

SHERLOCK BENCHMARKS

Blue Cross Blue Shield Edition



Volume II
Operational Metrics

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SHERLOCK BENCHMARKS

Blue Cross Blue Shield Edition - 2023

Volume II: Operational Metrics



SHERLOCK COMPANY

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This section includes metrics relating to Risk Adjustment. Risk Adjustment is the analysis of clinical data in order to match government compensation with the risk factors of members. This includes adjustment for the “three Rs”: permanent risk adjustment, transitional reinsurance and transitional risk corridors.

INTRODUCTION AND BACKGROUND

Background

This is the “Operational Metrics” book of Volume II of the 2023 *Sherlock Benchmarks* for Blue Cross Blue Shield Plans (*Sherlock Expense Evaluation Report* or *SEER*). The *Sherlock Benchmarks* provide statistics and analysis summarizing the administrative expenses and operational metrics of seventeen Blue Cross Blue Shield Plans. They are intended to facilitate comparisons for users and to assist in the management of health plan administrative expenses.

The premises of the *Sherlock Benchmarks* and a general description of the Blue Cross Blue Shield universe is found in Volume I, *Financial Metrics*. That volume also contains an extensive description of the participating plans.

Organization of the Sherlock Benchmarks

The 2023 *Sherlock Benchmarks* for Blue Cross Blue Shield Plans is a carefully compiled and validated summary of the surveyed operational characteristics of leading health plans. Seventeen Blue Cross Blue Shield Plans participated this year. Approximately 76% of the Blue comprehensive members not in publicly-traded Blue Cross Blue Shield Plans are served by Plans in this year’s survey. Collectively, the Plans reflected here serve 52.2 million people with comprehensive products.

The *Sherlock Benchmarks* assists in performance improvements for health plans by facilitating comparisons between plans and

their universe as a whole. It quantifies health plans’ relative performance and identifies sources of variance at a highly granular level. *Sherlock Benchmarks* are unusually comprehensive and validated analytical tool.

The *Sherlock Benchmarks* are produced in two volumes.

Volume I: Financial Metrics includes analyses of administrative expenses through financial ratios such as percent of revenues and per member per month. Data is divided into fourteen product lines and more than 70 functions or subfunctions.

Volume II: Operational Metrics complements Volume I by facilitating in-depth analyses of the financial metrics. It is subdivided into four documents.

Staffing and Compensation focuses on the staffing components of operational metrics and includes average compensation, staffing ratios and outsourcing information.

Operational Metrics translates between operational performance and expense performance. Expenses are often analyzed into factors of user demand, employee productivity, unit cost, staffing ratios and cost per employee. For instance, Claim and Encounter Capture and Adjudication is analyzed into claims per member, productivity of claims processors, cost per claim and per-employee costs of claims. All functions



are analyzed by factors of staffing ratios, staffing costs per FTE and non-labor costs. Numerous drivers of costs and quality are also provided. In the claims area, for example, these include metrics of electronic submission, auto-adjudication and factors requiring manual intervention.

Medical Management Metrics reports the costs and operations of key medical management activities.

Health Care Utilization Metrics contains health care utilization and cost metrics for forty health services, segmented by product.

In addition to these documents, a comprehensive set of data definitions and calculation notes, called *Common Guidelines*, is provided normally in PDF form for ease of reference.

This document, Volume II – Operational Metrics, is divided into ten sections:

TAB 1. INTRODUCTION AND BACKGROUND

This section describes the organization and conventions of the *Sherlock Benchmarks*.

TAB 2. OPERATIONAL METRICS OVERVIEW

This section presents summary analyses of factors of costs in each functional area. These factors are, broadly, demand, unit cost, productivity, and staffing ratios. Costs are also analyzed in terms of labor and non-labor costs per FTE.

TAB 3. SALES AND MARKETING

This section includes analyses related to the entire spectrum of Sales and Marketing activities including functions of Rating and Underwriting, Marketing, Sales, Commissions (external) and Advertising and Promotion.

