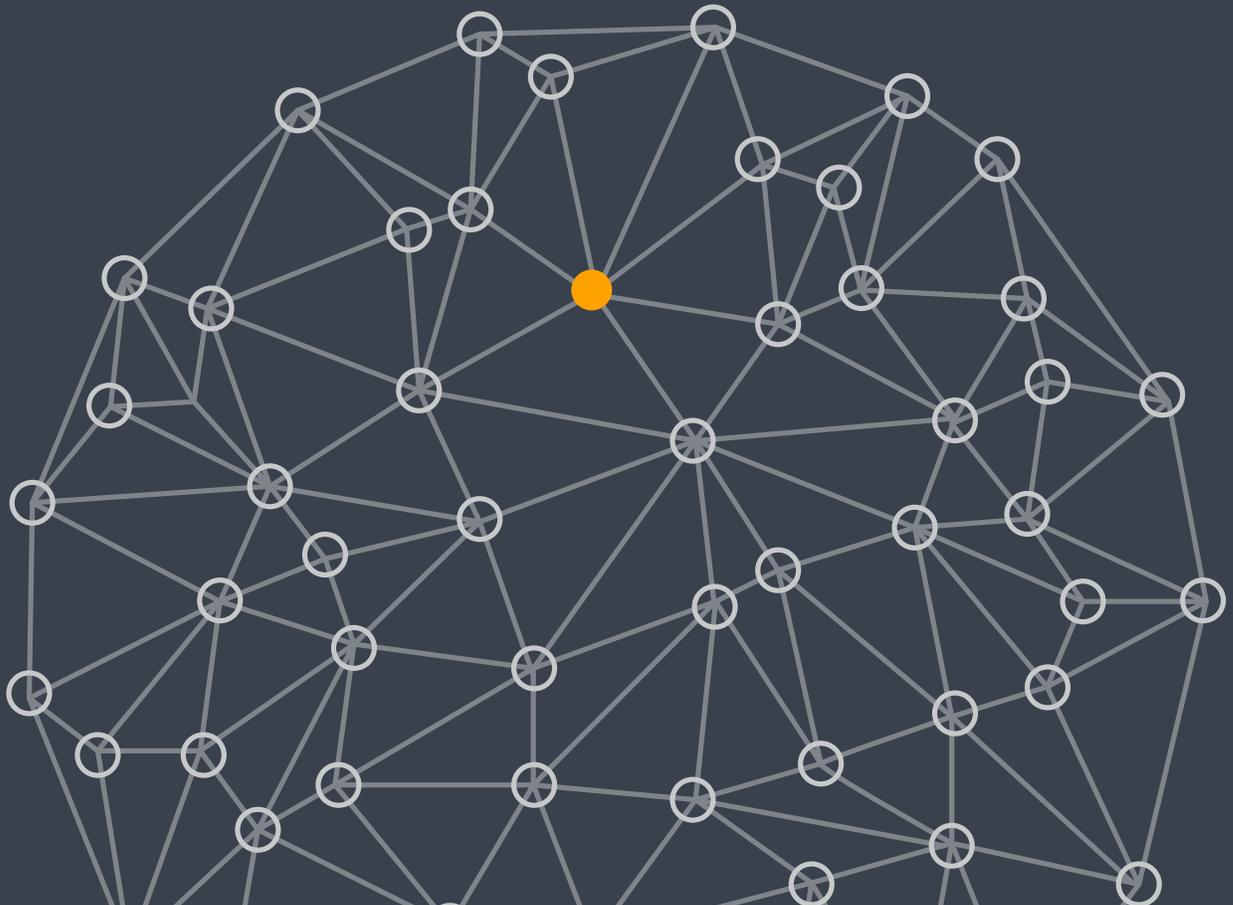


MILLIMAN RESEARCH REPORT

# Medicaid risk-based managed care: Analysis of financial results for 2015

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## Introduction

Risk-based managed care is the platform from which Medicaid recipients receive healthcare benefits, at least in part, in 39 states in the United States. 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.

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) 2015 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.<sup>1</sup> 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
- Premium revenues indicate a limited set of covered services
- Omitted from the NAIC database of annual statements utilized for this report.

This year's report adds 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 this 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 eighth iteration of the report, reflecting financial information for CY 2015. Previous versions of this report can be obtained from the Milliman website ([milliman.com](http://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 2015," which has been produced based on similar financial statement information.

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

## Summary of results

The CY 2015 financial information for 37 states and territories comprising 191 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 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 2011 through 2015 illustrated by the information that has been collected for purposes of this report is over 70%, with revenue increasing by over 130%. Although additional state information 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 2015 financial results for the 191 companies meeting the criteria selected for this study. The companies represent experience from 37 states or territories with over \$144 billion in annual Medicaid revenue.

**FIGURE 1: COMPOSITE CY 2015 FINANCIAL RESULTS**

FINANCIAL METRIC	COMPOSITE MEAN	25TH PERCENTILE	50TH PERCENTILE	75TH PERCENTILE
MEDICAL LOSS RATIO (MLR)	85.4%	81.2%	85.8%	89.3%
ADMINISTRATIVE LOSS RATIO (ALR)	12.0%	9.6%	12.0%	14.7%
UW RATIO	2.6%	(0.5%)	2.6%	5.5%
RBC RATIO	407%	315%	383%	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 2011	CY 2012	CY 2013	CY 2014	CY 2015
MEDICAID REVENUE (IN \$ BILLIONS)	\$62.0	\$73.8	\$83.6	\$110.6	\$144.1
MEMBER MONTHS (IN MILLIONS)	230	249	262	311	391
MEDICAL LOSS RATIO (MLR)	85.5%	87.9%	87.4%	86.0%	85.4%
ADMINISTRATIVE LOSS RATIO (ALR)	12.1%	11.4%	11.5%	11.9%	12.0%
UW RATIO	2.4%	0.7%	1.2%	2.1%	2.6%
RBC RATIO	515%	491%	468%	426%	407%
ESTIMATED CMS MLR <sup>2</sup>	89.8%	92.3%	91.3%	90.6%	90.2%

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 in this report have continued to increase over the past three calendar years while capital retained has steadily decreased. The medical loss ratio (MLR) that is calculated throughout the remainder of this report is based on information obtained from page 7 of the annual statement and is not consistent with the definition of MLR in the Medicaid and Children's Health Insurance Program (CHIP) managed care final rule (CMS-2390-F). Therefore, 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 the table. **This change represents a significant increase to the composite MLR of 4% to 5%. Based on this definition, more than 75% of the MCOs analyzed in this report would be at or above the 85% minimum MLR.**

The composite UW Ratio reported by the MCOs in CY 2015 represents an aggregate underwriting gain of \$3.7 billion dollars in relation to the \$144.1 billion of revenue received. The growth in revenue from CY 2014 to CY 2015 indicated by the numbers in Figure 2 is over 30% with an increase of over 25% in enrollment. 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. Additionally, 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)

Medical loss ratio (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:

$$\text{MLR} = \frac{\text{Total Hospital and Medical Expenses} + \text{Increase in Reserves for A\&H Contracts}}{\text{Total Revenue}}$$

**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 to 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 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)**

Administrative loss ratio (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:

$$\text{ALR} = \frac{\text{Claim Adjustment Expenses} + \text{General Administrative Expenses}}{\text{Total Revenue}}$$

**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 underwriting ratio (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 risk-based capital ratio (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](http://www.naic.org)).

