

**Metropolitan Health Plan**  
**Minnesota Supplement Report #1A**  
**REALLOCATION OF EXPENSES AND INVESTMENT INCOME**  
**For the Year Ending December 31, 2013**  
**Public Information, Minnesota Statutes § 62D.08**

\*See Footnote 1

Line	Direct Non-Claim Expenses	1 Total	2 Non MN	3 Total MN products	4 Commercial	5 M+C	6 Medicare Cost	7 MSHO	8 SNBC MA only	9 SNBC Integrated	10 PMAP	11 MNCare	12 Dental	13 Other	14 Admin
1	Employee benefit expenses	462,415.00		462,415.00							462,415.00				
2	Sales expenses	64,902.00		64,902.00							64,902.00				
3	General business/office expense	171,101.00		171,101.00							171,101.00				
4	State premium taxes and assessments	1,126,831.00		1,126,831.00				119,003.00	462,441.00	21,076.00	503,482.00	20,829.00			
5	Consulting and professional fees	196,105.00		196,105.00							196,105.00				
6	Outsourced services <sup>(2)</sup>	282,387.00		282,387.00				(1,971,339.00)	(3,973,004.00)	(591,612.00)	6,818,342.00				
7	Other expenses	-		-							-				
8	<b>Total Direct Expenses</b>	<b>2,303,741.00</b>	<b>-</b>	<b>2,303,741.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,852,336.00)</b>	<b>(3,510,563.00)</b>	<b>(570,536.00)</b>	<b>8,216,347.00</b>	<b>20,829.00</b>	<b>0</b>	<b>0</b>	<b>0</b>

Line	Reallocated Indirect Non-Claim Expenses	1 Total	2 Non MN	3 Total MN products	4 Commercial	5 M+C	6 Medicare Cost	7 MSHO	8 SNBC MA only	9 SNBC Integrated	10 PMAP	11 MNCare	12 Dental	13 Other	14 Admin
9	Employee benefit expenses	4,948,194.00		4,948,194.00				1,380,547.00	2,637,387.00	390,907.00	539,353.00				
10	Sales expenses	799,670.00		799,670.00				223,108.00	426,224.00	63,174.00	87,164.00				
11	General business/office expense	539,775.00		539,775.00				150,597.00	287,700.00	42,642.00	58,836.00				
12	State premium taxes and assessments	-		-											
13	Consulting and professional fees	3,279,503.00		3,279,503.00				914,981.00	1,747,975.00	259,081.00	357,466.00				
14	Outsourced services	3,313,786.00		3,313,786.00				924,546.00	1,766,248.00	261,789.00	361,203.00				
15	Other expenses	278,886.00		278,886.00				77,809.00	148,646.00	22,032.00	30,399.00				
16	<b>Total Indirect Expenses</b>	<b>13,159,814.00</b>	<b>-</b>	<b>13,159,814.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,671,588.00</b>	<b>7,014,180.00</b>	<b>1,039,625.00</b>	<b>1,434,421.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Line	Direct plus Indirect Non-Claim Expenses	1 NAIC Total	2 Non MN	3 Total MN products	4 Commercial	5 M+C	6 Medicare Cost	7 MSHO	8 SNBC MA only	9 SNBC Integrated	10 PMAP	11 MNCare	12 Dental	13 Other	14 Admin
17	Employee benefit expenses	5,410,609.00	-	5,410,609.00	-	-	-	1,380,547.00	2,637,387.00	390,907.00	1,001,768.00	-	0	0	0
18	Sales expenses	864,572.00	-	864,572.00	-	-	-	223,108.00	426,224.00	63,174.00	152,066.00	-	0	0	0
19	General business/office expense	710,876.00	-	710,876.00	-	-	-	150,597.00	287,700.00	42,642.00	229,937.00	-	0	0	0
20	State premium taxes and assessments	1,126,831.00	-	1,126,831.00	-	-	-	119,003.00	462,441.00	21,076.00	503,482.00	20,829.00	0	0	0
21	Consulting and professional fees	3,475,608.00	-	3,475,608.00	-	-	-	914,981.00	1,747,975.00	259,081.00	553,571.00	-	0	0	0
22	Outsourced services	3,596,173.00	-	3,596,173.00	-	-	-	(1,046,793.00)	(2,206,756.00)	(329,823.00)	7,179,545.00	-	0	0	0
23	Other expenses	278,886.00	-	278,886.00	-	-	-	77,809.00	148,646.00	22,032.00	30,399.00	-	0	0	0
24	<b>Total Non-Claim Expenses = Sum of Lines 17 to 23</b>	<b>15,463,555.00</b>	<b>-</b>	<b>15,463,555.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,819,252.00</b>	<b>3,503,617.00</b>	<b>469,089.00</b>	<b>9,650,768.00</b>	<b>20,829.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
25	Claims Adjustment Expenses	5,862,078.00		5,862,078.00				1,635,520.00	3,124,487.00	463,104.00	638,967.00				
26	Revenues (Supp Report #1, Line 8)	154,464,979.00		154,464,979.00				22,731,497.00	43,464,890.00	6,472,267.00	81,796,325.00				
27	Incurred Claims (Supp Report #1, Line 18 + Line 22)	128,885,908.00		128,885,908.00				18,261,788.00	35,658,519.00	5,162,563.00	69,914,841.00	(111,803.00)			
28	Net Investment Gain/(Loss) (Allocated)	(280,575.00)		(280,575.00)				(64,473.00)	(118,609.00)	(16,661.00)	(80,832.00)				
29	Aggregate Write Ins for Other Income or (Expenses)	-		-											
30	Federal and Foreign Income Taxes Incurred	-		-											
31	<b>Net Income = Lines 26+28+29-24-25-27-30</b>	<b>3,972,863.00</b>	<b>-</b>	<b>3,972,863.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950,464.00</b>	<b>1,059,658.00</b>	<b>360,850.00</b>	<b>1,510,917.00</b>	<b>90,974.00</b>	<b>0</b>	<b>0</b>	<b>0</b>

Footnotes:

- Net Income ties to Minnesota Supplement 1, "Statement of Revenue, Expenses, and Net Income" in aggregate but will not by product line due to the need to differentiate administrative expense between Direct and Indirect expense. In most cases MHP does not directly book admin to the product lines. MHP allocated expense to the product lines (ie. % of Revenue, % of Claims Paid).
- Outsourced services' reflects some health related expense- largely administrative services fee paid to Hennepin Health by MHP which includes both Direct and Indirect expense (ie. Claim processing, case management, etc).

## **DRAFT**

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.