TAB 4. PROVIDER NETWORK MANAGEMENT AND SERVICES

Metrics of activities performed by this function are found here. Provider Network Management and Services includes Provider Relations Services (the initial point of contact (telephonic and written) for provider inquiries), Provider Contracting (including Provider Configuration), and Other Provider Network Management and Services (including the maintenance of the provider network, orientation, on-going education, and in-services with new and existing providers).

TAB 5. ENROLLMENT / MEMBERSHIP / BILLING

Analyses related to these activities are found here. Enrollment is the processing of installation, recording and maintenance of the relationship between the plan and its members. Membership is the recording of and changes in demographic information. Billing is the process and the execution of the submission of invoices.



TAB 6. CUSTOMER SERVICES

Detailed metrics relating to customer services are included in this section. Customer Services responds to, processes, resolves or provides information for transactions or inquiries of customers based on eligibility, contract language, benefit interpretation, medical management activities, regulatory interpretation, claims process accuracy and historical member communications used to provide and authorize service or payment.

TAB 7. CLAIM AND ENCOUNTER CAPTURE AND ADJUDICATION

Performance metrics of the claims area are found in this section. This function compares claim application and/or provider statement with policy file and other records to evaluate completeness and validity of claim and settles claims with claimants in accordance with policy provisions and performs COB functions.

TAB 8. INFORMATION SYSTEMS

This section contains operational metrics of information systems. Information Systems extends and supports the activities of other functional areas. Its own activities are divided into costs to keep it running, costs of software and support, costs to grow the business and the costs to maintain Information Systems security.

TAB 9. CORPORATE SERVICES CLUSTER

Metrics relating to Finance and Accounting and the Corporate Services functions are found here. Corporate Services sub-functions include Human Resources, Legal and Facilities.

TAB 10. RISK ADJUSTMENT

Risk Adjustment is the analysis of clinical data to match government compensation with the risk factors of members. This includes adjustment for the “three Rs”: permanent risk adjustment, transitional reinsurance and transitional risk corridors.

Conventions Used in this Report

In the *Sherlock Benchmarks*, we analyzed costs for the Plans as enterprises, by functional area and also by product. We have employed a number of reporting conventions, which we discuss below.

1. The terms “high” and “low” mean the average of the *two* highest and *two* lowest values, respectively. The standard deviation is the measure of dispersion. To facilitate comparability of standard deviations, we have expressed standard deviation as a percent of the mean, commonly termed the coefficient of variation.
2. Statistical results are unweighted. That is, each metric reflects equally the experience of each Plan that reports a functional area for a product, without regard to the Plan’s size.



3. Statistical measures for each functional area are calculated independently. Accordingly, the statistical values of total expenses is not the sum of the statistical values of each component cost.
4. Results were subject to careful validation processes to identify, and correct if possible, reporting errors.
5. Within each Plan, ratios based on the *total* scope of products (for instance in the Total and Comprehensive values) are intrinsically weighted by the relative importance of each product to that firm. For instance, the comprehensive values for a health plan with a heavy commitment to low-cost Indemnity & PPO ASO will reflect that product's weighting and its Total and Comprehensive Plan costs will be lower as a result.

We offer a few additional comments regarding Volume II – Operational Metrics.

1. The information we received is through our contact, typically someone in the finance area, rather than directly from the operational department themselves.
2. The response rate was considerably lower in operational metrics as compared with financial metrics. Operational metrics are largely voluntary to help assure quality of responses.
3. The components may not sum to totals, for example in the case of product line breakouts. That is because

response rates varied in each of the component parts and in totals.

4. Turnover metrics supplied by the respondents, as opposed to those calculated by us, are usually calculated as average for the year, as opposed to being based on year-end and total year ratios.
5. Additional discussion about *Sherlock Benchmarks* survey procedures, data analysis and presentation is found under Tab 1 of Volume I – Financial Metrics.
6. A complete description of the characteristics of the participating plans is found in Tab 10 of Volume I – Financial Metrics.

Questions and Comments

We invite questions and comments on the
Sherlock Benchmarks.

