

SOUTH COUNTRY HEALTH ALLIANCE

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	0		0											
2	Sales expenses	242,413		242,413				17,505	4,502	20,454	181,103	18,849			
3	General business/office expense	25,820		25,820				3,461	3,608	1,167	16,060	1,524			
4	State premium taxes and assessments	0		0											
5	Consulting and professional fees	215,629		215,629				112,110	450	100,272	2,797				
6	Outsourced services	990,543		990,543				134,825	55,288	48,797	688,264	63,369			
7	Other expenses	0		0											
8	Total Direct Expenses	1,474,405	0	1,474,405	0	0	0	267,901	63,848	170,690	888,224	83,742	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	4,720,947		4,720,947				1,261,186	473,765	266,509	2,518,233	201,254			
10	Sales expenses	189,904		189,904				50,732	19,058	10,721	101,297	8,096			
11	General business/office expense	1,286,525		1,286,525				343,691	129,107	72,628	686,254	54,845			
12	State premium taxes and assessments	21,500		21,500				5,744	2,158	1,214	11,467	917			
13	Consulting and professional fees	1,088,877		1,088,877				290,890	109,272	61,470	580,826	46,419			
14	Outsourced services	0		0											
15	Other expenses	222,004		222,004				59,308	22,279	12,533	118,420	9,464			
16	Total Indirect Expenses	7,529,757	0	7,529,757	0	0	0	2,011,551	755,639	425,075	4,016,497	320,995	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	4,720,947	0	4,720,947	0	0	0	1,261,186	473,765	266,509	2,518,233	201,254	0	0	0
18	Sales expenses	432,317	0	432,317	0	0	0	68,237	23,560	31,175	282,400	26,945	0	0	0
19	General business/office expense	1,312,345	0	1,312,345	0	0	0	347,152	132,715	73,795	702,314	56,369	0	0	0
20	State premium taxes and assessments	21,500	0	21,500	0	0	0	5,744	2,158	1,214	11,467	917	0	0	0
21	Consulting and professional fees	1,304,506	0	1,304,506	0	0	0	403,000	109,722	161,742	583,623	46,419	0	0	0
22	Outsourced services	990,543	0	990,543	0	0	0	134,825	55,288	48,797	688,264	63,369	0	0	0
23	Other expenses	222,004	0	222,004	0	0	0	59,308	22,279	12,533	118,420	9,464	0	0	0
24	Total Non-Claim Expenses = Sum of Lines 17 to 23	9,004,162	0	9,004,162	0	0	0	2,279,452	819,487	595,765	4,904,721	404,737	0	0	0
25	Claims Adjustment Expenses	6,633,558		6,633,558				1,147,851	387,230	330,086	4,373,251	395,140			
26	Revenues (Supp Report #1, Line 8)	176,469,986		176,469,986				47,143,372	17,709,456	9,962,175	94,132,068	7,522,915			
27	Incurred Claims (Supp Report #1, Line 18 + Line 22)	153,633,290		153,633,290				44,845,985	10,909,272	9,920,381	81,949,349	6,008,303			
28	Net Investment Gain/(Loss) (Allocated)	15,367		15,367				1,740	3,166		10,461				
29	Aggregate Write Ins for Other Income or (Expenses)	0		0											
30	Federal and Foreign Income Taxes Incurred	0		0											
31	Net Income = Lines 26+28+29-24-25-27-30	7,214,343	0	7,214,343	0	0	0	-1,128,176	5,596,633	-884,057	2,915,208	714,735	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.