

SHERLOCK BENCHMARKS

Larger Plans Edition



Volume II
Staffing and Compensation

Confidential & Trade Secrets
Copyright © 2020 Sherlock Company. All Rights Reserved.

This Page Intentionally Left Blank.

SHERLOCK BENCHMARKS

Larger Plans Edition - 2020

Volume II: Staffing and Compensation



SHERLOCK COMPANY

June 2020

The use of this Report and its content (including data values, survey instruments, definitions and calculation methodologies), form and layout (collectively, the Report) is governed by a non-exclusive license agreement or a mutual confidentiality agreement between Sherlock Company and its client that restricts the use of the Report to the client's internal purposes. Any distribution or reproduction, intentional or unintentional, of any materials contained herein without the express written permission of Sherlock Company is prohibited except as specified in the license or mutual confidentiality agreement. The agreement between the client and Sherlock Company does not convey any right of commercial use, nor effect any transfer of the Report or any portion thereof. This Report and its contents are also protected under one or more copyrights.

Copyright © 2020 Sherlock Company. All Rights Reserved. Photograph by Ray K. Saunders.

This Page Intentionally Left Blank.

TABLE OF CONTENTS

Tab 1. Introduction and Background

- Organization, conventions, applicability, and process of the *Sherlock Benchmarks*.

Tab 2. Staffing Ratios

- 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.
- Products include:
 - Commercial Insured
 - Commercial ASO/ASC
 - FEP
 - Medicare Advantage
 - Medicare Advantage SNP
 - Medicaid HMO
 - Medicare Supplement
- Segments include:
 - Individual Product Line
 - Small Groups
 - Middle Market
 - Large Groups
 - National Accounts - Insured
 - National Accounts - ASO/ASC
 - National Accounts - Total
 - Local Accounts ASO/ASC

Tab 3. Compensation

- Includes analyses related staff compensation - Staffing Costs per FTE, Composition of Compensation, Compensation Costs per FTE, and Staffing Costs Per Member Per Month.

Tab 4. Labor Intensity

- 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.

Tab 5. Propensity to Outsource

- 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, Outsourced FTEs as a Percent of Total FTEs and Outsourced Costs Per Member Per Month.

This Page Intentionally Left Blank.

Tab 2

Staffing Ratios

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

Outsourced FTEs are estimated by the Plans base on their insights or conversion factors supplied by Sherlock Comapny. These conversion factors are based on actual results from Plans that only infrequently outsource. 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 value is then 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.

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/ASC.....	10
2-6	FEP.....	12
2-7	Medicare Advantage.....	14
2-8	Medicare Advantage SNP.....	16
2-9	Medicaid HMO.....	18
2-10	Medicare Supplement.....	20
	Inferred Combined FTEs per 10,000 Members, by Segment	
2-11	Individual Product Line.....	22
2-12	Small Groups.....	24
2-13	Middle Market.....	26
2-14	Large Groups.....	28
2-15	National Accounts - Insured.....	30
2-16	National Accounts - ASO/ASC.....	32
2-17	National Accounts - Total.....	34
2-18	Local Accounts - ASO/ASC.....	36

Tab 3

Compensation

This section provides an analysis of staff compensation, by function. 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 14. Corporate Services Function.

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 only infrequently outsource the estimated function. Sherlock Company supplies conversion factors based on actual results.

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
3-1	Internal Staffing Costs per Internal FTE.....	40
3-2	Estimated Outsourced Staffing Costs per Outsourced FTE.....	42
3-3	Combined Staffing Costs per Combined FTE.....	44
3-4	Composition of Compensation by Salaries, Benefits, etc.....	46
3-5	Compensation per FTE by Salaries Benefits, etc.....	47
3-6	Internal Staffing Costs, PMPM.....	48
3-7	Outsourced Staffing Costs, PMPM.....	50
3-8	Combined Staffing Costs, PMPM.....	52

Tab 4

Labor Intensity

This section provides an analysis of labor intensity, by function. Activities for which labor composes a high proportion of costs are said to be labor intensive.

Non-Labor Costs are inferred as total costs less staffing costs. These ratios are calculated by function.

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, 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 widely per 10,000 members.

Figure	Analysis	Page
4-1	Internal Staffing Costs as a Percent of Comprehensive Total Administrative Costs.....	56
4-2	Combined Staffing Costs as a Percent of Comprehensive Total Administrative Costs.....	58
4-3	Comprehensive Total Non-Labor Costs per Combined FTE.....	60
4-4	Comprehensive Total Costs per Combined FTE.....	62

Tab 5

Propensity to Outsource

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

Figure	Analysis	Page
5-1	Estimated Outsourced Staffing Costs as a Percent of Combined Staffing Costs.....	66
5-2	Estimated Outsourced Staffing Costs as a Pct. of Comprehensive Total Administrative Costs.....	68
5-3	Estimated Outsourced FTEs as a Percent of Combined FTEs.....	70
5-4	Total Outsourced Costs as a Percent of Comprehensive Total Administrative Costs.....	72
5-5	Outsourced Costs, Per Member per Month.....	74

This Page Intentionally Left Blank.

SHERLOCK BENCHMARKS

Larger Plans Edition - 2020

Volume II - Staffing and Compensation Metrics

