



MC² SALUD
Healthcare Advisors

Analysis of the Chilean Healthcare (ISAPRE) Sector

**Financial Results of Open ISAPREs
31st December 2019**

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General Comment

ISAPREs¹ are health insurance providers that compete in the Chilean social security healthcare subsystem as a substitute for (not supplement to) the healthcare covers provided by the State through the public system, known as FONASA² the National Health Fund and its state network of hospitals run by SNS³, and medica centers run by APS⁴. The ISAPREs and their beneficiaries do not receive any fiscal subsidies, unlike the public system, which receives approximately 70% of its budget through fiscal contributions, which are channeled directly to the delivery through the state health network.

Regulations⁵ dictate that the ISAPREs must report their audited financial statement (FEFI) by last day of March of each year.

This report provides an analysis of financial results of the six “Open”⁶ ISAPREs, which represent 97.5% of the beneficiaries of the subsystem.

Source of Financial Information: Digital Library. Financial Statistics - SUPERINTENDENCIA DE SALUD. www.supersalud.gob.cl

MC² Salud is an independent healthcare consultancy and declares that this report has been compiled without any direct connection with the companies to which it relates.

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¹ INSTITUCIÓN DE SALUD PREVISIONAL – a private, for-profit, State-regulated health insurance Carrier established under DFL N°3 of 1981.

² FONDO NACIONAL DE SALUD – the central State funding and insurance agency for all non-private healthcare delivery providers.

³ *Sistema Nacional de Servicios de Salud – National Healthcare Services System* comprising the nationwide network of public hospitals.

⁴ *Atencion Primaria de Salud – Primary Healthcare Centers of Treatment* - municipal and rural medical centers (CESFAM, SAPUs and CECOFs).

⁵ DFLN°1 of 2005 issued by the Ministry of Health

⁶ “Open” ISAPREs offer private individuals insurance programs to anyone wishing to join, whereas “Closed” ISAPREs – of which there are 3– are set up by employers and provide cover exclusively to their employees and dependents.

2019 Market Assessment

2019 was, without a doubt, a complex year for the ISAPRE subsystem, with technical costs rising by more than revenues, leading to a significant deterioration in the financial results. Likewise, the process of legal disputes⁷ reached record levels, with over 198,000 cases (or 9.8% of all ISAPRE contracts) to block general annual plan price increases and a further 169,000 to block the rise in the price of the mandatory *Explicit Health Guarantees*, or GES⁸ program (likely a subset of members who sued to block their general plan price increases). Although blocking the one-time price increase is more than frustrating, the real financial impact of the Courts' rulings is that they also involve the condemnation to pay trial lawyer costs, so stimulating the demand for such cases, given the high standardized amounts involved. It is estimated that the financial damages of legal costs on the ISAPREs in 2019 alone amounts to \$38 billion (equivalent to around USD45m⁹) to the benefit of these trial lawyers.

The 3-month delay in issuing new rules that regulate the GES had the effect that the ISAPREs were unable to adjust their GES rates for the period. In law, the premiums for GES may be adjusted every three years, or if there is a change in the underlying GES benefits. On this occasion, there was an adjustment with the incorporation of five new pathologies and hence the expected increase in demand for GES benefits. The readjustment was very significant - as shown in the Appendix, which contributed to increasing the GES price adjustment judicial process. The GES premium adjustment, unlike the base price adjustments, is applied to all contracts simultaneously. This last adjustment was applied to all monthly premiums as of October 1, 2019. The GES premium represents around 25% of the total average price of an ISAPRE health plans, although there are significant variations from one ISAPRE to another.

Added to this is the heightened uncertainty due to the multiple announcements of legal and administrative reforms to the subsystem.

By law, ISAPREs must make lifelong commitments to their members, i.e. once accepted, an ISAPRE may not unilaterally terminate a member's plan, despite a member's risk profile increasing over time. Member aging, the development of medical science and changes in epidemiological profile all contribute to the rising cost of healthcare, far in excess of a country's economic growth - regardless of the healthcare system and the country in question. ISAPREs as key insurance carriers also make commitments to a healthcare provider who, in turn, have made significant financial investments to deliver timely clinical services and keep medical techniques up-to-date and so respond to their patients' changing risk profiles.