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

<b>RBC Ratio =</b>	$\frac{\text{Total Adjusted Capital}}{\text{Authorized Control Level}}$
<b>Where:</b>	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 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 3: CMS REGION**

CMS REGION	N	MLR	ALR	UW RATIO	RBC RATIO
REGION 1	9	90.6%	8.0%	1.5%	356%
REGION 2	12	85.0%	11.5%	3.5%	478%
REGION 3	22	86.2%	12.0%	1.7%	376%
REGION 4	30	85.0%	12.0%	2.9%	372%
REGION 5	50	83.6%	12.5%	4.0%	446%
REGION 6	29	85.8%	13.5%	0.7%	366%
REGION 7	10	85.7%	10.8%	3.5%	428%
REGION 8	5	90.2%	7.8%	2.0%	320%
REGION 9	16	87.3%	10.8%	1.9%	383%
REGION 10	8	86.2%	12.2%	1.6%	445%

The experience reported by the MCOs included in our analysis indicates that no CMS region incurred a loss on a composite basis. This varies slightly from previous versions of this report, which did include certain regions that showed losses in prior calendar years. In particular, MCOs operating in CMS Region 7 reported a 2.8% loss in CY 2014, but a 3.5% gain in CY 2015. The UW Ratios do vary across the regions, though all but Region 6 reflect a UW Ratio at or above 1%.

### 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 4 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 4: STATE OF DOMICILE**

STATE OF DOMICILE	N	MLR	ALR	UW RATIO	RBC RATIO
ARIZONA	10	87.5%	10.7%	1.8%	N/A
COLORADO	1	88.6%	11.1%	0.4%	225%
DISTRICT OF COLUMBIA	2	79.7%	15.1%	5.2%	352%
FLORIDA	11	91.2%	10.6%	(1.8%)	264%
GEORGIA	3	81.6%	15.3%	3.1%	359%
HAWAII	4	90.9%	9.7%	(0.5%)	377%
IOWA	1	89.2%	12.6%	(1.8%)	200%
ILLINOIS	7	92.0%	9.0%	(0.9%)	328%
INDIANA	3	86.2%	10.9%	2.9%	390%
KANSAS	3	83.4%	10.7%	5.9%	436%
KENTUCKY	5	80.5%	8.2%	11.3%	498%
LOUISIANA	5	86.9%	12.1%	1.0%	278%
MARYLAND	3	92.3%	12.3%	(4.6%)	354%
MASSACHUSETTS	6	91.4%	7.1%	1.5%	344%
MICHIGAN	13	81.7%	14.4%	3.9%	322%
MINNESOTA	5	88.3%	8.0%	3.7%	696%
MISSISSIPPI	2	89.3%	14.1%	(3.4%)	218%
MISSOURI	3	89.6%	10.3%	0.2%	513%
NORTH DAKOTA	1	97.8%	1.8%	0.4%	208%
NEBRASKA	3	86.0%	12.1%	1.9%	342%
NEVADA	2	82.8%	12.4%	4.8%	394%
NEW HAMPSHIRE	1	93.3%	13.7%	(7.0%)	706%
NEW JERSEY	5	84.6%	11.2%	4.2%	466%
NEW MEXICO	4	83.0%	17.1%	(0.0%)	470%
NEW YORK	7	85.6%	11.8%	2.6%	483%
OHIO	5	79.6%	14.7%	5.7%	385%
OREGON	2	83.4%	9.8%	6.8%	294%
PENNSYLVANIA	8	84.8%	13.2%	2.1%	327%
RHODE ISLAND	2	87.3%	9.6%	3.1%	392%
SOUTH CAROLINA	6	83.6%	11.4%	5.0%	549%
TENNESSEE	3	80.5%	16.5%	3.0%	432%
TEXAS	20	86.3%	12.9%	0.8%	358%
UTAH	3	86.7%	10.0%	3.3%	368%
VIRGINIA	5	88.2%	8.4%	3.4%	417%
WASHINGTON	6	86.6%	12.6%	0.8%	464%
WEST VIRGINIA	4	88.7%	8.1%	3.2%	704%
WISCONSIN	17	79.3%	13.5%	7.2%	462%

The number of states included in our analysis where MCOs reflect a reported underwriting loss for CY 2015 is eight which is only slightly lower than the 10 states that reported an underwriting loss in CY 2014. 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. The reported losses, while similar in number for Figure 4 from the CY 2014 results, appear to be smaller in magnitude.

#### 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 5: ANNUAL MEDICAID REVENUE**

ANNUAL MEDICAID REVENUE	N	MLR	ALR	UW RATIO	RBC RATIO
\$10 TO \$150 MILLION	39	84.8%	12.8%	2.4%	501%
\$150 TO \$400 MILLION	44	86.1%	11.5%	2.4%	439%
\$400 MILLION TO \$1 BILLION	53	87.0%	11.8%	1.2%	445%
MORE THAN \$1 BILLION	55	84.8%	12.1%	3.1%	373%

The results shown in Figure 5 are in contrast to what we observed in the prior year report regarding smaller plans reporting a smaller percentage gain. Although the smaller plans have reported percentage gains higher than the \$400 million to \$1 billion revenue category, those with over \$1 billion of Medicaid revenue continue to outperform the smaller plans. One facet not analyzed here is that, while the Medicaid revenue for the \$10 to \$150 million and \$150 to \$400 million plans may be in the lower ranges, these plans 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 6: MEDICAID REVENUE PMPM**