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In addition, please know that we support your use of the *Sherlock Benchmarks*. We hope that you will not hesitate to contact us if you have any questions concerning classifications, calculation methodologies and the application of the *Sherlock Benchmarks* to improve the performance of your health plan.



Tab 2

Summary of Operational Metrics

This section summarizes analyses of key functional areas. If a quantifiable output is identifiable, per member per month (PMPM) costs are segmented into factors of primary demand, productivity, unit cost, cost per FTE and staffing ratios. In all cases of these functional areas, PMPM costs are segmented into staffing ratios and costs per FTE, which are divided into labor and non-labor components.

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Provider Network Management & Services responds to inquiries from providers, contracts with providers for care delivered to members, is the liaison for provider appeals (whose coordinating responsibility resets with customer services), credentials providers for eligibility for contracts, issues report cards to provider and audits and validates provider activity.

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Provider Relations Service Metrics:

This sub-function responds to inquiries from providers.

Provider Relations Services Cost Summary

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Provider Network Management and Services

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Tab 5

Enrollment / Membership / Billing

Enrollment / Membership / Billing processes group and membership transactions, processes invoices and maintains population demographics.

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= Costs per Member per Month.....	139		
<u>Staffing vs. Non-Labor</u>			
Customer Services Total Non-Staffing Costs per Total FTE.....	139		
+ Customer Services Total Staffing Costs per Total FTE.....	139		
= Customer Services Total Costs per Total FTE.....	139		
x Customer Services Total FTEs per 10,000 Members.....	139		
= Customer Services Cost per Member per Month.....	139		
Percent of Customer Services Costs that are Staffing.....	139		
Percent of Customer Services Costs that are Non-Staffing.....	139		
Percent of Customer Services Costs that are Outsourced.....	139		
Percent of Customer Services Staffing that is Outsourced.....	139		
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Manual Electronic Inquiries.....	141		
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Automated Calls.....	142		
Total Member Inquiries.....	142		
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Customer Services

Metric	Page	Definition	Calculation
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Total Manual Inquiries.....	149		
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Total Member Inquiries	150		
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Eligibility.....	151		
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Billing & ID Cards.....	153		
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Other.....	154		
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Eligibility.....	155		
Claims Status.....	156		
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Billing & ID Cards.....	157		
Complaints / Grievances.....	157		
Other.....	158		
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Customer Services

Metric	Page	Definition	Calculation
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Number of Appeals as a Percent of Total Claims.....	164		
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Tab 7

Claim and Encounter Capture and Adjudication

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	169		
x	169		
=	169		
x	169		
=	169		
x	169		
=	169		
<u>Total Claims</u>			
x	169		
=	169		
x	169		
=	169		
x	169		
=	169		
<u>Staffing vs. Non-Labor</u>			
	169		
+	169		
=	169		
x	169		
=	169		
	169		
	169		
	169		
	169		
Volume of Claims			
<u>Claims Received</u>			
	170		
	170		
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Claim and Encounter Capture and Adjudication (continued)

Metric	Page	Definition	Calculation
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Total Claims Suspended Per Member Per Year.....	182		
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Claim and Encounter Capture and Adjudication (continued)

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Denied Claims Rate.....	185		
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Total Claims Processed, PMPY.....	187		
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Local.....	190		
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Average Claims Inventory as a Percent of Total Claims Processed.....	194		
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15 - 30 days.....	194		
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> 60 days.....	194		
Total.....	194		
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Dollar Accuracy Percent.....	195		
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Interest Paid per Claim Processed.....	196		
Interest Paid as a Percent of Total Health Benefits.....	196		

