

SHERLOCK EXPENSE EVALUATION REPORT

Blue Cross Blue Shield Edition - 2016

Volume II: Operational Metrics



SHERLOCK COMPANY

August 2016

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 agreements. 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 © 2016 Sherlock Company. All Rights Reserved. Photograph by A. Aubrey Bodine. Copyright © Jennifer B. Bodine.

TABLE OF CONTENTS

Tab 1. Introduction and Background

Organization, conventions, applicability, and process of the Sherlock Benchmarks studies.

Tab 2. Operational Metrics Overview

Summary Analysis – This section presents summary analyses of factors of costs in each functional area.

Tab 3. Sales and Marketing

Includes analyses related to those functions of Rating and Underwriting, Marketing, Sales, Commissions (external) and Advertising and Promotion.

Tab 4. Provider Network Management and Services

Provider Network Management and Services includes analyses of activities such as Provider Relations Services (the initial point of contact (telephonic and written) for provider inquiries), Provider Contracting, Provider Audit / Billing Validation 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

This section analyzes Enrollment / Membership / Billing. 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

This section analyzes Customer Services. 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

This section analyzes the Claims function. This function compares claim application and/or provider statement with policy file and other records to evaluate completeness and validity of claim, and settle claims with claimants in accordance with policy provisions and also performs COB functions.

Tab 8. Information Systems

This section analyzes the Information Systems function. 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, costs to maintain security.

Tab 9. Corporate Services Cluster

This section includes metrics relating to Finance and Accounting, Corporate Services function and the subfunctions. Corporate Services subfunctions include Human Resources, Legal and Facilities.

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.

Metric	Page
Summary of Medians.....	3
Sales and Marketing.....	5
Provider Network Management & Services.....	6
Enrollment / Membership / Billing.....	7
Customer Services.....	8
Claim and Encounter Capture and Adjudication.....	9
Information Systems.....	10
Corporate Services.....	11
Human Resources.....	11
Legal.....	12
Facilities.....	12

Tab 3

Sales and Marketing

Metric	Page	Definition	Calculation
Product Mix			
Percentage Point Change in Mix of Membership.....	19		
Sum of Absolute Values of Percentage Point Changes in Product Mix.....	19		
Group and Membership Growth			
<u>Sources of Membership Growth</u>			
Total Membership Growth.....	20		
+ Membership Increase Due to Group Members.....	20		
= Membership Increase Due to Individual Members.....	21		
Note: Group Member Persistency Rate.....	21		
<u>Sources of Membership Growth</u>			
Percent Change in Number of Groups.....	22		
x Percent Change in Average Group Size.....	22		
= Change in Group Membership.....	23		
+ Percent Change in Number of Individual Members.....	23		
= Growth in Total Membership.....	24		
Note: Individual Membership Increase as Percent of Total Increase or Decrease.....	24		
<u>Sources of Group Membership Growth</u>			
Membership Increase due to New Groups.....	25		
+ Membership Decrease due to Lost Groups.....	25		
+ Net Membership Growth Within Retained Groups.....	26		
= Total Growth in Group Membership.....	26		
Note: Group Member Persistency Rate.....	27		
Note: Average Duration of Group Membership, Years.....	27		
Note: Growth Within Retained Groups.....	28		
<u>Sources of Group Growth</u>			
Percent Change due to New Groups.....	28		
Percent Change due to Groups Lost.....	29		
Percent Change in Groups.....	29		
+ Note: Group Persistency Rate.....	30		
= Note: Average Duration of Groups, Years.....	30		