⁷ In 2010 the Supreme Court issued a controversial constitutional ruling in favor of an ISAPRE member in support of the claim that the regulated annual adjustment (increase) in the cost of the member's healthcare plan, so opening up a loophole for all members to make similar claims.

⁸ The *Garantía Explícita en Salud* or GES system places the obligation on the ISAPREs to ensure financial support and the timely delivery of high-quality services for all the conditions outlined in the legislation (and subsequent amendments), meeting specific timeframes and quality guidelines for each of the determined health problems. Access to GES benefits is available to all Chileans and foreign residents and provides for maximum out-of-pocket expenses – deductibles - for each covered event (including diagnosis, treatment and control) or a combination thereof. These maxima are determined in terms of the cost of the members contractual plan, ranging from between 29 months' and 43 months' contributions, depending on whether treatment is for one or more GES event.

⁹ Considering an exchange rate of USD1=CLP847.60 on 30th March 2020

All this would be impossible without the contributions made by these regulated insurance carriers and without the necessary rate adjustments to compensate for the increases in spending due to the changes in the profile of their client risk pool. Accordingly, the way to make these adjustments is by increasing the resources, either through raising premiums - as is the case of the private sector - or through added public spending, as has been seen in the State system. In the case of ISAPREs, the compensation for the rising cost of medical and sick leave¹⁰ (*licencias médicas*) claims has been hampered by the growing cost of legal claims, that have dragged on since 2005, all of which are reflected in the 2019 results. It should be noted that ISAPRE plan price adjustments have been less than half of those seen through the budget increases in the State system. Paradoxically, although on many levels FONASA and ISAPREs are competitors, ISAPREs are prohibited from adjusting their prices, whereas FONASA, given the very same rise in productive factor (capital and labor) costs, can ensure any adjustments needed come through its annual budgetary process.

The Evolution of the Open ISAPRE System Finances 2018-2019

The results of the Open ISAPREs market are analyzed below, based on accounts and financial reports submitted to the *SUPERINTENDENCIA DE SALUD* for the year 2019. A summary of these results is found in the Appendix as **Table 2 – Summarized Financial Statements of the Open ISAPRE System 2019 and 2018**

Operating Revenues

The operating revenues of Open ISAPREs grew by 7.53% in the period under review. This represented an increase of \$199.9 billion (USD235m) when compared to 2018. Around 72% of this income derives from the members legal 7% contributions and 27% from member additional voluntary contributions (AVCs). This proportion is like that of 2018.

Cost of Sales

This refers to the "technical costs" or members' direct healthcare claims – a term used in the rest of this report. These specifically represent the expenses directly linked to a), member healthcare expense reimbursements and b), expenses due to payments of *income protection* while members are off work with a medical permit:

- **Healthcare Claims Expenses:** In the 12-month period, healthcare claims grew by \$158.3 billion. This represented an 8.9% increase in spending on medical benefits. With regards to Operational Income, these expenses increased from 66.5% to 67.9% in the period. COLMENA was the ISAPRE that saw the highest increase in this expenditure, with an 11.5% increase. The lowest was BANMÉDICA, with an increase of 6.0%.
- **Sick Leave Expenses:** In the period sick leave claims amounted by \$84.9 billion. This represents a 16.4% increase in the year. CONSALUD had the highest increase, with a 21.8% increase and the lowest was NUEVA MÁSVIDA, with an increase of a 1.7%.

¹⁰ The mandatory 7% of earnings healthcare contribution also considers cover for short-term sickness pay, i.e. FONASA or the ISAPREs provide members with replacement of earnings, as of the fourth day for short ailments and first day for periods of medically certified absence from work for longer than 10 days. In addition, the State directly funds the cost (for both FONASA and ISAPRE members) for maternity leave and periods when a mother needs to care for a sick infant.