MEDICAID REVENUE PMPM	N	MLR	ALR	UW RATIO	RBC RATIO
LESS THAN \$270	64	87.7%	11.6%	0.8%	387%
\$270 TO \$400	60	84.7%	13.0%	2.3%	381%
MORE THAN \$400	67	85.1%	11.5%	3.4%	432%

The results in Figure 6 indicate that the underwriting gains for MCOs increased as the revenue PMPM increased. This contrasts with the CY 2014 reported information, which indicated that plans in the middle range (\$270 to \$400) reported the largest underwriting gain, and almost double that over the other two ranges. The populations covered at the lower PMPM amounts may be reaching managed care efficiencies and in line with profit margins priced into the capitation rates. An additional observation is that the ALR for plans with PMPMs in the range of \$270 to \$400 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 7: MCO TYPE**

MCO TYPE	N	MLR	ALR	UW RATIO	RBC RATIO
MEDICAID FOCUSED	91	85.5%	12.0%	2.5%	408%
MEDICAID OTHER	100	85.3%	12.0%	2.7%	407%

The experience reported in CY 2015 for the Medicaid MCOs analyzed in this report indicates that there was little difference 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. As observed in the CY 2015 reported information, reported ALR and UW Ratios did not differ between the MCO types. This observation is in contrast to prior years, where 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 8: MCO AFFILIATION TYPE**

MCO AFFILIATION TYPE	N	MLR	ALR	UW RATIO	RBC RATIO
INDEPENDENT	38	88.3%	10.5%	1.2%	429%
AFFILIATED	153	85.1%	12.2%	2.7%	404%

The results shown in Figure 8 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 underwriting ratios that are more than double those of the independent MCOs. Also of note is that there are fewer independent MCOs included in the analysis than in prior years. 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 (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 9: MCO FINANCIAL STRUCTURE**

FINANCIAL STRUCTURE	N	MLR	ALR	UW RATIO	RBC RATIO
FOR-PROFIT	129	84.3%	12.7%	2.9%	390%
NONPROFIT	62	87.8%	10.4%	1.9%	435%

The for-profit companies included in this analysis exhibit a higher ALR compared with the nonprofit companies and produced higher underwriting gains. 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.

#### **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 10: PHARMACY INDICATOR**

PHARMACY INDICATOR	N	MLR	ALR	UW RATIO	RBC RATIO
PHARMACY INCLUDED	162	85.5%	11.9%	2.6%	405%
PHARMACY EXCLUDED	29	84.7%	12.7%	2.6%	427%

As indicated in Figure 10, the resulting mean values do not vary significantly for MCOs that include pharmacy as compared with MCOs that carve out pharmacy. 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. However, this has resulted in a higher MLR for those plans that include pharmacy.

#### MEDICAID EXPANSION STATES

The ACA provided states with the ability to expand coverage under Medicaid beginning in 2014. During calendar year 2015 we identified 28 states plus the District of Columbia that provided coverage to beneficiaries through Medicaid expansion. These states began coverage either in 2014 or 2015 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, 2015). Although there is a slight difference in the MLR and ALR values, the UW gains were higher for MCOs with Medicaid business in states where Medicaid expansion occurred. 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.

**FIGURE 11: STATE MEDICAID EXPANSION**

STATE EXPANSION/ NO EXPANSION	N	MLR	ALR	UW RATIO	RBC RATIO
EXPANSION STATE	107	85.0%	11.7%	3.3%	436%
NON-EXPANSION STATE	84	86.2%	12.5%	1.4%	359%

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 12: MCO GAIN/LOSS**

MCO GAIN / (LOSS)	N	MLR	ALR	UW RATIO	RBC RATIO
REPORTED A GAIN	139	83.9%	11.9%	4.3%	431%
REPORTED A LOSS	52	91.2%	12.6%	(3.7%)	337%

As observed in Figure 12, the mean values of the MLRs appear to be the primary drivers of the resulting gain or loss positions. The ALR mean values are lower, on average, among MCOs that reported a gain compared with those that reported a loss. Also of note, the percentage of MCOs reporting a gain in CY 2015 (73%) was higher than in prior versions of this report.

## Conclusion

Risk-based managed care represents a large portion of total Medicaid expenditures for CY 2015 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 April 12, 2016, 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.

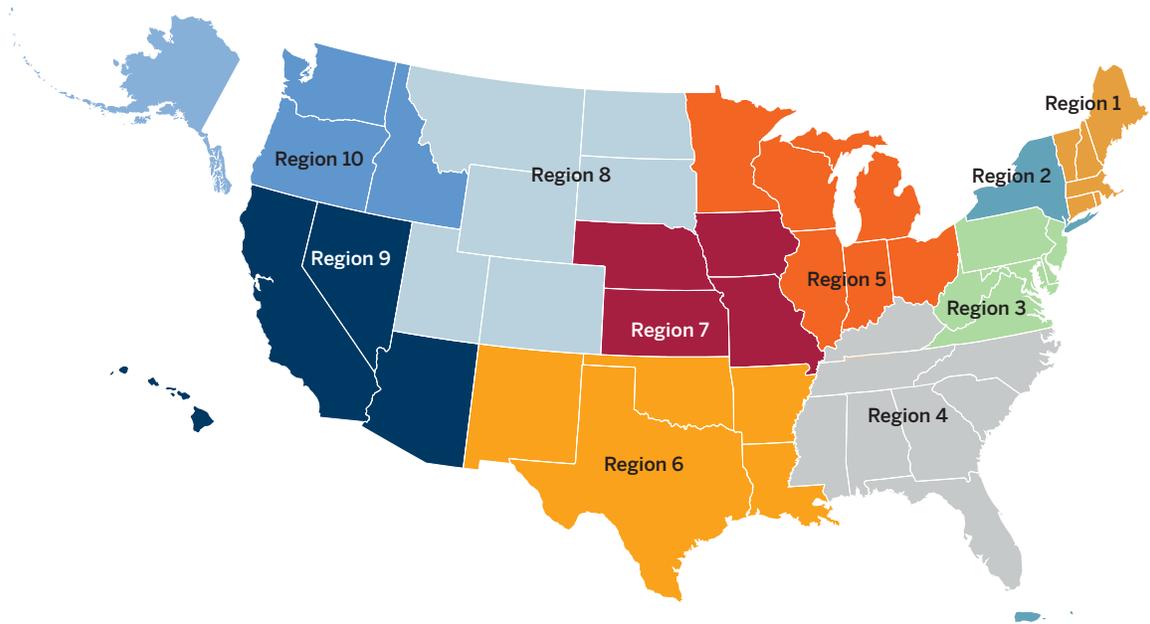
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The views expressed in this research paper are made by the authors and do not represent the opinions of Milliman, Inc. Other Milliman consultants may hold alternative views and reach different conclusions than those shown.

