

MANAGED CARE MONITOR
Northern Wisconsin Area

MEASURE	HEALTH MAINTENANCE ORGANIZATION (HMO)			
	Atrium	Security Health	GHC - Eau Claire	Valley Health Plan
1. Total Enrollees				
2004: January to June	50,042	113,644	23,028	15,391
2005: January to June	51,596	108,969	26,244	7,857
<i>% Difference</i>	3.1%	-4.1%	14.0%	-49.0%
2. Total Revenue PMPM				
2004: January to June	\$185.05	\$262.47	\$383.70	\$271.00
2005: January to June	\$210.60	\$296.01	\$373.67	\$281.85
<i>% Difference</i>	13.8%	12.8%	-2.6%	4.0%
3. Medical Expenses PMPM				
2004: January to June	\$171.44	\$237.26	\$340.02	\$222.94
2005: January to June	\$190.65	\$267.75	\$316.53	\$244.76
<i>% Difference</i>	11.2%	12.8%	-6.9%	9.8%
4. Admin. Expenses PMPM				
2004: January to June	\$8.08	\$16.60	\$38.79	\$27.05
2005: January to June	\$12.27	\$15.80	\$40.56	\$33.38
<i>% Difference</i>	51.8%	-4.8%	4.6%	23.4%
5. Net Income				
2004: January to June	\$796,387	\$6,940,436	\$126,926	\$1,006,100
2005: January to June	\$1,347,751	\$6,140,966	\$2,389,374	(\$268,616)
<i>% Difference</i>	69.2%	-11.5%	1782.5%	-126.7%
6. Medical Loss Ratio				
2004: January to June	92.6%	90.4%	88.6%	82.3%
2005: January to June	90.5%	90.5%	84.7%	86.8%
<i>% Difference</i>	-2.3%	0.1%	-4.4%	5.6%
7. Weiss Financial Rating	A-	B+	C-	B
8. AM Best Rating	A-	B-	C+	B++

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

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).