

SHERLOCK EXPENSE EVALUATION REPORT

Larger Plans Edition - 2016

Volume II: Staffing and Compensation



SHERLOCK COMPANY

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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 divided by 120,000 to convert monthly costs to annual FTEs, and to adjust for the staffing ratio being expressed in per 10,000 members.

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Staffing Costs for Internal FTEs include all benefits except accruals for retiree benefits other than pensions. These Other Post Employment Benefits (OPEB) are separately classified as a 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.

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Comprehensive Total Costs per Combined FTE is 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 / non-labor mix is precisely the same, irrespective of the product or segment served then this value can be used to estimate staffing in that product. Simply divide the PMPM by the comprehensive total costs per combined FTE. Then divide the result 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.

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