA INC.	REGION 4	$1.2 B+	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	BETTER HEALTH INC.	REGION 4	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	COVENTRY HEALTH CARE OF FL INC	REGION 4	$250M TO $600M	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	FLORIDA MHS INC.	REGION 4	$250M TO $600M	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	FLORIDA TRUE HEALTH INC.	REGION 4	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	HUMANA MEDICAL PLAN INC.	REGION 4	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	MOLINA HEALTHCARE OF FL INC.	REGION 4	$600M TO $1.2 B	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	SIMPLY HEALTHCARE PLANS INC.	REGION 4	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	SUNSHINE STATE HEALTH PLAN INC	REGION 4	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	UNITEDHEALTHCARE OF FL INC.	REGION 4	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	WELLCARE OF FLORIDA INC.	REGION 4	$1.2 B+	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
GEORGIA	AMGP GEORGIA MANAGED CARE CO.	REGION 4	$600M TO $1.2 B	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
GEORGIA	PEACH STATE HEALTH PLAN INC.	REGION 4	$1.2 B+	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
GEORGIA	WELLCARE OF GEORGIA INC.	REGION 4	$1.2 B+	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
HAWAII	ALOHACARE	REGION 9	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
HAWAII	HAWAII MEDICAL SERVICE ASSN.	REGION 9	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
HAWAII	KAISER FNDTN HLTH PLAN INC. HI	REGION 9	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
HAWAII	WELLCARE HEALTH INS OF AZ INC.	REGION 9	$250M TO $600M	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	AETNA BETTER HEALTH INC. (IL)	REGION 5	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ILLINOIS	FAMILY HEALTH NETWORK INC.	REGION 5	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	HARMONY HEALTH PLAN INC.	REGION 5	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ILLINOIS	HEALTH ALLIANCE CONNECT INC.	REGION 5	$250M TO $600M	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
ILLINOIS	HEALTHSPRING OF TENNESSEE INC.	REGION 5	$10M TO $250M	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	ILLINICARE HEALTH PLAN INC.	REGION 5	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ILLINOIS	MERIDIAN HEALTH PLAN OF IL INC	REGION 5	$600M TO $1.2 B	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ILLINOIS	MOLINA HEALTHCARE OF IL INC	REGION 5	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
INDIANA	ANTHEM INSURANCE COMPANIES INC	REGION 5	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
INDIANA	COORDINATED CARE CORP.	REGION 5	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
IOWA	AMERIGROUP IOWA INC.	REGION 7	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
IOWA	AMERIHEALTH CARITAS IOWA INC.	REGION 7	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
KANSAS	AMERIGROUP KANSAS INC.	REGION 7	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
KANSAS	SUNFLOWER STATE HLTH PLAN INC.	REGION 7	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
KANSAS	UNITEDHEALTHCARE OF THE MW INC	REGION 7	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
KENTUCKY	AETNA BETTER HLTH OF KY INS CO	REGION 4	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	ANTHEM KY MNGD CARE PLAN INC.	REGION 4	$250M TO $600M	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	COVENTRY HEALTH & LIFE INS CO.	REGION 4	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	HUMANA HEALTH PLAN INC.	REGION 4	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
KENTUCKY	UNIVERSITY HEALTH CARE INC.	REGION 4	$1.2 B+	$425+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
KENTUCKY	WELLCARE HLTH INS CO. OF KY	REGION 4	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
LOUISIANA	AETNA BETTER HEALTH INC. (LA)	REGION 6	$250M TO $600M	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
LOUISIANA	AMERIHEALTH CARITAS LA INC.	REGION 6	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
LOUISIANA	CMNTY CARE HLTH PLAN OF LA INC	REGION 6	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
LOUISIANA	LA HEALTHCARE CONNECTIONS INC.	REGION 6	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
LOUISIANA	UNITEDHEALTHCARE OF LA INC.	REGION 6	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MARYLAND	AMERIGROUP MARYLAND INC.	REGION 3	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MARYLAND	KAISER FOUNDATION HEALTH PLAN	REGION 3	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MARYLAND	MEDSTAR FAMILY CHOICE INC.	REGION 3	$600M TO $1.2 B	$425+	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
MARYLAND	UNITEDHEALTHCARE	REGION 3	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	BOSTON MED CENTER HEALTH PLAN	REGION 1	$1.2 B+	$425+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MASSACHUSETTS	CELTICARE HLTH PLAN OF MA INC.	REGION 1	$10M TO $250M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	FALLON COMMUNITY HLTH PLAN INC	REGION 1	$10M TO $250M	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	HEALTH NEW ENGLAND INC.	REGION 1	$250M TO $600M	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	NEIGHBORHOOD HEALTH PLAN INC.	REGION 1	$1.2 B+	$425+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MASSACHUSETTS	TUFTS HEALTH PUBLIC PLANS INC.	REGION 1	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	AETNA BETTER HEALTH OF MI INC.	