- **Total Technical Expenses:** Aggregate operational expenses in the period amounted to \$243.2 billion. This increase is primarily attributable to the direct increase in the rate of claims, given the notional growth rate in membership of only 2.5%, as indicated below. The sum of these two items is also known as the aggregate claims rate.

Aggregate Claims Rate

As indicated, this represents the percentage of Total Income that is effectively consumed by or reimbursed to members. During 2019, the average open ISAPREs *loss ratio* increased from 86.6% to 89.1% of Operational Revenues. As can be seen in **Table 3 – Key Financial Ratios in the Open ISAPRE System 2019 and 2018**, VIDA TRES had the loss ratio, returning 91.7% to members, whereas the lowest was CONSALUD, with 88.3% of its Operating Revenues.

Administration and Finance Expenses

For over 20 years, the ISAPREs have steadily and significantly reduced their administrative costs through more efficient processes and despite the increases regulatory and processing requirements and, as already mentioned, extraordinary legal costs.

- **Administrative Expenses¹¹:** The ISAPRE that recorded the highest expense ratio was CONSALUD, with 9% of Operating Income. The lowest ration was found at VIDA TRES, with 5.5%, although VIDA TRES forms part of a holding company that shares the administration with BANMÉDICA. In the aggregate the administration expenses in 2019 represented 7.9% Operating Income - higher than 7.6% in 2018. It should be noted that the expense of legal costs for cases against the ISAPREs amount to almost one percentage point within this item.
- **Sales Expenses:** These expenses related to the costs ISAPREs spend on servicing their member portfolios as well as generating new sales and amount to 3.3% of the Operating Income. The ISAPRE with the highest sales expense ratio was NUEVA MÁSVIDA, with 4.6%. The lowest was (again) VIDA TRES with 2.8%. In the consolidated, sales expenditure in the Open ISAPREs increased year-on-year from 3.3% (end-2018) to 3.7% (end-2019).

When summing "**Sales Expense**" plus "**Administration Expenses**" the aggregate ratio in 2019 was 11.2% of Operating Revenues. This compares with around 20% of Operating Revenues in the 1990s.

Net Operating Revenues

The profits made by the Open ISAPREs have been a focus of political and press controversy for many years. However, on average, they rarely represent more than 3% of Operational Revenues.

The Open ISAPREs net operating earnings comprise **Operational Revenues** (Technical Costs plus Administration and Sales Expenses) plus the **Non-Operational Revenues**, deriving from financial

¹¹ This figure is not comparable with that of FONASA. This comparison is often made, arguing that FONASA only spends 3% of its revenues in this area. This is not a valid comment, as FONASA does not "collect" contributions, it does not pay for or control Sick Leave claims and does not have any member recruitment activity since, by default, everyone is a member of FONASA unless they opt to join an ISAPRE. Furthermore, FONASA's total budget is more than 4 times that of the ISAPREs', (Approx. USD14.5 billion) with over 80% being provided through direct transfers to the 29 Health Services. The only component of their program which is comparable to an ISAPRE's day-to-day business, is for those FONASA members that opt to purchase a fixed value *Libre Elección* voucher to see a doctor or arrange for treatment in the private sector.

management, returns generated on the mandatory minimum profitability reserves or guarantees, the sale of assets, and other financial transaction carried out by the ISAPREs. On average, Non-Operating Revenues have represented between 20% to 50% of the Open ISAPREs total profits.