Sales and Marketing

Metric	Page	Definition	Calculation
Quote Activity			
<u>All Distribution Systems</u>			
Internal and Broker Final Quotes, Per Group			
Small Group.....	31		
Large Group.....	31		
Total.....	32		
Broker and Internal Quotes per 10,000 Members per Year.....	32		
Internal and Broker Final Quotes, Percent of Total, by Segment			
Small Group.....	33		
Large Group.....	33		
<u>Broker Distribution System</u>			
Percent of Final Quotes that are Made by Brokers, by Segment			
Small Group.....	34		
Large Group.....	34		
Total.....	35		
Broker Final Quotes, Per Broker Group			
Small Group.....	35		
Large Group.....	36		
Total.....	36		
Broker Quotes per 10,000 Members Sold Through Brokers per Year.....	37		
Close to Quote Ratio, All Broker Business.....	37		
<u>Internal Distribution System</u>			
Percent of Final Quotes that Made by Internal Sales Reps, by Segment			
Small Group.....	38		
Large Group.....	38		
Total.....	39		
Internal Final Quotes, Per Internal Group			
Small Group.....	39		
Large Group.....	40		
Total.....	40		
Internal Quotes per 10,000 Internally Sold Members per Year.....	41		
Close to Quote Ratio, All Internal Business.....	41		
Internal Final Quotes per Sales FTE.....	42		

Sales and Marketing

Metric	Page	Definition	Calculation
Importance and Characteristics			
<u>All Distribution Systems</u>			
Percent of Total Membership by Segment			
Individual.....	43		
Small Group.....	43		
Large Group.....	44		
Percent of Total Groups by Segment			
Individual Contracts.....	44		
Small Group.....	45		
Large Group.....	45		
Average Group Size			
Individual Contracts.....	46		
Small Group.....	46		
Large Group.....	47		
Total, Including Individual.....	47		
Note: Average Group Size This Year, Unsegmented, Excluding Individuals.....	48		
Note: Average Size Last Year, Unsegmented, Excluding Individuals.....	48		
<u>Broker Distribution System</u>			
Percent of Members Sold Through Brokers			
Individual.....	49		
Small Group.....	49		
Large Group.....	50		
Total, Including Individual.....	50		
Percent of Groups Sold Through Brokers			
Individual.....	51		
Small Group.....	51		
Large Group.....	52		
Total, Including Individual.....	52		
Average Size of Broker Groups			
Individual.....	53		
Small Group.....	53		
Large Group.....	54		
Total, Including Individual.....	54		
Percent of Members Sold Through Brokers that are New			
Individual.....	55		
Small Group.....	55		
Large Group.....	56		
Total, Including Individual.....	56		
Percent of Groups Sold Through Brokers that are New			
Individual.....	57		
Small Group.....	57		
Large Group.....	58		
Total, Including Individual.....	58		

Sales and Marketing

Metric	Page	Definition	Calculation
Importance and Characteristics			
<u>Broker Distribution System (continued)</u>			
Average Duration of Broker Members, by Segment, in Years			
Individual.....	59		
Small Group.....	59		
Large Group.....	60		
Total, Including Individual.....	60		
Average Size of New Broker Groups			
Individual.....	61		
Small Group.....	61		
Large Group.....	62		
Total, Including Individual.....	62		
Percent of Broker Members, by Category of Group			
Individual.....	63		
Small Group.....	63		
Large Group.....	64		
Total, Including Individual.....	64		
<u>Internal Distribution System</u>			
Percent of Members Sold Internally			
Individual.....	65		
Small Group.....	65		
Large Group.....	66		
Total, Including Individual.....	66		
Percent of Groups Sold Internally			
Individual Contracts.....	67		
Small Group.....	67		
Large Group.....	68		
Total, Including Individual.....	68		
Average Size of Groups Sold Internally			
Individual Contracts.....	69		
Small Group.....	69		
Large Group.....	70		
Total, Including Individual.....	70		

Sales and Marketing

Metric	Page	Definition	Calculation
Compensation			
<u>All Distribution Systems</u>			
Sales and Marketing Costs PMPM.....	71		
Sales and Marketing Costs per Quote.....	71		
<u>Broker Distribution System</u>			
Broker Commission Costs			
Broker Commissions per Broker Member per Month.....	71		
Broker Commissions as a Percent of Broker Premium Equivalents.....	72		
Broker Commissions Excluding Overrides and Bonuses as a Percent of Broker Premium Equivalents*.....	72		
Broker Commissions Excluding Overrides and Bonuses per Broker Member per Month*.....	73		
Broker Commissions per Broker Quote.....	73		
Broker Overrides and Bonuses			
Broker Overrides and Bonuses per Broker Member per Month.....	74		
Broker Overrides and Bonuses as a Percent of Total Commissions.....	74		
<u>Internal Distribution System</u>			
Sales and Marketing Costs, Excluding Commissions, per FTE.....	75		
Sales and Marketing FTEs per 10,000 Internally Sold Members.....	75		
Sales and Marketing Costs, Excluding Commissions, Per Internally Sold Member Per Month.....	75		
Internal Commissions per Member Sold by Internal Sales Rep per Month.....	75		
Internal Commissions per Quote Made by Internal Sales Rep.....	75		

