

## MANAGED CARE MONITOR

### Milwaukee Area

MEASURE	HEALTH MAINTENANCE ORGANIZATION (HMO)		
	Compcare	HUMANA	United HealthCare
<b>1. Total Enrollees</b>			
2004 January to June	200,262	77,045	261,139
2005 January to June	192,842	57,682	221,108
<i>% Difference</i>	-3.7%	-25.1%	-15.3%
<b>2. Total Revenue PMPM</b>			
2004 January to June	\$139.21	\$306.60	\$240.65
2005 January to June	\$148.98	\$356.65	\$255.43
<i>% Difference</i>	7.0%	16.3%	6.1%
<b>3. Medical Expenses PMPM</b>			
2004 January to June	\$117.09	\$282.70	\$188.08
2005 January to June	\$136.71	\$315.06	\$203.55
<i>% Difference</i>	16.8%	11.4%	8.2%
<b>4. Admin. Expenses PMPM</b>			
2004 January to June	\$11.61	\$15.04	\$23.21
2005 January to June	\$12.52	\$17.75	\$26.35
<i>% Difference</i>	7.8%	18.0%	13.5%
<b>5. Net Income</b>			
2004 January to June	\$3,425,089	\$1,173,433	\$26,464,870
2005 January to June	(\$12,617,251)	\$4,602,530	\$21,302,822
	-468.4%	292.2%	-19.5%
<b>6. Medical Loss Ratio</b>			
2004 January to June	84.1%	92.2%	78.2%
2005 January to June	91.8%	88.3%	79.7%
<i>% Difference</i>	9.1%	-4.19%	2.0%
<b>7. Weiss Financial Rating</b>	B	C	B+
<b>8. AM Best Rating</b>	B++	A-	A

*Data Source: Office of the Commissioner of Insurance Financial Statement Summaries*

*Weiss Ratings' Guide to HMOs and Health Insurers, Fall 2005*

*AM Best Rating & Analysis, 11/1/05*

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### Overview of Data and Definitions

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The attached exhibit provides a snapshot of Health Maintenance Organization (HMO) performance in the State of Wisconsin. The data source for this analysis is the *Office of the Commissioner of Insurance* HMO Financial Statement summary report. The data source for the financial ratings is Weiss Ratings' Guide to HMOs and Health Insurers. The following sections will provide a definition of each measure.

#### **Total Enrollees**

This represents the total HMO enrollment (Employees, Spouses and Dependents). Data includes traditional HMO products and Point-of-Service programs. In addition, Medicaid and Medicare enrollment is included.

#### **Total Revenue PMPM**

This represents the ratio of total revenue to total member months. If an employee were in the HMO for the entire Calendar Year, it would be equivalent to 12 member months. Total revenue includes premium revenue, investment and other sources specific to the operation of the HMO. Premium revenue represents the majority of total revenue for Wisconsin HMOs.

#### **Medical Expenses PMPM**

This represents the ratio of total medical expenses to total member months. Medical expenses includes items such as physician care, hospital care and prescription drugs. Expenses are adjusted down to reflect any reinsurance recoveries, copayments, subrogation and coordination of benefits.

#### **Administrative Expenses PMPM**

This represents the ratio of total administrative expenses to total member months. Administration includes items such as salary of staff members (claims processors & re-pricers), office & equipment rental and profit margins.

#### **Net Income**

This represents the difference between total revenue and total income. This amount is adjusted for any extraordinary items and taxes.

#### **Medical Loss Ratio**

This represents the ratio of total medical expenses to the total premiums collected by the plan. This ratio does not include administration expenses.

#### **Weiss Financial Rating**

This rating provides an indication of the company's ability to meet its commitments to the policyholder under current economic conditions and more importantly, during a declining economy or in the event of a sharp increase in claims. The scale ranges from A for *Excellent* to E for *Very Weak*.

#### **AM Best Rating**

The AM Best ratings are based key performance ratios integrated with a subjective evaluation of the company's operating plans and philosophies. This analysis goes beyond the numbers to arrive at a comprehensive understanding of where that company stands and where it is going. The scale ranges from A++(superior) to F (in liquidation).