- **Operational Results:** What is relevant for any analysis is the **Net Operational Revenues** fell from a profit of \$64,536 million in 2018 to a **loss of \$16,689 million in 2019**. In other words, the Operating Revenues (the mandatory 7% contributions plus member AVCs) generated by the ISAPREs was insufficient to meet the **Technical Costs plus Administrative Expenses**. Therefore, this was made up by the shareholders of ISAPREs themselves through their equity and Non-Operating Profits. The ISAPRE with the highest operating loss was CONSALUD, with a loss of \$7,892 million. The ones that showed the best results were CRUZ BLANCA, with an Operating Profit of \$2,288 million, and VIDA TRES with a result close to zero.
- **Non-Operational Results:** Operational Losses were offset by extraordinary Non-Operational Profits in 2019. The Non-Operational Income increased in the period from \$28,000 million to \$44,000 million in 2019 and the Non-Operational Expenses evolved from \$6,367 million to \$14,052 million in 2019.
- The bottom line in aggregate is that **Open ISAPREs profits fell nearly seven-fold**, from \$63,131 million in 2018 to \$9,456 million for 2019.

This is also seen in the fall in the “Profits to Total Revenue” ratio from 2.4% in 2018 to 0.3% in 2019, which leaves the industry in a difficult position to face a complex 2020.

Moreover, average **Return on Equity (ROE)** fell from 17.1% in 2018 to 2.5% in 2019.

System Growth

As of 31st December 2019, there were 3,354,512 beneficiaries (19.3% of the population, or 35% of the country's formal workers) in the Open ISAPREs subsystem – see **Table 4**. These beneficiaries are made up of 1,970,282 contributing members and 1,366,320 family dependents.

The membership portfolio grew 2.6% in the period whilst the total number of beneficiaries (members and their family dependents) grew by only 0.9%. This reflects that the new ISAPRE plans were sold to younger people, without dependents and/or where both were in formal employment.

The ISAPRE with the largest number of beneficiaries continues to be CRUZ BLANCA, with 727,118 (21.7% of the market). It is only exceeded by the BANMÉDICA SA GROUP, which comprises BANMÉDICA, with its 709,659 beneficiaries (21.2%) and VIDA TRES 153,085 (4.6%) beneficiaries, which combined adds up to 862,744 (25.8%). COLMENA follows with 654,984 beneficiaries (19.6% of the market). The smallest is NUEVA MASVIDA, whose portfolio will have been affected by the critical process that began in 2017 and which led to a change in ownership/controller, with 379,821 beneficiaries (11.4% of the market).

Aging of Contributing Members

It is interesting to observe the evolution of the age composition of the Open ISAPRE portfolio, as seen in the **Table 1**. Aggregate claims, i.e. direct spending on medical benefits, is largely linked to the age structure of the insured membership portfolio. The greater the aging, the greater the expense. The loss

ratio, as noted above, is represented by the so-called “Costs of Sales” or “Technical Costs”, comprising expenses for health and sick leave (income protection during periods of certified illness). Although the portfolio of people age 60+ has reached 12.8% in ISAPREs, it is this age-group that has grown most over the last 20 years, and on a sustained basis.

According to the 2017 Census (INE), 16.2% of the Chilean population was age 60 and over; This group represents 12,8% of the Open ISAPRE system, but is growing at a rate in excess of 5% p.a. As such, in five or six -years’ time, at this growth rate, the Open ISAPRE membership profile will get closer to the national average, which is also increasing, but at a slower rate.

Table 1 - Variation in Number of Contributing Members - by Age Band

Age Bands	2018		2019		% YoY Growth
	N°	% Total	N°	% Total	
Less than age 40	926,084	47.0%	940,489	46.6%	1.6%
Age 40 to 59	756,972	38.4%	779,497	38.6%	3.0%
Age 6 and over	245,995	12.5%	259,296	12.8%	5.4%
Total Contributors	1,929,051	97.9%	1,979,282	98.0%	2.6%

Source: Data from Superintendencia de Salud - elaborated by author

Conclusions

Increased Medical Costs

The year 2019 presented important challenges for the ISAPREs. One of them is the sustained and inevitable increase in medical costs and spending on sick leave. Compensating for these permanent rates of increase is a challenge. This phenomenon is typical of modern medicine and affects all healthcare systems - public and private - in the world. Thus, in the Open ISAPREs subsystem, spending on healthcare benefits has increased by 8.9% in the year, whilst spending on sick leave has increased by 16.4%, both in excess of the rates of increase in the ISAPREs’ operating revenues

Many mistakenly attribute this price inflation to the existing integration between some ISAPREs and certain healthcare delivery providers – *vertical integration* through holding companies. However, despite this being a recognized practice, not all ISAPREs are integrated and, according to Superintendent of Health studies, no more than 25% of ISAPRE expenditure derives from closely held providers of the same holding company. On the other hand, the integration of healthcare between third-party payers (ISAPREs) and providers (clinics and medical centers) has proven positive, provided the transactions are transparent and capable of transferring the efficiencies of integration to the beneficiaries.