A3725

Sales and Marketing

Metric	Page	Definition	Calculation
Sales and Marketing Cost Summary			
<u>Total Distribution System</u>			
			75
x		Final Quotes per Sales and Marketing FTE.....	75
		Groups per Final Quote.....	75
=		Groups Sold Per Sales and Marketing FTE.....	75
x		Average Group Size.....	75
=		Group Members Sold per Total Sales FTE.....	75
x		Sales and Marketing Costs per Total Sales FTE.....	75
=		Sales and Marketing Costs per Group Member per Month.....	75
<u>Internal Sales Force</u>			
		Internally Sold Groups Per Sales FTE.....	76
x		Average Internally Sold Group Size.....	76
=		Internally Sold Group Members per Sales FTE.....	76
x		Sales Costs per Sales FTE.....	76
=		Sales Costs per Internally Sold Group Member per Month.....	76
<u>Rating and Underwriting</u>			
		Final Quotes per FTE	76
x		Groups per Final Quote.....	76
=		Groups per FTE	76
x		Cost per Group.....	76
=		Cost per FTE.....	76
x		FTEs per 10,000 Group Members.....	76
=		Cost per Group Member per Month.....	76
		Acquisition Cost per New Enrollment.....	77
<u>Staffing vs. Non-Labor</u>			
		Sales and Marketing Total Staffing Cost per Total FTE.....	77
+		Sales and Marketing Total Non-Staffing Costs per Total FTE.....	77
=		Sales and Marketing Total Costs per Total FTE.....	77
x		Sales and Marketing Total FTEs per 10,000 Members.....	77
=		Sales and Marketing Cost per Member per Month.....	77
		Percent of Sales and Marketing Costs that are Staffing.....	77
		Percent of Sales and Marketing Costs that are Non-Staffing.....	77
		Percent of Sales and Marketing Costs that are Outsourced.....	77
		Percent of Sales and Marketing Staffing that is Outsourced.....	77

Tab 4

Provider Network Management and Services

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.

Metric **Page** **Definition** **Calculation**

Provider Relations Service Metrics:

This sub-function responds to inquiries from providers.

Provider Relations Services Cost Summary

Per Member

Manual Inquiries

	Manual Inquiries per Member.....	<u>85</u>
x	Members per FTE.....	<u>85</u>
=	Manual Inquiries per FTE per Year.....	<u>85</u>
x	Provider Relations Services Cost per Manual Inquiry.....	<u>85</u>
=	Provider Relations Services Cost per FTE.....	<u>85</u>
x	FTEs per 10,000 Members.....	<u>85</u>
=	Provider Relations Services Costs PMPM.....	<u>85</u>

Total Inquiries

	Total Inquiries per Member.....	<u>85</u>
x	Members per FTE.....	<u>85</u>
=	Total Inquiries per FTE per Year.....	<u>85</u>
x	Provider Relations Services Cost per Total Inquiry.....	<u>85</u>
=	Provider Relations Services Cost per FTE.....	<u>85</u>
x	FTEs per 10,000 Members.....	<u>85</u>
=	Provider Relations Services Costs PMPM.....	<u>85</u>

Per Provider

Manual Inquiries

	Manual Inquiries per Provider.....	<u>86</u>
x	Providers per FTE.....	<u>86</u>
=	Manual Inquiries per FTE per Year.....	<u>86</u>
x	Provider Relations Services Cost per Manual Inquiry.....	<u>86</u>
=	Provider Relations Services Cost per FTE.....	<u>86</u>
x	FTEs per 10,000 Providers.....	<u>86</u>
=	Provider Relations Services Costs per Provider per Year.....	<u>86</u>