## 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



## Appendix 2

**MEDICAL LOSS RATIO: CY 2015 RESULTS**

MCO GROUPING	CATEGORY	N	REVENUE			PERCENTILE			
			(IN \$ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	191	144.1	85.4%	75.3%	81.2%	85.8%	89.3%	94.4%
CMS REGION	REGION 1	9	6.8	90.6%	77.8%	85.5%	89.3%	93.3%	97.0%
	REGION 2	12	13.6	85.0%	79.8%	83.8%	87.6%	89.8%	91.2%
	REGION 3	22	17.3	86.2%	77.1%	81.6%	84.9%	90.1%	95.9%
	REGION 4	30	30.4	85.0%	76.0%	80.3%	86.6%	89.6%	94.3%
	REGION 5	50	35.3	83.6%	73.1%	77.9%	83.1%	87.0%	90.4%
	REGION 6	29	23.0	85.8%	78.8%	82.5%	86.0%	89.1%	92.2%
	REGION 7	10	4.3	85.7%	82.6%	85.1%	87.4%	89.0%	90.9%
	REGION 8	5	1.0	90.2%	83.1%	85.3%	88.5%	91.2%	94.9%
	REGION 9	16	7.6	87.3%	79.7%	83.1%	86.5%	90.8%	100.6%
	REGION 10	8	4.8	86.2%	82.2%	84.7%	86.6%	88.6%	91.5%
ANNUAL REVENUE	\$10 TO \$150 MILLION	39	3.2	84.8%	71.2%	76.3%	84.1%	89.5%	95.7%
	\$150 TO \$400 MILLION	44	11.4	86.1%	77.5%	81.8%	86.0%	89.4%	95.2%
	\$400 MILLION TO \$1 BILLION	53	34.8	87.0%	80.6%	83.8%	86.5%	89.6%	94.5%
	MORE THAN \$1 BILLION	55	94.7	84.8%	77.7%	80.2%	85.2%	89.0%	91.2%
REVENUE PMPM	LESS THAN \$270	64	25.2	87.7%	75.9%	81.8%	86.4%	89.5%	95.4%
	\$270 TO \$400	60	47.4	84.7%	77.5%	81.5%	85.7%	89.0%	94.0%
	MORE THAN \$400	67	71.6	85.1%	74.8%	80.3%	85.2%	89.3%	93.9%
MCO TYPE	MEDICAID FOCUSED	91	68.4	85.5%	76.0%	80.8%	86.5%	90.2%	95.0%
	MEDICAID OTHER	100	75.7	85.3%	75.3%	81.4%	85.2%	88.8%	93.9%
MCO AFFILIATION TYPE	INDEPENDENT	38	15.3	88.3%	74.4%	81.9%	86.3%	89.8%	93.9%
	AFFILIATED	153	128.8	85.1%	76.1%	81.0%	85.6%	89.3%	94.3%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	129	98.9	84.3%	74.8%	79.7%	84.5%	88.1%	92.4%
	NONPROFIT	62	45.2	87.8%	79.6%	84.9%	88.1%	90.7%	96.2%
PHARMACY INDICATOR	INCLUDED	162	130.1	85.5%	77.1%	81.7%	86.1%	89.6%	94.8%
	EXCLUDED	29	14.0	84.7%	73.2%	78.2%	83.1%	88.1%	89.9%
EXPANSION STATUS	EXPANSION STATE	107	91.6	85.0%	75.0%	81.2%	85.8%	89.9%	95.0%
	NON-EXPANSION STATE	84	52.5	86.2%	76.6%	81.2%	85.9%	89.0%	92.7%
GAIN / (LOSS) POSITION	REPORTED A GAIN	139	114.1	83.9%	74.6%	79.4%	83.7%	87.0%	89.5%
	REPORTED A LOSS	52	30.0	91.2%	85.9%	88.4%	90.5%	95.8%	100.2%

**ADMINISTRATIVE LOSS RATIO: CY 2015 RESULTS**

MCO GROUPING	CATEGORY	N	REVENUE		PERCENTILE				
			(IN \$ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	191	144.1	12.0%	7.7%	9.6%	12.0%	14.7%	17.0%
CMS REGION	REGION 1	9	6.8	8.0%	5.8%	7.1%	9.1%	11.2%	12.8%
	REGION 2	12	13.6	11.5%	9.2%	9.6%	11.0%	12.9%	13.7%
	REGION 3	22	17.3	12.0%	6.4%	8.5%	11.9%	14.6%	17.3%
	REGION 4	30	30.4	12.0%	8.2%	9.6%	12.0%	15.2%	17.0%
	REGION 5	50	35.3	12.5%	7.7%	10.1%	12.9%	15.6%	17.3%
	REGION 6	29	23.0	13.5%	9.6%	10.8%	13.5%	15.8%	18.9%
	REGION 7	10	4.3	10.8%	9.8%	10.4%	11.7%	12.6%	13.7%
	REGION 8	5	1.0	7.8%	3.8%	6.7%	9.4%	11.2%	12.9%
	REGION 9	16	7.6	10.8%	7.9%	9.5%	10.7%	11.4%	15.3%
	REGION 10	8	4.8	12.2%	9.7%	10.2%	12.4%	13.4%	14.4%
ANNUAL REVENUE	\$10 TO \$150 MILLION	39	3.2	12.8%	7.9%	10.6%	13.0%	16.5%	18.4%
	\$150 TO \$400 MILLION	44	11.4	11.5%	7.8%	9.9%	11.3%	13.4%	15.8%
	\$400 MILLION TO \$1 BILLION	53	34.8	11.8%	8.4%	9.6%	11.4%	13.9%	16.2%
	MORE THAN \$1 BILLION	55	94.7	12.1%	7.6%	8.9%	12.2%	14.7%	16.7%
REVENUE PMPM	LESS THAN \$270	64	25.2	11.6%	8.2%	9.9%	12.0%	14.4%	17.2%
	\$270 TO \$400	60	47.4	13.0%	7.7%	10.1%	12.8%	14.9%	16.6%
	MORE THAN \$400	67	71.6	11.5%	7.3%	8.8%	10.9%	14.8%	17.4%
MCO TYPE	MEDICAID FOCUSED	91	68.4	12.0%	8.3%	9.8%	12.1%	15.2%	16.7%
	MEDICAID OTHER	100	75.7	12.0%	7.2%	9.6%	11.8%	14.1%	17.1%
MCO AFFILIATION TYPE	INDEPENDENT	38	15.3	10.5%	8.1%	9.5%	11.5%	16.3%	20.3%
	AFFILIATED	153	128.8	12.2%	7.7%	9.7%	12.0%	14.5%	16.5%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	129	98.9	12.7%	8.9%	10.6%	12.8%	14.9%	16.9%
	NONPROFIT	62	45.2	10.4%	6.4%	7.9%	9.7%	13.1%	16.9%
PHARMACY INDICATOR	INCLUDED	162	130.1	11.9%	7.5%	9.5%	11.8%	14.6%	16.7%
	EXCLUDED	29	14.0	12.7%	9.1%	11.0%	12.8%	15.5%	17.5%
EXPANSION STATUS	EXPANSION STATE	107	91.6	11.7%	7.1%	9.0%	11.6%	14.5%	16.6%
	NON-EXPANSION STATE	84	52.5	12.5%	8.8%	10.0%	12.6%	15.0%	17.3%
GAIN / (LOSS) POSITION	REPORTED A GAIN	139	114.1	11.9%	7.8%	9.5%	11.6%	14.2%	16.6%
	REPORTED A LOSS	52	30.0	12.6%	7.2%	10.6%	13.2%	15.6%	18.8%