Tab 8
Information Systems

Metric	Page	Definition	Calculation
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Total FTEs per IS FTE.....	201		
x IS Costs per Total FTE.....	201		
= IS Costs per IS FTE.....	201		
x IS FTEs per 10,000 Members.....	201		
= Cost per Member per Month.....	201		
Effect of IS Allocated by Supported Functional Area			
IS After Allocation as a Percent of Total IS.....	201		
x Total IS PMPM.....	201		
= IS Costs PMPM, After Allocation.....	201		
x Non-IS Costs PMPM, After Allocation.....	201		
= Total Administrative Cost PMPM.....	201		
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Internal IS Expenses per Internal FTE.....	202		
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Staffing vs. Non-Labor			
Information Systems Total Non-Staffing Costs per Total FTE.....	202		
+ Information Systems Total Staffing Costs per Total FTE.....	202		
= Information Systems Total Costs per Total FTE.....	202		
x Information Systems Total FTEs per 10,000 Members.....	202		
= Information Systems Cost per Member per Month.....	202		
Percent of Information Systems Costs that are Staffing.....	202		
Percent of Information Systems Costs that are Non-Staffing.....	202		
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Percent of Information Systems Staffing that is Outsourced.....	202		
Total Information Systems Costs, Natural Accounting Categories			
<u>Per Member Per Month</u>			
(a) Internal Employees, Including Travel and Training.....	203		
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(c) Consultants.....	203		
(d) Hardware Depreciation and Maintenance.....	203		
(e) Software Amortization and Maintenance.....	203		
(f) Other Information Systems.....	203		
Total Information Systems Expenses.....	203		
<u>Percent of Premium Equivalents</u>			
(a) Internal Employees, Including Travel and Training.....	203		
(b) Outsourced Employees and Contractors.....	203		
(c) Consultants.....	203		
(d) Hardware Depreciation and Maintenance.....	203		
(e) Software Amortization and Maintenance.....	203		
(f) Other Information Systems.....	203		
Total Information Systems Expenses.....	203		

Information Systems

Metric	Page	Definition	Calculation
Total Information Systems Costs, Natural Accounting Categories (continued)			
<u>Percent of Total Information Systems Costs</u>			
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(c) Consultants.....	203		
(d) Hardware Depreciation and Maintenance.....	203		
(e) Software Amortization and Maintenance.....	203		
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Total Information Systems Costs, Functional Areas			
<u>Per Member Per Month</u>			
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(1) Voice and Data Network.....	204		
(2) Data Center.....	204		
(3) Engineering.....	204		
(4) Desktop Services.....	204		
(5) Help Desk.....	204		
(6) Storage and Capacity Management.....	204		
(7) Business Continuity Planning (BCP) and Disaster Recovery (DR).....	204		
(8) Other.....	204		
11 (b) Applications Maintenance.....	204		
11 (c) Applications Acquisition and Development.....	204		
(1) Project Management Office and Support (PMO).....	204		
(2) Other.....	204		
11 (d) Security Administration and Enforcement.....	204		
Total Information Systems Expenses.....	204		
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11 (a) Operations and Support.....	204		
(1) Voice and Data Network.....	204		
(2) Data Center.....	204		
(3) Engineering.....	204		
(4) Desktop Services.....	204		
(5) Help Desk.....	204		
(6) Storage and Capacity Management.....	204		
(7) Business Continuity Planning (BCP) and Disaster Recovery (DR).....	204		
(8) Other.....	204		
11 (b) Applications Maintenance.....	204		
11 (c) Applications Acquisition and Development.....	204		
(1) Project Management Office and Support (PMO).....	204		
(2) Other.....	204		
11 (d) Security Administration and Enforcement.....	204		
Total Information Systems Expenses.....	204		

Information Systems

Metric	Page	Definition	Calculation
Total Information Systems Costs, Functional Areas (continued)			
<u>Percent of Total Information Systems Costs</u>			
11 (a) Operations and Support.....	205		
(1) Voice and Data Network.....	205		
(2) Data Center.....	205		
(3) Engineering.....	205		
(4) Desktop Services.....	205		
(5) Help Desk.....	205		
(6) Storage and Capacity Management.....	205		
(7) Business Continuity Planning (BCP) and Disaster Recovery (DR).....	205		
(8) Other.....	205		
11 (b) Applications Maintenance.....	205		
11 (c) Applications Acquisition and Development.....	205		
(1) Project Management Office and Support (PMO).....	205		
(2) Other.....	205		
11 (d) Security Administration and Enforcement.....	205		
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Phone.....	206		
Online.....	206		
Total Inquiries.....	206		
<u>Percent of Total Help Desk Inquiries by Type</u>			
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Information Systems