REGION 5	$250M TO $600M	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	BLUE CROSS COMPLETE OF MI LLC	REGION 5	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	HARBOR HEALTH PLAN INC.	REGION 5	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	MCLAREN HEALTH PLAN INC.	REGION 5	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	MERIDIAN HLTH PLAN OF MI INC.	REGION 5	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	MICHIGAN COMPLETE HEALTH INC.	REGION 5	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	MOLINA HEALTHCARE OF MI INC.	REGION 5	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	PRIORITY HEALTH CHOICE INC.	REGION 5	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	TOTAL HEALTH CARE INC.	REGION 5	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	UNITEDHEALTHCARE CMNTY (MI)	REGION 5	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	UPPER PENINSULA HLTH PLAN LLC	REGION 5	$10M TO $250M	$425+	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	HEALTHPARTNERS INC.	REGION 5	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	HENNEPIN HEALTH	REGION 5	$10M TO $250M	$425+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	HMO MINNESOTA	REGION 5	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MINNESOTA	MEDICA HEALTH PLANS	REGION 5	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MINNESOTA	UCARE MINNESOTA	REGION 5	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
MISSISSIPPI	MAGNOLIA HEALTH PLAN INC.	REGION 4	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
MISSISSIPPI	UNITEDHEALTHCARE OF MS INC.	REGION 4	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
MISSOURI	AETNA BETTER HEALTH OF MO LLC	REGION 7	$600M TO $1.2 B	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
MISSOURI	HOME STATE HEALTH PLAN INC.	REGION 7	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
MISSOURI	MISSOURI CARE INC.	REGION 7	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
NEBRASKA	AMERIHEALTH NEBRASKA INC.	REGION 7	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
NEBRASKA	COVENTRY HEALTH CARE OF NE INC	REGION 7	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
NEBRASKA	UNITEDHEALTHCARE (MIDLANDS)	REGION 7	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
NEVADA	AMERIGROUP NEVADA INC.	REGION 9	$600M TO $1.2 B	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEVADA	HEALTH PLAN OF NEVADA INC.	REGION 9	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW HAMPSHIRE	GRANITE STATE HEALTH PLAN INC.	REGION 1	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW JERSEY	AETNA BETTER HEALTH INC. (NJ)	REGION 2	$10M TO $250M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW JERSEY	AMERICHOICE OF NEW JERSEY INC.	REGION 2	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW JERSEY	AMERIGROUP NEW JERSEY INC.	REGION 2	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW JERSEY	HORIZON HEALTHCARE OF NJ INC.	REGION 2	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
NEW JERSEY	WELLCARE HLTH PLANS OF NJ INC.	REGION 2	$250M TO $600M	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW MEXICO	HCSC INSURANCE SERVICES CO.	REGION 6	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW MEXICO	MOLINA HEALTHCARE OF NM INC.	REGION 6	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW MEXICO	PRESBYTERIAN HEALTH PLAN INC.	REGION 6	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW MEXICO	UNITEDHEALTHCARE OF NEW MEXICO	REGION 6	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW YORK	CAP DISTRICT PHYSICIANS' HLTH	REGION 2	$250M TO $600M	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	EXCELLUS HEALTH PLAN INC.	REGION 2	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	HEALTH INS PLAN OF GREATER NY	REGION 2	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	HEALTHNOW NEW YORK INC.	REGION 2	$10M TO $250M	$425+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	INDEPENDENT HEALTH ASSN.	REGION 2	$250M TO $600M	$425+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	MVP HEALTH PLAN INC.	REGION 2	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	UNITEDHEALTHCARE OF NY INC.	REGION 2	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
OHIO	BUCKEYE CMNTY HEALTH PLAN INC.	REGION 5	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	CARESOURCE	REGION 5	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
OHIO	MOLINA HEALTHCARE OF OHIO INC.	REGION 5	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	PARAMOUNT ADVANTAGE	REGION 5	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
OHIO	UNITEDHEALTHCARE CMNTY (OH)	REGION 5	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
OREGON	PROVIDENCE HEALTH ASSURANCE	REGION 10	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
OREGON	TRILLIUM CMNTY HEALTH PLAN INC	REGION 10	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	AETNA BETTER HEALTH INC. (PA)	REGION 3	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	GATEWAY HEALTH PLAN INC.	REGION 3	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	GEISINGER HEALTH PLAN	REGION 3	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	HEALTH PARTNERS PLANS INC.	REGION 3	$1.2 B+	$425+	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	UNITEDHEALTHCARE OF PA INC.	REGION 3	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
PENNSYLVANIA	UPMC FOR YOU INC.	REGION 3	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	VISTA HEALTH PLAN (PA)	REGION 3	$1.2 B+	$425+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
RHODE ISLAND	NEIGHBORHOOD HEALTH PLAN OF RI	REGION 1	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