The reasons behind the increases in medical costs is objective, conclusive and demonstrable. However, the Chilean Courts of Justice have blindly accepted practically all the lawsuits filed by members against the general price adjustments of healthcare plans. This reached record levels in 2019, with 198,000 claims for claims to prevent rises in plan premiums (9.8% of contracts) and 169,000 claims to prevent increases in the GES premium. In both cases, the ISAPREs have been condemned to pay the legal costs (as well as the cost for their own defense). The lawsuits are based on the payment of high legal costs,

which are an excellent stimulus for the trial lawyers, who have received over USD\$150 million since these conflicts began.

Efficiency

ISAPREs are also accused of failing to design efficient models that contribute to the containment of medical costs. This may have been true in the past, as Chile has had, like in many parts, a custom of using a *fee-for-service* charging method with healthcare providers where the ISAPREs do not intervene in the management of an illness or course of treatment and patients are left to *rationalize* their spending. However, the ISAPREs are now designing and implementing methodologies that add value to healthcare spending process. That said, several ISAPREs have for many years, put strong pressure on healthcare providers to share in the risks, such that they actively participate in the cost containment process. The change to payment methods in settling claims, payments for discharge and DRG are all under development and, undoubtedly, will gradually changing the relationship between providers and insurers. However, it must always be borne in mind that health costs will continue to rise for the already outlined exogenous reasons, most typically the epidemiological and demographic changes the population is undergoing.

Threats of Structural Reforms

As noted, 2019 was marked by a considerable increase in healthcare and sick leave costs combined with various announcements of changes in the industry. In 2019 Government presented a bill to Congress to create a *Universal Plan*, a risk-compensation mechanism, flat-rates by sex and age and freedoms to change carrier, all of which has generated controversy both within the private healthcare sector and with the opposition, who continue to push for a need to create a single healthcare system for Chile. Due to other political and economic priorities, this project has since been delayed.

That said, the Government has resorted to administrative measures - stressing their interpretation of the existing legislation - to move ahead and implement the same changes that are contained in the legal project. Among these is the creation of a *healthcare price index*, that would help isolate cost increases that affect the healthcare system. The healthcare inflation figure published by the *Superintendencia de Salud* in January 2020 established and band with a maximum of 5.2% to be used in assessing annual premium adjustments.

Others point to the creation of a *Universal Healthcare Plan* and a flat-rate mechanism with no price differentiation by sex and a flattening of the rate differentials by age.

The ISAPREs have tended to avoid public discussion in the media, but they have not responded to the challenges with serious academic studies to demonstrate the added value that the private sector brings to healthcare delivery, which would appear to be a serious communicational and political mistake.

Paradoxically, the ISAPREs are weighed down by the poor quality of health services offered by the state health care delivery system (and FONASA). Since the violence in October, the idea of eliminating private insurance has emerged with greater force because it is considered discriminatory and a system “for the rich”, under circumstances where the poor receive a very poor-quality service. This was first seen as a slogan and then through proposals from left-wing academic groups, promoting the idea of a single

State-run healthcare insurance program. These proposals have since been endorsed by MEDICAL COLLEGE of Chile as well as by the School of Public Health of the UNIVERSITY OF CHILE.

Unfortunately, apart from isolated reactions, there has been no well-founded, conclusive and robust response from the business community, business associations, consumer organizations and liberal thinktanks regarding the damages to the healthcare system, to the national economy and to private investment in healthcare, were such ideas to materialize.

