

**Itasca Medical Care
Minnesota Supplement Report #1A**

**REALLOCATION OF EXPENSES AND INVESTMENT INCOME
For the Year Ending December 31, 2013
Public Information, Minnesota Statutes § 62D.08**

Line	Direct Non-Claim Expenses	1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Total	Non MN	Total MN	Commercial	M+C	Medicare	MSHO	SNBC MA	SNBC	PMAP	MNCare	Dental	Other	Admin
1	Employee benefit expenses	1220087		1220087				336301			736399	147387			
2	Sales expenses	0		0				0			0	0			
3	General business/office expense	365841		365841				100839			220808	44194			
4	State premium taxes and assessments	0		0				0			0	0			
5	Consulting and professional fees	399245		399245				110047			240969	48229			
6	Outsourced services	688140		688140				189677			415336	83127			
7	Other expenses	59920		59920				16516			36165	7239			
8	Total Direct Expenses	2733233	0	2733233	0	0	0	753380	0	0	1649677	330176	0	0	0

Line	Reallocated Indirect Non-Claim Expenses	1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Total	Non MN	Total MN	Commercial	M+C	Medicare	MSHO	SNBC MA	SNBC	PMAP	MNCare	Dental	Other	Admin
9	Employee benefit expenses	610043		610043				168151			368199	73693			
10	Sales expenses	0		0				0			0	0			
11	General business/office expense	182921		182921				50420			110404	22097			
12	State premium taxes and assessments	0		0				0			0	0			
13	Consulting and professional fees	199622		199622				55023			120485	24114			
14	Outsourced services	344071		344071				94839			207668	41564			
15	Other expenses	29960		29960				8258			18083	3619			
16	Total Indirect Expenses	1366617	0	1366617	0	0	0	376691	0	0	824839	165087	0	0	0

Line	Direct plus Indirect Non-Claim Expenses	1	2	3	4	5	6	7	8	9	10	11	12	13	14
		NAIC Total	Non MN	Total MN	Commercial	M+C	Medicare	MSHO	SNBC MA	SNBC	PMAP	MNCare	Dental	Other	Admin
17	Employee benefit expenses	1830130	0	1830130	0	0	0	504452	0	0	1104598	221080	0	0	0
18	Sales expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	General business/office expense	548762	0	548762	0	0	0	151259	0	0	331212	66291	0	0	0
20	State premium taxes and assessments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Consulting and professional fees	598867	0	598867	0	0	0	165070	0	0	361454	72343	0	0	0
22	Outsourced services	1032211	0	1032211	0	0	0	284516	0	0	623004	124691	0	0	0
23	Other expenses	89880	0	89880	0	0	0	24774	0	0	54248	10858	0	0	0
24	Total Non-Claim Expenses = Sum of Lines 17 to 23	4099850	0	4099850	0	0	0	1130071	0	0	2474516	495263	0	0	0
25	Claims Adjustment Expenses	149276		149276				41146			90097	18033			
26	Revenues (Supp Report #1, Line 8)	48088628		48088628				13317568			28967920	5803140			
27	Incurred Claims (Supp Report #1, Line 18 + Line 22)	43839502		43839502				13126036			25844165	4869301			
28	Net Investment Gain/(Loss) (Allocated)	10991		10991				3030			6633	1328			
29	Aggregate Write Ins for Other Income or (Expenses)	0		0				0			0	0			
30	Federal and Foreign Income Taxes Incurred	0		0				0			0	0			
31	Net Income = Lines 26+28+29-24-25-27-30	10991	0	10991	0	0	0	-976655	0	0	565775	421871	0	0	0

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These categorized administrative expenses should roll up into the general administrative expenses reported on line 21 on Minnesota Supplement Report #1, as well as the underwriting and investment exhibit part 3 – analysis of expenses, of the NAIC health blank. The categories are broken down as follows:

Employee benefit expenses: salaries, wages and benefits

Sales expenses: commissions, marketing and advertising; cost of sales-related materials, postage, telephone and printing materials

General business and office type expenses: rent; non-sales related postage, express and telephone; non-sales related printing and office supplies; taxes (excluding state premium taxes and assessments), licenses and fees; traveling expenses; insurance, except on real estate; collection and bank service charges; group service and administration fees; real estate expenses; real estate taxes; equipment; occupancy, depreciation and amortization; cost of depreciation of ECP equipment and software

State premium taxes and assessments

Consulting and professional fees: legal fees and expenses; certifications and accreditation fees; auditing, actuarial and other consulting fees; board, bureaus and association fees

Outsourced services: ECP; claims and other services

Other expenses: investment expenses not included elsewhere; aggregate write-ins for expenses; reimbursements by uninsured plans; reimbursements from fiscal intermediaries.

Indirect expenses must be allocated by dollars of premium income, or premium-equivalent for ASO business.

Investment gain must be allocated by the prior five years of net income.