Metric	Page	Definition	Calculation
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Total Projects Completed.....	208		
Total Projects.....	208		
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Total Projects Worked On, but not Completed.....	208		
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Total Projects.....	208		
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Tab 9

Corporate Services Cluster

The Corporate Services Cluster is comprised of the functions of Finance and Accounting, Actuarial, Corporate Executive and Governance and the Corporate Services function. The Corporate Services function includes subfunctions like Facilities, Mailroom, Legal and Human Resources. This tab includes metrics of these subfunctions plus those of Finance and Accounting.

Metric	Page	Definition	Calculation
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+		Corporate Services Function Total Staffing Costs per Total FTE.....	218
=		Corporate Services Function Total Costs per Total FTE.....	218
x		Corporate Services Function Total FTEs per 10,000 Members.....	218
=		Corporate Services Function Cost per Member per Month.....	218
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		Percent of Corporate Services Function Costs that are Non-Labor.....	218
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Corporate Services Cluster

Metric	Page	Definition	Calculation
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Corporate Services Cluster

Metric	Page	Definition	Calculation
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Other Days Missed as a Percent of Missed Days.....	221		
Total Missed Days as a Percent of Missed Days.....	221		
Per FTE			
Days Available to Work per FTE.....	221		
Days Worked per FTE.....	221		
FMLA days per FTE.....	221		
Short Term Disability Days per FTE.....	221		
Workers Comp days per FTE.....	221		
Other days Missed per FTE.....	221		
Total Days Missed per FTE.....	221		
<u>PTO</u>			
PTO Days Based on Years of Employment			
1 year.....	222		
3 years.....	222		
5 years.....	222		
10 years.....	222		
15 years.....	222		
20 years.....	222		
25 years.....	222		
Total.....	222		
Percent of Employees Based on Years of Employment			
1 year.....	222		
3 years.....	222		
5 years.....	222		
10 years.....	222		
15 years.....	222		
20 years.....	222		
25 years.....	222		
Total.....	222		
Does your plan offer a PTO system?.....	222		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Human Resources, continued			
<u>Teleworking</u>			
Percent of FTEs			
That Always Work at Home.....	223		
That "Hotel".....	223		
Eligible to Telework.....	223		
Eligible to Telework that Always Work from Home.....	223		
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<u>Human Resources Cost Summary</u>			
HR Costs per Total FTE.....	224		
x Total FTEs per HR FTE.....	224		
= HR Costs per HR FTE.....	224		
x HR FTEs per 10,000 Members.....	224		
= HR Cost per Member per Month.....	224		
<u>Staffing vs. Non-Labor</u>			
Human Resources Non-Labor Costs per Human Resources FTE.....	224		
+ Human Resources Staffing Costs per Human Resources FTE.....	224		
= Human Resources Costs per Human Resources FTE.....	224		
x Human Resources FTEs per 10,000 Members.....	224		
= Cost per Member per Month.....	224		
Percent of Human Resources Costs that are Non-Labor.....	224		
Percent of Human Resources Costs that are Staffing.....	224		
Percent of Human Resources Costs that are Outsourced.....	224		
Percent of Staff that is Outsourced.....	224		
<u>Employee Tenure</u>			
Percent of Employees With Less Than One Year of Tenure.....	225		
Percent of Employees With One to Five Years of Tenure.....	227		
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Percent of Employees With More Than Ten Years of Tenure.....	231		
Average Employee Duration in Years.....	233		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Legal			
<u>Staffing vs. Non-Labor</u>			
	235		
	235		
+	235		
=	235		
x	235		
=	235		
	235		
	235		
	235		
	235		
<u>Normal Business vs. Outside Litigation Costs</u>			
Per Member Per Month			
	235		
	235		
	235		
Percent of Premiums and Fees			
	235		
	235		
	235		
Percent of Total Legal Costs			
	235		
	235		
	235		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Facilities			
<u>Facilities Cost Summary</u>			
			236
x		Facilities Costs per Total FTE.....	236
=		Total FTEs per Facilities FTE.....	236
x		Facilities Costs per Facilities FTE.....	236
=		Facilities FTEs per 10,000 Members.....	236
x		Facilities Costs per Member per Month.....	236
			236
		Facilities FTEs per Total FTEs.....	236
x		Total Usable Square Feet per Facilities FTEs.....	236
=		Total Usable Square Feet per Total FTEs.....	236
x		Facilities Cost per Total Usable Square Feet.....	236
=		Facilities Costs per Total FTEs.....	236
x		Total FTEs per 10,000 Members.....	236
=		Facilities cost per Member per Month.....	236
			236
<u>Facilities Cost Summary - On-Site or Internal FTEs Only</u>			
			236
x		Facilities Costs per Total FTE.....	236
=		Total FTEs per Facilities FTE.....	236
x		Facilities Costs per Facilities FTE.....	236
=		Facilities FTEs per 10,000 Members.....	236
x		Facilities Costs per Member per Month.....	236
			236
		Facilities FTEs per Total FTEs.....	236
x		Total Usable Square Feet per Facilities FTEs.....	236
=		Total Usable Square Feet per Total FTEs.....	236
x		Facilities Cost per Total Usable Square Feet.....	236
=		Facilities Costs per Total FTEs.....	236
x		Total FTEs per 10,000 Members.....	236
=		Facilities cost per Member per Month.....	236
			236
<u>Staffing vs. Non-Labor</u>			
			237
+		Total Non-Staffing Costs per Total FTE.....	237
=		Total Staffing Costs per Total FTE.....	237
=		Total Costs per Total FTE.....	237
x		Total FTEs per 10,000 Members.....	237
=		Cost per Member per Month.....	237
			237
		Percent of Facilities Costs that are Staffing.....	237
		Percent of Facilities Costs that are Non-Labor.....	237
			237
		Percent of Facilities Costs that are Outsourced.....	237
		Percent of Facilities Staff that is Outsourced.....	237