Covid-19

This document does not propose analyzing the evident consequences of the Covid-19 pandemic and its effects in Chile on the insurance sector. However, due to the national crisis of violence, which has plagued the country since mid-October, it is likely 2020 will see a drop in new membership and heightened delinquency in contribution payment, which would generate further financial problems for the ISAPREs. It should not be forgotten that now generalized– and legally sanctioned - practice of employers opting for “*Declaration and Non-payment*” of social security contributions (for AFP and FONASA/ISAPRE covers) obliges ISAPREs to continue providing members’ coverage, and without any form of restriction.

Similarly, the immediate rise in medically certified leave of absence from work will have dramatic ramifications this year, both for those patients who acquire the disease, which already amount to over 50,000 in the country. Of these, at least 35% are likely affiliated to an Open ISAPRE, i.e. some 17,500 *licencias médicas* would be added with a minimum duration of 15 days. Along with these, there will be added *licencias* for the population who came into contact with the sick – family members and coworkers – which will likely double the number.

Then there’s the cost of treatment for sick patients to be added. Notwithstanding this, outpatient care will suffer a significant reduction, due to the postponement of consultations, examinations and procedures during the period of social isolation and restrictions on the social mobility. Similarly, all hospital care has been delayed or rescheduled to accommodate and give preference to pandemic patients. All this may alleviate somewhat the serious problems indicated above for the ISAPREs. However, this is a direct threat to the private sector healthcare service providers – outpatient and inpatient - who will have seen a dramatic reduction in the demand since the outbreak of the epidemic and which will likely continue until the crisis is over.

As of April 2020, the ISAPREs must implement the administrative changes to eliminate the differences in rates between men and women. The next problem to be solved by the regulator is the legality of the price adjustments, since this has represented enormous costs that can destabilize the system, as has been demonstrated in the financials of 2019. For this, there is a need to test the recently implemented *healthcare price index* created by the authorities in the Courts, to see whether or not it solves this contentious issue. Added to these are the complexities in the recent decision to postpone base price adjustment, announced at the end of March 2020, amidst the pandemic crisis, which will clearly affect the contract adjustment process - for the period July 2020 to June 2021 - for the next three months.

Although this year the ISAPREs must strive to demonstrate their capacity to collaborate in the face of this health crisis, together with their network of healthcare providers, with discrete action plans, collaboration and coordination with the health authority

However, despite the accepted need to modernize the system and correct shortcomings, in such a crucial year for the industry and for the country, this is surely not the time for the legislator to begin a series of structural reforms and experiments.

Appendices

Table 2 – Summarized Financial Statements of the Open ISAPRE System 2019 and 2018

Financial Statements for the Open ISAPRE System - 2019 and 2018

CLP 000's as 31st December each year

	BANMEDICA			CONSALUD			COLMENA		
	2019	2018	Variation	2019	2018	Variation	2019	2018	Variation
Operating Revenues (1)	569,161,299	536,052,892	6.2%	541,317,604	492,765,723	9.9%	627,847,783	572,727,442	9.6%
Healthcare Expenses (2)	-394,133,524	-371,910,207	6.0%	-343,579,516	-311,695,123	10.2%	-437,883,680	-392,595,321	11.5%
Sik Leave Expenses (3)	-117,599,642	-101,965,185	15.3%	-134,215,404	-110,190,393	21.8%	-119,042,208	-101,757,468	17.0%
Technical Expenses [(4)=(2)+(3)]	-511,733,166	-473,875,392	8.0%	-477,794,920	-421,885,516	13.3%	-556,925,888	-494,352,789	12.7%
Administrative Costs (5)	-39,895,673	-34,816,111	14.6%	-48,863,291	-37,773,948	29.4%	-53,661,843	-43,478,927	23.4%
Sales Costs (6)	-22,021,960	-18,180,989	21.1%	-22,552,040	-25,565,000	-11.8%	-19,223,518	-16,760,004	14.7%
Gross Operating Margin [(1)+(4)]	57,428,133	62,177,500	-7.6%	63,522,684	70,880,207	-10.4%	70,921,895	78,374,653	-9.5%
Net Operating Revenues [(1)+(4)+(5)+(6)]	-4,489,500	9,180,400	-148.9%	-7,892,647	7,541,259	-204.7%	-1,963,466	18,135,722	-110.8%
Non-Operational Revenues	8,842,023	7,350,940	20.3%	8,682,238	7,964,876	9.0%	6,878,150	4,774,620	44.1%
Non-Operational Expenses	-1,469,082	-1,276,832	15.1%	-1,758,649	-2,352,652	-25.2%	-5,566,383	-1,697,341	227.9%
Monetary Correction for Inflation	-412,445	-422,724	-2.4%	-156,613	19,699	-895.0%	446,304	630,244	-29.2%
Taxes	-1,424,790	-3,965,245	-64.1%	607,022	-3,613,038	-116.8%	-179,022	-5,557,602	-96.8%
Net Profits/Losses	1,046,206	10,866,539	-90.4%	-518,649	9,560,144	-105.4%	-384,417	16,285,643	-102.4%