Total Inquiries

	Total Inquiries per Provider.....	<u>86</u>
	Providers per FTE.....	<u>86</u>
	Total Inquiries per FTE per Year.....	<u>86</u>
	Provider Relations Services Cost per Total Inquiry.....	<u>86</u>
	Provider Relations Services Cost per FTE.....	<u>86</u>
	FTEs per 10,000 Members.....	<u>86</u>
	Provider Relations Services Costs per Provider per Year.....	<u>86</u>

Provider Network Management and Services

Metric	Page	Definition	Calculation
Provider Relations Services Cost Summary (continued)			
<u>Staffing vs. Non-Labor</u>			
Provider Relations Services Total Staffing Cost per Total FTE.....	86		
+ Provider Relations Services Total Non-Staffing Costs per Total FTE.....	86		
= Provider Relations Services Total Costs per Total FTE.....	86		
x Provider Relations Services Total FTEs per 10,000 Members.....	86		
= Provider Relations Services Cost per Member per Month.....	86		
Percent of Provider Relations Services Costs that are Staffing.....	86		
Percent of Provider Relations Services Costs that are Non-Staffing.....	86		
Percent of Provider Relations Services Costs that are Outsourced.....	86		
Percent of Provider Relations Services Staffing that is Outsourced.....	86		
Inquiries			
<u>Inquiries per Member per Year, by Mode and Product</u>			
Manual			
Manual Calls.....	87		
Paper/Written Inquiries	87		
Manual Electronic Inquiries.....	88		
Total Manual Inquiries.....	88		
Automated Calls.....	89		
Total Provider Inquiries	89		
Provider Services Inquiries per 100 Claims.....	90		
<u>Inquiries per Provider per Year, by Mode</u>			
Manual			
Manual Calls.....	91		
Paper/Written Inquiries	91		
Manual Electronic Inquiries.....	91		
Total Manual Inquiries.....	91		
Automated Calls.....	91		
Total Provider Inquiries	91		
<u>Percent of Total Inquiries, by Mode and Product</u>			
Manual			
Manual Calls.....	92		
Paper/Written Inquiries	92		
Manual Electronic Inquiries.....	93		
Total Manual Inquiries.....	93		
Automated Calls.....	94		
Total Provider Inquiries	94		
Percent of Total Calls Received that are Manual.....	95		

Provider Network Management and Services

Metric	Page	Definition	Calculation
Inquiries (continued)			
<u>Product Mix of Inquiries</u>			
Manual			
Manual Calls.....	96		
Paper/Written Inquiries	96		
Manual Electronic Inquiries.....	97		
Total Manual Inquiries.....	97		
Automated Calls.....	98		
Total Provider Inquiries	98		
<u>Reasons for Inquiries Per Member Per Year, by Product</u>			
Benefit Lookup.....	99		
Eligibility.....	99		
Claims Status.....	100		
Provider Check.....	100		
Billing.....	101		
Other.....	101		
Total Inquiries.....	102		
<u>Reasons for Inquiries as a Percent of Total Inquiries</u>			
Benefit Lookup.....	102		
Eligibility.....	103		
Claims Status.....	103		
Provider Check.....	104		
Billing.....	104		
Other.....	105		
Total Inquiries.....	105		
Provider Portal			
Number of Portal Sessions / Logins per Provider Per Month.....	106		
Name and Vendor of Portal Used.....	106		
Accessibility of Provider Services			
Average Speed of Answer (ASA), in Seconds.....	107		
ASA Service Level, at 30 seconds.....	107		
Abandonment Rate.....	108		
Handle Time, in Seconds.....	108		
Provider Appeals			
Percent of Appeals Overturned.....	109		
Percent of Appeals Upheld.....	109		
Appeals per 10,000 Members.....	110		

Provider Network Management and Services

Provider Contracting Metrics:

This sub-function recruits and credentials providers such as physicians and hospitals.