**UNDERWRITING RATIO: CY 2015 RESULTS**

MCO GROUPING	CATEGORY	REVENUE			PERCENTILE				
		N	(IN \$ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	191	144.1	2.6%	(5.6%)	(0.5%)	2.6%	5.5%	10.4%
CMS REGION	REGION 1	9	6.8	1.5%	(4.9%)	(1.7%)	2.8%	4.5%	10.8%
	REGION 2	12	13.6	3.5%	(2.9%)	0.2%	2.1%	5.1%	7.2%
	REGION 3	22	17.3	1.7%	(4.0%)	1.0%	2.3%	5.1%	8.9%
	REGION 4	30	30.4	2.9%	(7.8%)	(2.0%)	1.3%	5.7%	12.1%
	REGION 5	50	35.3	4.0%	(2.5%)	1.3%	4.0%	8.1%	12.9%
	REGION 6	29	23.0	0.7%	(6.7%)	(1.1%)	1.2%	3.6%	7.2%
	REGION 7	10	4.3	3.5%	(5.0%)	(1.3%)	2.0%	3.5%	5.8%
	REGION 8	5	1.0	2.0%	0.4%	0.6%	2.4%	4.1%	4.8%
	REGION 9	16	7.6	1.9%	(11.5%)	(0.3%)	2.9%	4.6%	7.9%
	REGION 10	8	4.8	1.6%	(5.8%)	(1.0%)	2.3%	4.1%	6.4%
ANNUAL REVENUE	\$10 TO \$150 MILLION	39	3.2	2.4%	(8.0%)	(3.6%)	2.4%	10.5%	14.0%
	\$150 TO \$400 MILLION	44	11.4	2.4%	(5.3%)	0.4%	3.0%	5.7%	9.4%
	\$400 MILLION TO \$1 BILLION	53	34.8	1.2%	(6.9%)	(0.9%)	2.3%	3.8%	7.1%
	MORE THAN \$1 BILLION	55	94.7	3.1%	(1.8%)	0.6%	2.5%	5.3%	7.7%
REVENUE PMPM	LESS THAN \$270	64	25.2	0.8%	(7.6%)	(0.3%)	2.6%	5.1%	10.7%
	\$270 TO \$400	60	47.4	2.3%	(5.9%)	(1.3%)	2.5%	5.3%	8.2%
	MORE THAN \$400	67	71.6	3.4%	(3.6%)	0.3%	2.6%	6.0%	12.6%
MCO TYPE	MEDICAID FOCUSED	91	68.4	2.5%	(7.0%)	(1.7%)	1.8%	5.5%	10.1%
	MEDICAID OTHER	100	75.7	2.7%	(3.8%)	0.4%	3.2%	5.5%	10.3%
MCO AFFILIATION TYPE	INDEPENDENT	38	15.3	1.2%	(5.7%)	(1.5%)	2.3%	5.2%	10.4%
	AFFILIATED	153	128.8	2.7%	(5.1%)	(0.4%)	2.7%	5.5%	9.8%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	129	98.9	2.9%	(5.3%)	(0.3%)	3.2%	6.8%	11.6%
	NONPROFIT	62	45.2	1.9%	(5.5%)	(1.2%)	2.1%	3.4%	6.7%
PHARMACY INDICATOR	INCLUDED	162	130.1	2.6%	(5.7%)	(0.7%)	2.5%	5.3%	9.4%
	EXCLUDED	29	14.0	2.6%	(3.9%)	0.5%	3.2%	7.8%	12.8%
EXPANSION STATUS	EXPANSION STATE	107	91.6	3.3%	(5.3%)	(0.2%)	2.6%	5.5%	10.5%
	NON-EXPANSION STATE	84	52.5	1.4%	(5.7%)	(0.7%)	2.5%	5.4%	10.8%
GAIN / (LOSS) POSITION	REPORTED A GAIN	139	114.1	4.3%	1.0%	2.2%	3.8%	7.3%	11.5%
	REPORTED A LOSS	52	30.0	(3.7%)	(13.0%)	(7.2%)	(3.7%)	(1.4%)	(0.4%)