	CRUZ BLANCA			NUEVA MAS VIDA			VIDA TRES		
	2019	2018	Variation	2019	2018	Variation	2019	2018	Variation
Operating Revenues (1)	660,394,304	607,484,048	8.7%	292,220,345	290,830,182	0.5%	169,265,138	160,076,395	7.5%
Healthcare Expenses (2)	-445,158,527	-413,835,036	7.6%	-188,250,230	-174,469,524	7.9%	-135,003,069	-121,214,618	8.9%
Sik Leave Expenses (3)	-140,854,731	-116,327,846	21.1%	-71,195,928	-69,986,505	1.7%	-20,152,436	-17,910,338	16.4%
Technical Expenses [(4)=(2)+(3)]	-586,013,258	-530,162,882	10.5%	-259,446,158	-244,456,029	6.1%	-155,155,505	-139,124,956	11.5%
Administrative Costs (5)	-49,665,265	-49,519,693	0.3%	-23,812,787	-30,371,610	-21.6%	-9,336,978	-6,955,421	11.0%
Sales Costs (6)	-22,426,835	-20,781,243	7.9%	-13,578,705	-3,581,272	279.2%	-4,788,230	-3,758,646	18.0%
Gross Operating Margin [(1)+(4)]	74,381,046	77,321,166	-3.8%	32,774,187	46,374,153	-29.3%	14,109,633	20,951,439	-12.1%
Net Operating Revenues [(1)+(4)+(5)+(6)]	2,288,946	7,020,230	-67.4%	-4,617,305	12,421,271	-137.2%	-15,575	10,237,372	-125.9%
Non-Operational Revenues	1,794,206	1,814,536	-1.1%	5,590,098	3,689,566	51.5%	12,840,216	2,868,764	56.8%
Non-Operational Expenses	-3,523,104	-520,160	577.3%	-1,356,382	-300,171	351.9%	-379,032	-219,443	120.7%
Monetary Correction for Inflation	317,383	379,868	-16.4%	-130,893	100,491	-230.3%	-37,941	-39,676	-96.1%
Taxes	-129,233	-3,323,125	-96.1%	261,080	-4,257,213	-106.1%	-3,580,338	-3,453,464	-81.6%
Net Profits/Losses	748,198	5,371,349	-86.1%	-253,402	11,653,944	-102.2%	8,827,330	9,393,553	-85.0%

