

**Sanford Health Plan of Minnesota
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 products	Total MN products	Commercial	M+C	Medicare	MSHO	SNBC MA	SNBC	PMAP	MNCare	Dental	Other	Admin
1	Employee benefit expenses	-		-	-										-
2	Sales expenses	144,071.41		144,071.41	86,305.41									57,766.00	
3	General business/office expense	32,459.49		32,459.49	32,459.49									-	
4	State premium taxes and assessments	161,400.75		161,400.75	142,789.57									18,611.18	
5	Consulting and professional fees	75,910.43		75,910.43	75,910.43									-	
6	Outsourced services	4,368.64		4,368.64	1,961.00									2,407.64	
7	Other expenses	2,969.00		2,969.00	2,969.00									-	
8	Total Direct Expenses	421,179.72	-	421,179.72	342,394.90	-	78,784.82	-							

Line	Reallocated Indirect Non-Claim Expenses	1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Total	Non MN products	Total MN products	Commercial	M+C	Medicare	MSHO	SNBC MA	SNBC	PMAP	MNCare	Dental	Other	Admin
9	Employee benefit expenses	18,349.65		18,349.65	12,124.41									6,225.24	
10	Sales expenses	-		-	-									-	
11	General business/office expense	2,308.51		2,308.51	1,525.33									783.18	
12	State premium taxes and assessments	-		-	-									-	
13	Consulting and professional fees	5,480.53		5,480.53	3,621.22									1,859.31	
14	Outsourced services	13,814.47		13,814.47	9,127.82									4,686.65	
15	Other expenses	338.41		338.41	223.60									114.81	
16	Total Indirect Expenses	40,291.57	-	40,291.57	26,622.38	-	13,669.19	-							

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 products	Total MN products	Commercial	M+C	Medicare	MSHO	SNBC MA	SNBC	PMAP	MNCare	Dental	Other	Admin
17	Employee benefit expenses	18,349.65	-	18,349.65	12,124.41	-	-	-	-	-	-	-	-	6,225.24	-
18	Sales expenses	144,071.41	-	144,071.41	86,305.41	-	-	-	-	-	-	-	-	57,766.00	-
19	General business/office expense	34,768.00	-	34,768.00	33,984.82	-	-	-	-	-	-	-	-	783.18	-
20	State premium taxes and assessments	161,400.75	-	161,400.75	142,789.57	-	-	-	-	-	-	-	-	18,611.18	-
21	Consulting and professional fees	81,390.96	-	81,390.96	79,531.65	-	-	-	-	-	-	-	-	1,859.31	-
22	Outsourced services	18,183.11	-	18,183.11	11,088.82	-	-	-	-	-	-	-	-	7,094.29	-
23	Other expenses	3,307.41	-	3,307.41	3,192.60	-	-	-	-	-	-	-	-	114.81	-
24	Total Non-Claim Expenses = Sum of Lines 17 to 23	461,471.29	-	461,471.29	369,017.28	-	-	-	-	-	-	-	-	92,454.01	-
25	Claims Adjustment Expenses	75,158.73		75,158.73	75,158.73										
26	Revenues (Supp Report #1, Line 8)	3,036,059.61		3,036,059.61	2,558,885.73					2,558,885.73				477,173.88	
27	Incurred Claims (Supp Report #1, Line 18 + Line 22)	2,892,487.05		2,892,487.05	2,478,886.04									413,601.01	
28	Net Investment Gain/(Loss) (Allocated)	(2,119.40)		(2,119.40)	(2,119.40)										
29	Aggregate Write Ins for Other Income or (Expenses)	-		-	-										
30	Federal and Foreign Income Taxes Incurred	-		-	-										
31	Net Income = Lines 26+28+29-24-25-27-30	(395,176.86)	-	(395,176.86)	(366,295.72)	-	-	-	-	-	-	-	-	(28,881.14)	-

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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.