**RISK-BASED CAPITAL RATIO: CY 2015 RESULTS**

MCO GROUPING	CATEGORY	REVENUE			PERCENTILE				
		N	(IN \$ BILLIONS)	MEAN	10TH	25TH	50TH	75TH	90TH
COMPOSITE	COMPOSITE	181	139.2	407%	231%	315%	383%	486%	684%
CMS REGION	REGION 1	9	6.8	356%	204%	276%	418%	588%	791%
	REGION 2	12	13.6	478%	330%	377%	475%	585%	708%
	REGION 3	22	17.3	376%	293%	324%	400%	497%	687%
	REGION 4	30	30.4	372%	177%	219%	338%	442%	665%
	REGION 5	50	35.3	446%	269%	321%	389%	467%	683%
	REGION 6	29	23.0	366%	252%	299%	378%	501%	732%
	REGION 7	10	4.3	428%	267%	338%	358%	431%	555%
	REGION 8	5	1.0	320%	215%	236%	351%	427%	436%
	REGION 9	6	2.7	383%	354%	357%	372%	397%	426%
	REGION 10	8	4.8	445%	315%	388%	433%	509%	591%
ANNUAL REVENUE	\$10 TO \$150 MILLION	38	3.2	501%	266%	348%	406%	565%	842%
	\$150 TO \$400 MILLION	39	10.2	439%	220%	333%	433%	592%	697%
	\$400 MILLION TO \$1 BILLION	51	33.6	445%	219%	288%	370%	493%	645%
	MORE THAN \$1 BILLION	53	92.2	373%	242%	297%	350%	428%	486%
REVENUE PMPM	LESS THAN \$270	64	21.9	387%	224%	344%	402%	507%	726%
	\$270 TO \$400	60	46.0	381%	241%	304%	367%	460%	623%
	MORE THAN \$400	67	71.3	432%	238%	302%	383%	509%	722%
MCO TYPE	MEDICAID FOCUSED	81	63.5	408%	233%	314%	387%	517%	748%
	MEDICAID OTHER	100	75.7	407%	237%	314%	383%	463%	628%
MCO AFFILIATION TYPE	INDEPENDENT	37	15.3	429%	233%	326%	433%	500%	652%
	AFFILIATED	144	124.0	404%	232%	312%	373%	483%	683%
MCO FINANCIAL STRUCTURE	FOR-PROFIT	123	95.9	390%	239%	311%	379%	484%	703%
	NONPROFIT	58	43.3	435%	209%	317%	397%	497%	676%
PHARMACY INDICATOR	INCLUDED	152	125.3	405%	225%	300%	383%	496%	705%
	EXCLUDED	29	14.0	427%	282%	345%	398%	470%	585%
EXPANSION STATUS	EXPANSION STATE	97	86.7	436%	244%	318%	394%	510%	733%
	NON-EXPANSION STATE	84	52.5	359%	215%	301%	376%	472%	640%
GAIN / (LOSS) POSITION	REPORTED A GAIN	132	110.1	431%	277%	336%	411%	522%	712%
	REPORTED A LOSS	49	29.1	337%	187%	234%	326%	388%	569%

## Appendix 3

## MCO GROUPING ASSUMPTIONS, 2015

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	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	CMDP	REGION 9	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	HEALTH CHOICE	REGION 9	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	HEALTH NET ACCESS	REGION 9	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ARIZONA	MARICOPA HEALTH PLAN	REGION 9	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	MERCY CARE PLAN	REGION 9	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	PHOENIX HEALTH PLAN	REGION 9	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	UNITED - CRS	REGION 9	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ARIZONA	UNITED HEALTH CARE COMMUNITY	REGION 9	\$1 B+	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ARIZONA	UNIVERSITY FAMILY CARE	REGION 9	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
COLORADO	ROCKY MTN HLTH MAINTENANCE ORG	REGION 8	\$150M TO \$400M	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
DISTRICT OF COLUMBIA	AMERIHEALTH CARITAS DISTRICT	REGION 3	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
DISTRICT OF COLUMBIA	TRUSTED HEALTH PLAN	REGION 3	\$10M TO \$150M	\$270 TO \$400	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
FLORIDA	AMERIGROUP FLORIDA INC.	REGION 4	\$1 B+	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	BETTER HEALTH INC.	REGION 4	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	FLORIDA MHS INC.	REGION 4	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	FLORIDA TRUE HEALTH INC.	REGION 4	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	HUMANA MEDICAL PLAN INC.	REGION 4	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	MOLINA HEALTHCARE OF FL INC.	REGION 4	\$400M TO \$1 B	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	PREFERRED MEDICAL PLAN INC.	REGION 4	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	SIMPLY HEALTHCARE PLANS INC.	REGION 4	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	SUNSHINE STATE HEALTH PLAN INC	REGION 4	\$1 B+	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
FLORIDA	UNITEDHEALTHCARE OF FL INC.	REGION 4	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
FLORIDA	WELLCARE OF FLORIDA INC.	REGION 4	\$1 B+	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
GEORGIA	AMGP GEORGIA MANAGED CARE CO.	REGION 4	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
GEORGIA	PEACH STATE HEALTH PLAN INC.	REGION 4	\$1 B+	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
GEORGIA	WELLCARE OF GEORGIA INC.	REGION 4	\$1 B+	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
HAWAII	ALOHACARE	REGION 9	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
HAWAII	HAWAII MEDICAL SERVICE ASSN.	REGION 9	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
HAWAII	KAISER FNDTN HLTH PLAN INC. HI	REGION 9	\$10M TO \$150M	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
HAWAII	WELLCARE HEALTH INS OF AZ INC.	REGION 9	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	AETNA BETTER HLTH INC. (IL)	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE

## MCO GROUPING ASSUMPTIONS, 2015

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
ILLINOIS	FAMILY HEALTH NETWORK INC.	REGION 5	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	HARMONY HEALTH PLAN OF IL INC.	REGION 5	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	HEALTHSPRING OF TENNESSEE INC.	REGION 5	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	ILLINICARE HEALTH PLAN INC.	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
ILLINOIS	MERIDIAN HEALTH PLAN OF IL INC	REGION 5	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
ILLINOIS	MOLINA HEALTHCARE OF IL INC	REGION 5	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
INDIANA	ANTHEM INSURANCE COMPANIES INC	REGION 5	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
INDIANA	COORDINATED CARE CORP.	REGION 5	\$400M TO \$1 B	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
INDIANA	MDWISE INC.	REGION 5	\$1 B+	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
IOWA	MERIDIAN HEALTH PLAN OF IA INC	REGION 7	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	EXPANSION STATE
KANSAS	AMERIGROUP KANSAS INC.	REGION 7	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
KANSAS	SUNFLOWER STATE HLTH PLAN INC.	REGION 7	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
KANSAS	UNITEDHEALTHCARE OF THE MW INC	REGION 7	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
KENTUCKY	ANTHEM KY MNGD CARE PLAN INC.	REGION 4	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	COVENTRY HEALTH & LIFE INS CO.	REGION 4	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	HUMANA HEALTH PLAN INC.	REGION 4	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	UNIVERSITY HEALTH CARE INC.	REGION 4	\$1 B+	\$400+	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
KENTUCKY	WELLCARE HLTH INS CO. OF KY	REGION 4	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
LOUISIANA	AETNA BETTER HEALTH INC. (LA)	REGION 6	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
LOUISIANA	AMERIGROUP LOUISIANA INC.	REGION 6	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
LOUISIANA	AMERIHEALTH CARITAS LA INC.	REGION 6	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
LOUISIANA	LA HEALTHCARE CONNECTIONS INC.	REGION 6	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
LOUISIANA	UNITEDHEALTHCARE OF LA INC.	REGION 6	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
MARYLAND	AMERIGROUP MARYLAND INC.	REGION 3	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MARYLAND	KAISER FOUNDATION HEALTH PLAN	REGION 3	\$10M TO \$150M	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MARYLAND	UNITEDHEALTHCARE	REGION 3	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
MASSACHUSETTS	BOSTON MED CENTER HEALTH PLAN	REGION 1	\$1 B+	\$400+	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	CELTICARE HLTH PLAN OF MA INC.	REGION 1	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	FALLON COMMUNITY HLTH PLAN INC	REGION 1	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MASSACHUSETTS	HEALTH NEW ENGLAND INC.	REGION 1	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MASSACHUSETTS	NEIGHBORHOOD HEALTH PLAN INC.	REGION 1	\$1 B+	\$400+	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MASSACHUSETTS	TUFTS HEALTH PUBLIC PLANS INC.	REGION 1	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE

## MCO GROUPING ASSUMPTIONS, 2015

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
MICHIGAN	AETNA BETTER HEALTH OF MI INC.	REGION 5	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	BLUE CROSSCOMPLETE OF MI LLC	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	HAP MIDWEST HEALTH PLAN INC.	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	HARBOR HEALTH PLAN INC.	REGION 5	\$10M TO \$150M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	HEALTHPLUS PARTNERS INC.	REGION 5	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	MCLAREN HEALTH PLAN INC.	REGION 5	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	MERIDIAN HLTH PLAN OF MI INC.	REGION 5	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	MOLINA HEALTHCARE OF MI INC.	REGION 5	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	PRIORITY HEALTH CHOICE INC.	REGION 5	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	SPARROW PHP	REGION 5	\$10M TO \$150M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MICHIGAN	TOTAL HEALTH CARE INC.	REGION 5	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	UNITEDHEALTHCARE CMNTY (MI)	REGION 5	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MICHIGAN	UPPER PENINSULA HLTH PLAN LLC	REGION 5	\$150M TO \$400M	\$400+	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	HEALTHPARTNERS INC.	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	HMO MINNESOTA	REGION 5	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	MEDICA HEALTH PLANS	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MINNESOTA	METROPOLITAN HEALTH PLAN	REGION 5	\$10M TO \$150M	\$400+	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
MINNESOTA	UCARE MINNESOTA	REGION 5	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
MISSISSIPPI	MAGNOLIA HEALTH PLAN INC.	REGION 4	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
MISSISSIPPI	UNITEDHEALTHCARE OF MS INC.	REGION 4	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
MISSOURI	AETNA BETTER HEALTH OF MO LLC	REGION 7	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
MISSOURI	HOME STATE HEALTH PLAN INC.	REGION 7	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
MISSOURI	MISSOURI CARE INC.	REGION 7	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
NEBRASKA	AMERIHEALTH NEBRASKA INC.	REGION 7	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
NEBRASKA	COVENTRY HEALTH CARE OF NE INC	REGION 7	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
NEBRASKA	UNITEDHEALTHCARE (MIDLANDS)	REGION 7	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
NEVADA	AMERIGROUP NEVADA INC.	REGION 9	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEVADA	HEALTH PLAN OF NEVADA INC.	REGION 9	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW HAMPSHIRE	GRANITE STATE HEALTH PLAN INC.	REGION 1	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW JERSEY	AETNA BETTER HEALTH INC. (NJ)	REGION 2	\$10M TO \$150M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW JERSEY	AMERICHoice OF NEW JERSEY INC.	REGION 2	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW JERSEY	AMERIGROUP NEW JERSEY INC.	REGION 2	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE

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STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
NEW JERSEY	HORIZON HEALTHCARE OF NJ INC.	REGION 2	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW JERSEY	WELLCARE HLTH PLANS OF NJ INC.	REGION 2	\$150M TO \$400M	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW MEXICO	HCSC INSURANCE SERVICES CO.	REGION 6	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW MEXICO	MOLINA HEALTHCARE OF NM INC.	REGION 6	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW MEXICO	PRESBYTERIAN HEALTH PLAN INC.	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW MEXICO	UNITEDHEALTHCARE OF NEW MEXICO	REGION 6	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW YORK	CAP DISTRICT PHYSICIANS' HLTH	REGION 2	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW YORK	EXCELLUS HEALTH PLAN INC.	REGION 2	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	HEALTH INS PLAN OF GREATER NY	REGION 2	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
NEW YORK	HEALTHNOW NEW YORK INC.	REGION 2	\$150M TO \$400M	\$400+	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW YORK	INDEPENDENT HEALTH ASSN.	REGION 2	\$150M TO \$400M	\$400+	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW YORK	MVP HEALTH PLAN INC.	REGION 2	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
NEW YORK	UNITEDHEALTHCARE OF NY INC.	REGION 2	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
NORTH DAKOTA	SANFORD HEALTH PLAN	REGION 8	\$150M TO \$400M	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	BUCKEYE CMNTY HEALTH PLAN INC.	REGION 5	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	CARESOURCE	REGION 5	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	MOLINA HEALTHCARE OF OHIO INC.	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	PARAMOUNT ADVANTAGE	REGION 5	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
OHIO	UNITEDHEALTHCARE CMNTY (OH)	REGION 5	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
OREGON	PROVIDENCE HEALTH ASSURANCE	REGION 10	\$10M TO \$150M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
OREGON	TRILLIUM CMNTY HEALTH PLAN INC	REGION 10	\$400M TO \$1 B	\$400+	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	AETNA BETTER HEALTH INC. (PA)	REGION 3	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	GATEWAY HEALTH PLAN INC.	REGION 3	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	GEISINGER HEALTH PLAN	REGION 3	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	HEALTH PARTNERS PLANS INC.	REGION 3	\$1 B+	\$400+	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
PENNSYLVANIA	KEYSTONE HLTH PLAN CENTRAL INC	REGION 3	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	UNITEDHEALTHCARE OF PA INC.	REGION 3	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	UPMC FOR YOU INC.	REGION 3	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
PENNSYLVANIA	VISTA HEALTH PLAN (PA)	REGION 3	\$1 B+	\$400+	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
RHODE ISLAND	NEIGHBORHOOD HEALTH PLAN OF RI	REGION 1	\$400M TO \$1 B	\$400+	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
RHODE ISLAND	UNITEDHEALTHCARE (NEW ENGLAND)	REGION 1	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
SOUTH CAROLINA	ABSOLUTE TOTAL CARE INC.	REGION 4	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE

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STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
SOUTH CAROLINA	ADVICARE CORP.	REGION 4	\$10M TO \$150M	\$270 TO \$400	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
SOUTH CAROLINA	BLUECHOICE HEALTHPLAN OF SC	REGION 4	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	MOLINA HEALTHCARE OF SC LLC	REGION 4	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	SELECT HEALTH OF SC INC.	REGION 4	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
SOUTH CAROLINA	WELLCARE OF SOUTH CAROLINA INC	REGION 4	\$150M TO \$400M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TENNESSEE	AMERIGROUP TENNESSEE INC.	REGION 4	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
TENNESSEE	UNITEDHEALTHCARE PLAN	REGION 4	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
TENNESSEE	VOLUNTEER STATE HLTH PLAN INC.	REGION 4	\$1 B+	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
TEXAS	AETNA BETTER HEALTH OF TX INC.	REGION 6	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	AMERIGROUP INSURANCE CO.	REGION 6	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	AMERIGROUP TEXAS INC.	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	BANKERS RESERVE LIFE INS CO.	REGION 6	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	CHRISTUS HEALTH PLAN	REGION 6	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	COMMUNITY FIRST HLTH PLANS INC	REGION 6	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	COMMUNITY HEALTH CHOICE INC.	REGION 6	\$400M TO \$1 B	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	COOK CHILDREN'S HEALTH PLAN	REGION 6	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	DRISCOLL CHILDREN'S HLTH PLAN	REGION 6	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	EL PASO FIRST HEALTH PLANS INC	REGION 6	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	HEALTHSPRING L&H INSURANCE CO.	REGION 6	\$400M TO \$1 B	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	MOLINA HLTHCR OF TEXAS INC.	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	PARKLAND CMNTY HEALTH PLAN INC	REGION 6	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	LOSS	NON-EXPANSION STATE
TEXAS	SCOTT & WHITE HEALTH PLAN	REGION 6	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SENDERO HEALTH PLANS INC.	REGION 6	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SETON HEALTH PLAN INC.	REGION 6	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SHA L.L.C.	REGION 6	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	SUPERIOR HEALTHPLAN INC.	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	TEXAS CHILDREN'S HLTH PLAN INC	REGION 6	\$400M TO \$1 B	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
TEXAS	UNITEDHEALTHCARE CMNTY (TX)	REGION 6	\$1 B+	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
UTAH	HEALTH CHOICE UTAH INC.	REGION 8	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
UTAH	MOLINA HEALTHCARE OF UTAH INC.	REGION 8	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
UTAH	SELECTHEALTH INC.	REGION 8	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	COVENTRY HLTHCARE OF VA INC.	REGION 3	\$150M TO \$400M	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE

## MCO GROUPING ASSUMPTIONS, 2015

STATE	MCO	CMS REGION	ANNUAL REVENUE	REVENUE PMPM	MCO TYPE	MCO AFFILIATION TYPE	FINANCIAL STRUCTURE	PHARMACY INDICATOR	GAIN OR LOSS	EXPANSION STATUS
VIRGINIA	HEALTHKEEPERS INC.	REGION 3	\$1 B+	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	INTOTAL HEALTH LLC	REGION 3	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	OPTIMA HEALTH PLAN	REGION 3	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
VIRGINIA	VIRGINIA PREMIER HLTH PLAN INC	REGION 3	\$1 B+	\$400+	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	NON-EXPANSION STATE
WASHINGTON	AMERIGROUP WASHINGTON INC.	REGION 10	\$400M TO \$1 B	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WASHINGTON	COLUMBIA UNITED PROVIDERS INC.	REGION 10	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
WASHINGTON	COMMUNITY HEALTH PLAN OF WA	REGION 10	\$400M TO \$1 B	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - YES	GAIN	EXPANSION STATE
WASHINGTON	COORDINATED CARE OF WA INC.	REGION 10	\$400M TO \$1 B	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	LOSS	EXPANSION STATE
WASHINGTON	MOLINA HEALTHCARE OF WA INC.	REGION 10	\$1 B+	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WASHINGTON	UNITEDHEALTHCARE OF WA INC.	REGION 10	\$400M TO \$1 B	\$270 TO \$400	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WEST VIRGINIA	COVENTRY HEALTH CARE OF WV INC	REGION 3	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WEST VIRGINIA	HEALTH PLAN OF THE UPPER OH	REGION 3	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - YES	LOSS	EXPANSION STATE
WEST VIRGINIA	UNICARE HEALTH PLAN OF WV INC.	REGION 3	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WEST VIRGINIA	WV FAMILY HLTH PLAN INC.	REGION 3	\$10M TO \$150M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - YES	GAIN	EXPANSION STATE
WISCONSIN	CHILDREN'S CMNTY HLTH PLAN INC	REGION 5	\$150M TO \$400M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	NON-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	COMPARE HEALTH SVCS INS CORP.	REGION 5	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	DEAN HEALTH PLAN INC.	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	GROUP HLTH COOP OF EAU CLAIRE	REGION 5	\$10M TO \$150M	\$270 TO \$400	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	GRP HLTH COOP OF SOUTH CENTRAL	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	GUNDERSEN HEALTH PLAN INC.	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	NON-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	HEALTH TRADITION HEALTH PLAN	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	INDEPENDENT CARE HEALTH PLAN	REGION 5	\$10M TO \$150M	\$400+	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	MANAGED HEALTH SVCS INS CORP.	REGION 5	\$10M TO \$150M	\$270 TO \$400	MEDICAID FOCUSED	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	MERCYCARE HMO INC.	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	MOLINA HEALTHCARE OF WI INC.	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	NETWORK HEALTH PLAN	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	LOSS	NON-EXPANSION STATE
WISCONSIN	PHYSICIANS PLUS INSURANCE CORP	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	SECURITY HEALTH PLAN OF WI INC	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	NON-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	TRILOGY HEALTH INSURANCE INC.	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID FOCUSED	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	UNITEDHEALTHCARE OF WI INC.	REGION 5	\$150M TO \$400M	\$0 TO \$270	MEDICAID OTHER	AFFILIATED	FOR-PROFIT	RX - NO	GAIN	NON-EXPANSION STATE
WISCONSIN	UNITY HEALTH PLANS INS CORP.	REGION 5	\$10M TO \$150M	\$0 TO \$270	MEDICAID OTHER	INDEPENDENT	FOR-PROFIT	RX - NO	GAIN	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 20 years of healthcare-related actuarial experience.

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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.

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