	CONSOLIDADO ISAPRES ABIERTAS		
	2019	2018	Variation
Operating Revenues (1)	2,860,206,473	2,659,936,682	7.5%
Healthcare Expenses (2)	-1,944,008,546	-1,785,719,829	8.9%
Sik Leave Expenses (3)	-603,060,349	-518,137,735	16.4%
Technical Expenses [(4)=(2)+(3)]	-2,547,068,895	-2,303,857,564	10.6%
Administrative Costs (5)	-225,235,837	-202,915,710	11.0%
Sales Costs (6)	-104,591,288	-88,627,154	18.0%
Gross Operating Margin [(1)+(4)]	313,137,578	356,079,118	-12.1%
Net Operating Revenues [(1)+(4)+(5)+(6)]	-16,689,547	64,536,254	-125.9%
Non-Operational Revenues	44,626,931	28,463,302	56.8%
Non-Operational Expenses	-14,052,632	-6,366,599	120.7%
Monetary Correction for Inflation	25,795	667,902	-96.1%
Taxes	-4,445,281	-24,169,687	-81.6%
Net Profits/Losses	9,465,266	63,131,172	-85.0%

Source: Data from Superintendencia de Salud - elaborated by author

Table 3 – Key Financial Ratios in the Open ISAPRE System 2019 and 2018

RATIOS	BANMEDICA		CONSALUD		COLMENA		CRUZ BLANCA		MÁS VIDA		VIDA TRES		SYSTEM	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total Expenses / Operating Revenues	100.8%	98.3%	101.5%	98.5%	100.3%	96.8%	99.7%	98.8%	101.6%	95.7%	100.0%	93.6%	100.6%	97.6%
Technical Expenses / Operating Revenues	89.9%	88.4%	88.3%	85.6%	88.7%	86.3%	88.7%	87.3%	88.8%	84.1%	91.7%	86.9%	89.1%	86.6%
Healthcare Expense / Operating Revenues	69.2%	69.4%	63.5%	63.3%	69.7%	68.5%	67.4%	68.1%	64.4%	60.0%	79.8%	75.7%	-68.0%	-67.1%
Sick Leave Expenses / Operating Revenues	30.7%	28.9%	35.6%	32.3%	27.6%	26.2%	23.8%	22.3%	31.9%	30.8%	22.6%	21.5%	28.8%	27.0%
Administrative Expenses / Operating Revenues	7.0%	6.5%	9.0%	7.7%	8.5%	7.6%	7.5%	8.2%	8.1%	10.4%	5.5%	4.3%	7.9%	7.6%
Sales Expenses / Operating Revenues	3.9%	3.4%	4.2%	5.2%	3.1%	2.9%	3.4%	3.4%	4.6%	1.2%	2.8%	2.3%	3.7%	3.3%
Profits or Losses / Operating Expenses	0.2%	2.0%	-0.1%	1.9%	-0.1%	2.8%	0.1%	0.9%	-0.1%	4.0%	5.2%	5.9%	0.3%	2.4%

Source: Data from Superintendencia de Salud - elaborated by author

Table 4 - Market Participation - December 2019

Open ISAPRES	Contributors (N°)	Dependents (N°)	Total (N°)	Market Share
Colmena Golden Cross	408,279	246,705	654,984	19.6%
Cruz Blanca	434,084	293,034	727,118	21.7%
Vida Tres	80,607	72,478	153,085	4.6%
Nueva MásVida	232,644	147,177	379,821	11.4%
Isapre Banmédica	388,616	321,043	709,659	21.2%
Consalud	435,052	285,793	720,845	21.5%
Total Open ISAPRES	1,979,282	1,366,230	3,345,512	100.0%

Source: Data from Superintendencia de Salud - elaborated by author

Table 5 – Variation in the Price of GES Cover by ISAPRES – 2019 a 2022

	BANMEDICA	COLMENA	CONSALUD	CRUZ BLANCA	VIDA TRES	MASVIDA
GES 80 DS 3, for 2016 (Jul-2016 - Sep-2019)	UF0.39	UF0.52	UF0.44	UF0.51	UF0.43	UF0.45
GES 85 DS 22, for 2019 (Oct-2019 - Sep-2022)	UF0.59	UF0.77	UF0.60	UF0.74	UF0.63	UF0.80
One-time increase in October 2019	51.3%	48.1%	36.4%	44.2%	46.5%	76.7%

Source: Data from Superintendencia de Salud - elaborated by author