Metric	Page	Definition	Calculation
Provider Contracting Summary			
Providers per 1,000 Members.....	111		
x Members per Contracting FTE.....	111		
= Providers per Contracting FTE.....	111		
x Provider Contracting Cost per Provider.....	111		
= Provider Contracting Cost per Contracting FTE.....	111		
x Contracting FTE per 10,000 Members.....	111		
= Provider Contracting Costs PMPM.....	111		
Staffing vs. Non-Labor			
Provider Contracting Total Staffing Cost per Total FTE.....	111		
+ Provider Contracting Total Non-Staffing Costs per Total FTE.....	111		
= Provider Contracting Total Costs per Total FTE.....	111		
x Provider Contracting Total FTEs per 10,000 Members.....	111		
= Provider Contracting Cost per Member per Month.....	111		
Percent of Provider Contracting Costs that are Staffing.....	111		
Percent of Provider Contracting Costs that are Non-Staffing.....	111		
Percent of Provider Contracting Costs that are Outsourced.....	111		
Percent of Provider Contracting Staffing that is Outsourced.....	111		
Providers per 1,000 Members			
Primary Care Physicians.....	112		
Professional Specialists.....	112		
Facility.....	112		
Ancillary.....	112		
Total.....	112		
Percent of Total Providers			
Primary Care Physicians.....	112		
Professional Specialists.....	112		
Facility.....	112		
Ancillary.....	112		
Total.....	112		
Provider Credentialing Time			
Initial Credentialing			
Application Received to Start of Credentialing.....	113		
Start of Credentialing to Active Provider.....	113		
Total Credentialing Time.....	113		
Recredentialing			
Application Received to Start of Recredentialing.....	113		
Start of Recredentialing to Active Provider.....	113		
Total Recredentialing Time.....	113		

Provider Network Management and Services

Provider Audit / Billing Validation Metrics:

This sub-function recruits and credentials providers such as physicians and hospitals.

Metric	Page	Definition	Calculation
Provider Audit / Billing Validation Metrics			
PA/BV Costs as Percent of Health Benefit Costs.....	114		
x Health Benefit Costs per PA/BV FTE (Millions).....	114		
= PA/BV Costs per PA/BV FTE.....	114		
x PA/BV FTEs per 10,000 Members.....	114		
= PA/BV Costs PMPM.....	114		
Staffing vs. Non-Labor			
PA/BV Total Staffing Cost per Total FTE.....	114		
+ PA/BV Total Non-Staffing Costs per Total FTE.....	114		
= PA/BV Total Costs per Total FTE.....	114		
x PA/BV Total FTEs per 10,000 Members.....	114		
= PA/BV Cost per Member per Month.....	114		
Percent of Provider Audit and Billing Validation that are Staffing.....	114		
Percent of Provider Audit and Billing Validation that are Non-Labor.....	114		
Percent of Provider Audit and Billing Validation Costs that are Outsourced.....	114		
Percent of Provider Audit and Billing Validation Staffing that is Outsourced.....	114		

Tab 5

Enrollment / Membership / Billing

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

Metric	Page	Definition	Calculation
Enrollment Cost Summary			
<u>Manual Transactions</u>			
		Manual Member Transactions per Member.....	119
x		Members per FTE.....	119
=		Manual Member Transactions per FTE per Year.....	119
x		Enrollment Cost per Manual Member Transaction.....	119
=		Costs per FTE.....	119
x		FTEs per 10,000 Members.....	119
=		Costs per Member per Month.....	119
<u>Total Transactions</u>			
		Total Transactions per Member.....	119
x		Members per FTE.....	119
=		Total Transactions per FTE per Year.....	119
x		Enrollment Cost per Total Transaction.....	119
=		Costs per FTE.....	119
x		FTEs per 10,000 Members.....	119
=		Costs per Member per Month.....	119
<u>Staffing vs. Non-Labor</u>			
		Enrollment Total Staffing Cost per Total FTE.....	119
+		Enrollment Total Non-Staffing Costs per Total FTE.....	119
=		Enrollment Total Costs per Total FTE.....	119
x		Enrollment Total FTEs per 10,000 Members.....	119
=		Enrollment Cost per Member per Month.....	119
		Percent of Enrollment Costs that are Staffing.....	119
		Percent of Enrollment Costs that are Non-Staffing.....	119
		Percent of Enrollment Costs that are Outsourced.....	119
		Percent of Enrollment Staffing that is Outsourced.....	119
Transaction Processing			
<u>Group Transactions per Member</u>			
		New Group.....	120
		Renewal/Maintenance.....	120
		Total Group.....	121
<u>Group Transactions per Group</u>			
		New Group Transactions per New Group.....	121
		Renewal/Maintenance Transactions per Renewal Group.....	122
		Total Group.....	122
		Note: Total Enrollment Transactions per Group per Year.....	123

