

SHERLOCK EXPENSE EVALUATION REPORT

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Volume II: Staffing and Compensation



SHERLOCK COMPANY

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TABLE OF CONTENTS

	<u>Tab</u>
Introduction and Background	1
<ul style="list-style-type: none">▪ <i>Organization, conventions, applicability, and process of the Sherlock Benchmarks.</i>	
Staffing Ratios	2
<ul style="list-style-type: none">▪ <i>This provides in-depth analyses of various staffing ratios per 10,000 Members including Reported FTEs, Inferred FTEs by Product and Inferred FTEs by segments. Inferred staffing ratios include the effect of outsourced staffing.</i>▪ <i>Products include:</i><ul style="list-style-type: none">○ <i>Commercial Insured</i>○ <i>Commercial ASO/ASC</i>○ <i>Medicare Supplement</i>○ <i>Medicare Advantage</i>○ <i>Medicaid HMO</i>▪ <i>Segments include:</i><ul style="list-style-type: none">○ <i>ACA, Under 65 On Public Exchange Individual Product Line</i>○ <i>ACA, Under 65 Off Public Exchange Individual Product Line</i>○ <i>Individual Product Line</i>	
Staff Compensation	3
<ul style="list-style-type: none">▪ <i>Includes analyses related staff compensation - Staffing Costs per FTE, Composition of Compensation, Compensation Costs per FTE, and Staffing Costs Per Member Per Month.</i>	
Labor Intensity	4
<ul style="list-style-type: none">▪ <i>This section includes metrics relating to Staffing Costs as a Percent of Comprehensive Total Costs, Non-Labor Costs per FTE, and Total Costs per FTE.</i>	
Propensity to Outsource	5
<ul style="list-style-type: none">▪ <i>This provides in-depth analyses of propensity to outsource including Outsourced Costs as a Percent of Total Costs, Outsourced Staffing Costs as a percent of Total Staffing Costs, Outsourced Staffing Costs as a Percent of Total Costs, and Outsourced FTEs as a Percent of Total FTEs.</i>	

Tab 2

Staffing Ratios

This section provides an analysis of staffing ratios by function. Values are presented on a per 10,000 member basis.

Outsource FTEs are estimated by the Plans. Combined FTEs are the sum of internal and outsourced FTEs. Combined FTEs are intended to represent the staffing if no activities were outsourced.

Inferred Combined FTEs by product and by segment are estimated by dividing the plan's PMPM costs by the total costs per FTE. This is multiplied by 120,000 to convert monthly costs to annual FTEs and to adjust for the staffing ratio being expressed in per 10,000 members.

Figure	Analysis	Page
	Staffing Ratios, by Function	
2-1	Internal FTEs per 10,000 Members.....	2
2-2	Estimated Outsourced FTEs per 10,000 Members.....	4
2-3	Combined FTEs per 10,000 Members.....	6
	Inferred Combined FTEs per 10,000 Members, by Product	
2-4	Commercial Insured.....	8
2-5	Commercial ASO.....	10
2-6	Medicare Supplement.....	12
2-7	Medicare Advantage.....	14
2-8	Medicaid HMO.....	16
	Inferred Combined FTEs per 10,000 Members, by Segment	
2-9	ACA, Under 65 On Public Exchange Individual Product Line.....	18
2-10	ACA, Under 65 Off Public Exchange Individual Product Line.....	20
2-11	Individual Product Line.....	22

Tab 3

Staff Compensation

This section provides an analysis of staff compensation, by function. Outsourced staffing costs are estimated by the plans.

Staffing Costs for Internal FTEs include all benefits. These correspond to internal staffing costs, except they include accruals for retiree benefits other than pensions. Other Post Employment Benefits (OPEB) are classified in the financial metrics in the Other Corporate Services sub-function of Corporate Services.

Outsourced Staffing Costs are provided by the plans. Depending on the plan, their ultimate source may be their direct knowledge of the compensation of the outsourced FTE or an estimate. If estimated by the plans, it may be based upon local wage levels for the personnel or the typical costs for FTEs in Plans that do not outsource any activities.

Combined Staffing Costs reflect both the internal and outsourced staffing costs. This corresponds with the combined staffing ratio, found in Tab 2, Staffing Ratios.

Figure	Analysis	Page
	Staff Compensation, by Function	
3-1	Internal Staffing Costs per Internal FTE.....	26
3-2	Estimated Outsourced Staffing Costs per Outsourced FTE.....	28
3-3	Combined Staffing Costs per Combined FTE.....	30
3-4	Composition of Compensation by Salaries, Benefits, etc.....	32
3-5	Compensation per FTE by Salaries, Benefits, etc.....	33
3-6	Internal Staffing Costs, PMPM.....	34
3-7	Outsourced Staffing Costs, PMPM.....	36
3-8	Combined Staffing Costs, PMPM.....	38

Tab 4

Labor Intensity

This section provides an analysis of labor intensity, by function. Non-Labor Costs are inferred as total costs less staffing costs. These ratios are calculated by function.

Comprehensive Total Costs per Combined FTE calculated as total costs per function divided by the sum of all internal and outsourced FTEs. This metric is useful for estimating staffing requirements across products and segments. Assuming the staffing and non-labor mix is precisely the same for each product or segment served, then this value can be used to estimate staffing in that product. This is done by dividing the PMPM costs for that product or segment by comprehensive total costs per combined FTE. The result is then multiplied by 120,000 to convert month-based calculation of PMPM to annual values and to express the staffing ratio in the more wieldy per 10,000 members.

Figure	Analysis	Page
	Labor Intensity, by Function	
4-1	Internal Staffing Costs as a Percent of Comprehensive Total Administrative Costs.....	42
4-2	Combined Staffing Costs as a Percent of Comprehensive Total Administrative Costs.....	44
4-3	Comprehensive Total Non-Labor Costs per Combined FTE.....	46
4-4	Comprehensive Total Costs per Combined FTE.....	48

Tab 5

Propensity to Outsource

This section provides an analysis of propensity to outsource, by function.

Figure	Analysis	Page
	Propensity to Outsource, by Function	
5-1	Estimated Outsourced Staffing Costs as a Percent of Combined Staffing Costs.....	52
5-2	Estimated Outsourced Staffing Costs as a Percent of Comprehensive Total Administrative Costs.....	54
5-3	Estimated Outsourced FTEs as a Percent of Combined FTEs.....	56
5-4	Total Outsourced Costs as a Percent of Comprehensive Total Administrative Costs.....	58