Corporate Services Cluster

Metric	Page	Definition	Calculation
Facilities, continued			
<u>Square Footage of Facilities</u>			
Square Feet per Total FTE.....	238		
Gross.....	238		
Usable.....	238		
Square Feet per On-Site FTE			
Gross.....	238		
Usable.....	238		
Usable Square Footage by Type			
Percent Owned.....	238		
Percent Leased.....	238		
Usable Square Feet as a Percent of Gross Square Feet.....	238		
Gross Square Footage by Type			
Percent Owned.....	238		
Percent Leased.....	238		
Total Facilities Costs per Square Foot			
Gross.....	238		
Usable.....	238		
<u>Facilities Costs by Type</u>			
Per Member Per Month			
(a) Rent.....	238		
(b) Depreciation.....	238		
(c) Heat, Light and Taxes.....	238		
(d) Security.....	238		
(e) Maintenance.....	238		
(f) Leasehold Improvements.....	238		
(g) All Other.....	238		
Total.....	238		
Percent of Premiums and Fees			
(a) Rent.....	238		
(b) Depreciation.....	238		
(c) Heat, Light and Taxes.....	238		
(d) Security.....	238		
(e) Maintenance.....	238		
(f) Leasehold Improvements.....	238		
(g) All Other.....	238		
Total.....	238		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Facilities, continued			
<u>Facilities Costs by Type, continued</u>			
Percent of Total Facilities Costs			
(a) Rent.....	239		
(b) Depreciation.....	239		
(c) Heat, Light and Taxes.....	239		
(d) Security.....	239		
(e) Maintenance.....	239		
(f) Leasehold Improvements.....	239		
(g) All Other.....	239		
Total.....	239		
Printing and Mailroom			
<u>Mail Volume</u>			
Incoming Mail Volume per Member.....	239		
Outgoing Mail Volume per Member.....	239		
Total Mail Volume per Member.....	239		
Percent of Incoming Mail Volume of Total.....	239		
Percent of Outgoing Mail Volume of Total.....	239		
Percent of Total Mail Volume.....	239		
<u>Printing and Mailing Costs by Type</u>			
Per Member Per Month			
1. Rating and Underwriting.....	240		
2. Marketing.....	240		
3. Sales.....	240		
5. Advertising and Promotion.....	240		
6. Provider Network Management and Services.....	240		
7. Medical Management / Quality Assurance / Wellness.....	240		
8. Enrollment / Membership / Billing.....	240		
9. Customer Services.....	240		
10. Claim and Encounter Capture and Adjudication.....	240		
11. Information Systems Expenses.....	240		
12. Finance and Accounting.....	240		
13. Actuarial.....	240		
14. Corporate Services Function.....	240		
15. Corporate Executive & Governance.....	240		
Total.....	240		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Printing and Mailroom, continued			
<u>Printing and Mailing Costs by Type, continued</u>			
Percent of Premiums and Fees			
1. Rating and Underwriting.....	240		
2. Marketing.....	240		
3. Sales.....	240		
5. Advertising and Promotion.....	240		
6. Provider Network Management and Services.....	240		