Enrollment / Membership / Billing

Metric	Page	Definition Calculation
Transaction Processing (continued)		
<u>Composition of Total Group Transactions</u>		
New Group.....	123	
Renewal/Maintenance.....	124	
Total Group.....	124	
<u>Member Transactions per Member</u>		
Manual		
Electronic Transactions Requiring Manual Intervention.....	125	
All Other Manual.....	125	
Total Manual Transactions.....	126	
Automated		
Direct to System.....	126	
Other.....	127	
Total Automated Electronic.....	127	
Total Member Transactions.....	128	
Note: Total Enrollment Transactions per Member per Year.....	128	
<u>Composition of Total Member Transactions</u>		
Manual		
Electronic Transactions Requiring Manual Intervention.....	129	
All Other Manual.....	129	
Total Manual Transactions.....	130	
Automated		
Direct to System.....	130	
Other.....	131	
Total Automated Electronic.....	131	
Total Member Transactions.....	132	
Note: Percent of Member Transactions Submitted Electronically that Require Manual Intervention.....	132	
Average Enrollment Processing Days		
Groups.....	133	
Members.....	133	
Enrollment Accuracy		
Groups.....	134	
Members.....	134	
ID Cards		
Percent of Members that Received Card Before Effective Date.....	135	
Percent of Members that Received Card Within 30 Days of Plan Receiving Paperwork.....	135	
Number of Cards Issued per Member.....	136	

Enrollment / Membership / Billing

Metric	Page	Definition	Calculation
Billing			
Percent of Bills Sent on Time.....	137		
Total Number of Bills Sent per Member.....	137		
Demographics			
Percent of Membership in the Following Age Categories			
< 19.....	138		
21 - 29.....	138		
30 - 34.....	138		
35 - 39.....	138		
40 - 44.....	138		
< 45 (sum of above).....	138		
45 - 49.....	138		
50 - 54.....	138		
55 - 59.....	138		
60 - 65.....	138		
> 65.....	138		
Total.....	138		
Average Age of Membership.....	139		
Group and Membership Characteristics Affecting Total Transactions			
Percent Change in Number of Groups.....	140		
Net Membership Growth Within Retained Groups.....	140		
Percent Change in Number of Individual Members.....	141		
Average Size of Group, Including Individuals.....	141		

Tab 6

Customer Services

The Customer Services function responds to customer inquiries and coordinates appeals.

Metric	Page	Definition	Calculation
Customer Services Cost Summary			
Manual Inquiries per Member.....	147		
x Members per FTE.....	147		
= Manual Inquiries per FTE per Year.....	147		
x Customer Service Cost per Manual Inquiry.....	147		
= Costs per FTE.....	147		
x FTEs per 10,000 Members.....	147		
= Costs per Member per Month.....	147		
<u>Staffing vs. Non-Labor</u>			
Customer Services Total Staffing Cost per Total FTE.....	147		
+ Customer Services Total Non-Staffing Costs per Total FTE.....	147		
= Customer Services Total Costs per Total FTE.....	147		
x Customer Services Total FTEs per 10,000 Members.....	147		
= Customer Services Cost per Member per Month.....	147		
Percent of Customer Services Costs that are Staffing.....	147		
Percent of Customer Services Costs that are Non-Staffing.....	147		
Percent of Customer Services Costs that are Outsourced.....	147		
Percent of Customer Services Staffing that is Outsourced.....	147		
Inquiries			
<u>Inquiries per Member per Year, by Mode and Product</u>			
Manual			
Manual Calls.....	148		
Paper/Written Inquiries.....	148		
Manual Electronic Inquiries.....	149		
Total Manual Inquiries.....	149		
Automated Calls.....	150		
Total Member Inquiries.....	150		
Customer Services Inquiries per 100 Claims.....	151		

