

SHERLOCK EXPENSE EVALUATION REPORT

Medicare 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 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.

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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.

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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.

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