7. Medical Management / Quality Assurance / Wellness.....	240		
8. Enrollment / Membership / Billing.....	240		
9. Customer Services.....	240		
10. Claim and Encounter Capture and Adjudication.....	240		
11. Information Systems Expenses.....	240		
12. Finance and Accounting.....	240		
13. Actuarial.....	240		
14. Corporate Services Function.....	240		
15. Corporate Executive & Governance.....	240		
Total.....	240		
Percent of Total Printing and Mailing Expenses			
1. Rating and Underwriting.....	241		
2. Marketing.....	241		
3. Sales.....	241		
5. Advertising and Promotion.....	241		
6. Provider Network Management and Services.....	241		
7. Medical Management / Quality Assurance / Wellness.....	241		
8. Enrollment / Membership / Billing.....	241		
9. Customer Services.....	241		
10. Claim and Encounter Capture and Adjudication.....	241		
11. Information Systems Expenses.....	241		
12. Finance and Accounting.....	241		
13. Actuarial.....	241		
14. Corporate Services Function.....	241		
15. Corporate Executive & Governance.....	241		
Total.....	241		

Tab 10

Risk Adjustment

Risk Adjustment is the analysis of clinical data in order to match government compensation with the risk factors of members. This includes adjustment for the “three Rs”: permanent risk adjustment, transitional reinsurance and transitional risk corridors.

Metric	Page	Definition	Calculation
Risk Adjustment Cost Summary			
Chart Reviews per 1,000 Members.....	245		
x Members per FTE.....	245		
= Chart Reviews per FTE per Year.....	245		
x Cost per Chart Review.....	245		
= Costs per FTE.....	245		
FTEs per 10,000 Members.....	245		
Costs per Member per Month.....	245		
Staffing vs. Non-Labor - Risk Adjustment			
Risk Adjustment Non-Labor Cost per Total FTE.....	245		
+ Risk Adjustment Total Staffing Costs per Total FTE.....	245		
= Risk Adjustment Total Costs per Total FTE.....	245		
x Risk Adjustment Total FTEs per 10,000 Members.....	245		
= Risk Adjustment Cost per Member per Month.....	245		
Percent of Risk Adjustment Costs that are Staffing.....	245		
Percent of Risk Adjustment Costs that are Non-Labor.....	245		
Percent of Risk Adjustment Costs that are Outsourced.....	245		
Percent of Risk Adjustment Staffing that is Outsourced.....	245		
Number of Chart Reviews			
Per 1,000 Members			
Internal.....	246		
Outsourced.....	246		
Total.....	247		
Percent of Charts Subject to Multiple Passes			
Outsourced.....	247		
Percent of Charts Reviews: Internal vs. Outsourced			
Internal.....	248		
Outsourced.....	248		
Total.....	249		
Risk Adjustment Staffing			
Risk Adjustment Staffing FTEs per 10,000 Members			
Other Risk Adjustment Employees.....	250		
Total.....	250		

SHERLOCK BENCHMARKS

Blue Cross Blue Shield Edition - 2023

Volume II – Operational Metrics

