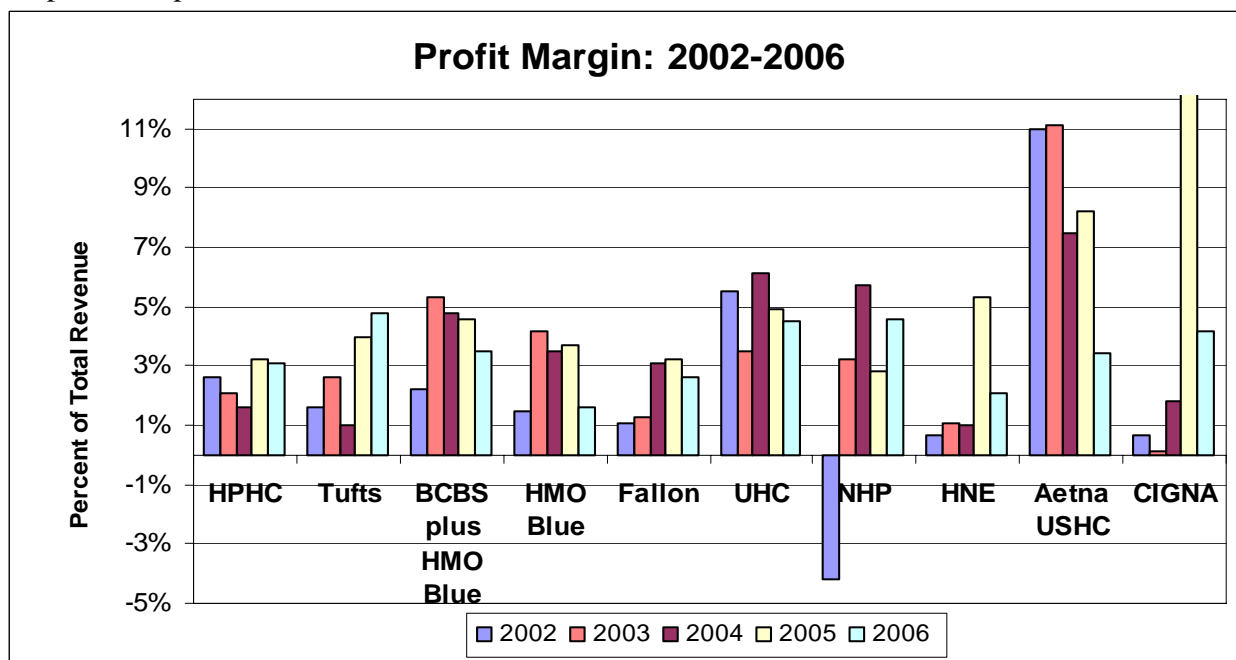


Profit Margin

The profit margin is calculated as net income (after tax) divided by revenue.

2006 Highlights

- Financial results were positive at every plan. Compared to 2005, profit margins were lower at every plan except Tufts and NHP.
- In 2005, the median profit margin was 4.3%; in 2006 the median dropped to 3.45%.
- HMO blue had the weakest financial performance of any plan. It barely broke even on an underwriting basis, but its strong investment gains produced a net profit. Financial results at both HMO Blue and BCBSMA were lower than in previous years.
- Tufts had a strong 2006, mainly as a result of strong profits in its Medicare Advantage line of business.
- HPHC's solid financial performance continued in 2006.
- NHP did very well, with a high level of profits in its Medicaid business.
- United also had a higher profit margin than most other plans.
- Aetna and CIGNA saw a return of profit margins to a more normal range in 2006, after extraordinarily profitable performance in 2005.



	2002	2003	2004	2005	2006
HPHC	2.6%	2.1%	1.6%	3.2%	3.1%
Tufts	1.6%	2.6%	1.0%	4.0%	4.8%
BCBS plus HMO Blue	2.2%	5.3%	4.8%	4.6%	3.5%
HMO Blue	1.5%	4.2%	3.5%	3.7%	1.6%
Fallon	1.1%	1.3%	3.1%	3.2%	2.6%
UHC	5.5%	3.5%	6.1%	4.9%	4.5%
NHP	-4.2%	3.2%	5.7%	2.8%	4.6%
HNE	0.7%	1.1%	1.0%	5.3%	2.1%
Aetna USHC	11.0%	11.1%	7.5%	8.2%	3.4%
CIGNA	0.7%	0.1%	1.8%	16.0%	4.2%

*BCBS totals throughout the report include HMO Blue book of business.