RHODE ISLAND	UNITEDHEALTHCARE (NEW ENGLAND)	REGION 1	$250M TO $600M	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
SOUTH CAROLINA	ABSOLUTE TOTAL CARE INC.	REGION 4	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
SOUTH CAROLINA	ADVICARE CORP.	REGION 4	$10M TO $250M	$290 TO $425	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
SOUTH CAROLINA	BLUECHOICE HEALTHPLAN OF SC	REGION 4	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	MOLINA HEALTHCARE OF SC LLC	REGION 4	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	SELECT HEALTH OF SC INC.	REGION 4	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	WELLCARE OF SOUTH CAROLINA INC	REGION 4	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TENNESSEE	AMERIGROUP TENNESSEE INC.	REGION 4	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
TENNESSEE	UNITEDHEALTHCARE PLAN	REGION 4	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
TENNESSEE	VOLUNTEER STATE HLTH PLAN INC.	REGION 4	$1.2 B+	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
TEXAS	AETNA BETTER HEALTH OF TX INC.	REGION 6	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	AMERIGROUP INSURANCE CO.	REGION 6	$600M TO $1.2 B	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	AMERIGROUP TEXAS INC.	REGION 6	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	BANKERS RESERVE LIFE INS CO.	REGION 6	$1.2 B+	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	CHRISTUS HEALTH PLAN	REGION 6	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	COMMUNITY FIRST HLTH PLANS INC	REGION 6	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	COMMUNITY HEALTH CHOICE INC.	REGION 6	$600M TO $1.2 B	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	COOK CHILDREN'S HEALTH PLAN	REGION 6	$250M TO $600M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	DRISCOLL CHILDREN'S HLTH PLAN	REGION 6	$250M TO $600M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	EL PASO FIRST HEALTH PLANS INC	REGION 6	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	HEALTHSPRING L&H INSURANCE CO.	REGION 6	$600M TO $1.2 B	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	MOLINA HLTHCR OF TEXAS INC.	REGION 6	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	PARKLAND CMNTY HEALTH PLAN INC	REGION 6	$250M TO $600M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SCOTT & WHITE HEALTH PLAN	REGION 6	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SENDERO HEALTH PLANS INC.	REGION 6	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SETON HEALTH PLAN INC.	REGION 6	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SHA L.L.C.	REGION 6	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
TEXAS	SUPERIOR HEALTHPLAN INC.	REGION 6	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	TEXAS CHILDREN'S HLTH PLAN INC	REGION 6	$600M TO $1.2 B	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	UNITEDHEALTHCARE CMNTY (TX)	REGION 6	$1.2 B+	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
UTAH	HEALTH CHOICE UTAH INC.	REGION 8	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
UTAH	MOLINA HEALTHCARE OF UTAH INC.	REGION 8	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
UTAH	SELECTHEALTH INC.	REGION 8	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	COVENTRY HLTHCARE OF VA INC.	REGION 3	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	HEALTHKEEPERS INC.	REGION 3	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	INTOTAL HEALTH LLC	REGION 3	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
VIRGINIA	OPTIMA HEALTH PLAN	REGION 3	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	VIRGINIA PREMIER HLTH PLAN INC	REGION 3	$600M TO $1.2 B	$425+	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	NON-EXPANSION STATE
WASHINGTON	AMERIGROUP WASHINGTON INC.	REGION 10	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WASHINGTON	COMMUNITY HEALTH PLAN OF WA	REGION 10	$600M TO $1.2 B	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - YES	GAIN	EXPANSION STATE
WASHINGTON	COORDINATED CARE OF WA INC.	REGION 10	$600M TO $1.2 B	$0 TO $290	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
WASHINGTON	MOLINA HEALTHCARE OF WA INC.	REGION 10	$1.2 B+	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WASHINGTON	UNITEDHEALTHCARE OF WA INC.	REGION 10	$600M TO $1.2 B	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WEST VIRGINIA	COVENTRY HEALTH CARE OF WV INC	REGION 3	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WEST VIRGINIA	HEALTH PLAN OF THE UPPER OH	REGION 3	$250M TO $600M	$290 TO $425	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - YES	LOSS	EXPANSION STATE
WEST VIRGINIA	UNICARE HEALTH PLAN OF WV INC.	REGION 3	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WEST VIRGINIA	WV FAMILY HEALTH PLAN INC.	REGION 3	$250M TO $600M	$290 TO $425	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WISCONSIN	CHILDREN'S CMNTY HLTH PLAN INC	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	NONPROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	COMPCARE HEALTH SVCS INS CORP.	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	DEAN HEALTH PLAN INC.	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	GROUP HLTH COOP OF EAU CLAIRE	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	GRP HLTH COOP OF SOUTH CENTRAL	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	GUNDERSEN HEALTH PLAN INC.	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	NONPROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	HEALTH TRADITION HEALTH PLAN	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE

MCO GROUPING ASSUMPTIONS, 2016

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
WISCONSIN	INDEPENDENT CARE HEALTH PLAN	REGION 5	$10M TO $250M	$425+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	MANAGED HEALTH SVCS INS CORP.	REGION 5	$10M TO $250M	$290 TO $425	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	MERCYCARE HMO INC.	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	MOLINA HEALTHCARE OF WI INC.	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	NETWORK HEALTH PLAN	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	PHYSICIANS PLUS INSURANCE CORP	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	SECURITY HEALTH PLAN OF WI INC	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	INDEPENDENT	NONPROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	TRILOGY HEALTH INSURANCE INC.	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	UNITEDHEALTHCARE OF WI INC.	REGION 5	$250M TO $600M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	UNITY HEALTH PLANS INS CORP	REGION 5	$10M TO $250M	$0 TO $290	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE

About the authors

Jeremy Palmer is a principal and consulting actuary with the Indianapolis office of Milliman and is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. Mr. Palmer joined Milliman in 2004 and currently has over 21 years of healthcare-related actuarial experience.

Christopher Pettit is a principal and consulting actuary with the Indianapolis office of Milliman and is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. Mr. Pettit joined Milliman in 2004 and currently has over 13 years of healthcare-related actuarial experience.

Both authors have developed an expertise in the financial forecasting, pricing, reporting, and reserving of all types of health insurance, including Medicaid and commercial populations. Much of Mr. Palmer's and Mr. Pettit's experience is focused on Medicaid managed care consulting for both state Medicaid programs and Medicaid managed care plans in more than 15 states and territories.

Acknowledgments

The authors gratefully acknowledge Mr. Jason Nowakowski, FSA, MAAA, principal and consulting actuary in the Seattle office of Milliman, for his peer review and comments during the writing of this report.

Additionally, the authors express gratitude to the health actuarial staff in the Indianapolis office of Milliman for their data mining and analytical support during the writing of this report.

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

milliman.com

CONTACT

Jeremy D. Palmer
jeremy.palmer@milliman.com

Christopher T. Pettit
chris.pettit@milliman.com