Customer Services

Metric	Page	Definition	Calculation
Inquiries (continued)			
<u>Percent of Total Inquiries, by Mode and Product</u>			
Manual			
Manual Calls.....	152		
Paper/Written Inquiries	152		
Manual Electronic Inquiries.....	153		
Total Manual Inquiries.....	153		
Automated Calls.....	154		
Total Member Inquiries	154		
Percent of Total Calls Received that are Manual.....	155		
<u>Product Mix of Inquiries</u>			
Manual			
Manual Calls.....	156		
Paper/Written Inquiries	156		
Manual Electronic Inquiries.....	157		
Total Manual Inquiries.....	157		
Automated Calls.....	158		
Total Member Inquiries	158		
<u>Reasons for Inquiries Per Member Per Year, by Product</u>			
Benefit Lookup.....	159		
Eligibility.....	159		
Claims Status.....	160		
Provider Check.....	160		
Billing.....	161		
Other.....	161		
Total Inquiries.....	162		
<u>Reasons for Inquiries as a Percent of Total Inquiries</u>			
Benefit Lookup.....	163		
Eligibility.....	163		
Claims Status.....	164		
Provider Check.....	164		
Billing.....	165		
Other.....	165		
Total Inquiries.....	166		

Customer Services

Metric	Page	Definition	Calculation
Member Portal			
Name and Vendor of Portal Used.....	167		
Call Center			
Average Speed of Answer (ASA).....	168		
ASA Service Level, at 30 Seconds.....	168		
Abandonment Rate.....	169		
Percent Busy.....	169		
Handle Time in Seconds.....	170		
Percent of Calls Blocked.....	170		
Customer Service Inquiry Accuracy.....	171		
Percent of Members Satisfied.....	171		
Email Response Time			
Response Time - Days.....	172		
Percent of Responses Within Two Business Days.....	172		
Timeliness of Customer Services Response			
Days to Resolve Inquiries.....	173		
Percent of Total Inquiries Resolved in Seven Days.....	173		
First Call Resolution Rate.....	174		
Member Appeals			
Percent of Appeals Overturned.....	175		
Percent of Appeals Upheld.....	175		
Appeals per 10,000 Members.....	176		

Tab 7

Claim and Encounter Capture and Adjudication

Metric	Page	Definition	Calculation
Claims Cost Summary			
<u>Suspended Claims</u>			
	181		
x	181		
=	181		
x	181		
=	181		
x	181		
=	181		
<u>Total Claims</u>			
x	181		
=	181		
x	181		
=	181		
x	181		
=	181		
<u>Staffing vs. Non-Labor</u>			
	181		
+	181		
=	181		
x	181		
=	181		
	181		
	181		
	181		
	181		
Volume of Claims			
<u>Receipts</u>			
	182		
	182		
	183		
	183		
	184		

Claim and Encounter Capture and Adjudication (continued)

Metric	Page	Definition	Calculation
Volume of Claims (continued)			
<u>Receipts Rejected as Incomplete</u>			
Paper Rejected Receipts Per Member Per Year.....	185		
Paper Rejected Receipts as a Percent of Total Paper Receipts.....	185		
Electronic Rejected Receipts Per Member Per Year.....	186		
Electronic Rejected Receipts as a Percent of Total Electronic Receipts.....	186		
Total Receipts Rejected Per Member Per Year.....	187		
Total Rejected Receipts as a Percent of Total Receipts.....	187		
<u>Processed Claims</u>			
Paper Claims Processed Per Member Per Year.....	188		
Paper Claims Processed as a Percent of Total Claims.....	188		
Paper Claims Processed as a Percent of Paper Receipts.....	189		
Electronic Claims Processed Per Member Per Year.....	189		
Electronic Claims Processed as a Percent of Total Claims.....	190		
Electronic Claims Processed as a Percent of Electronic Receipts.....	190		
Total Claims Processed Per Member Per Year.....	191		
Total Claims Processed as a Percent of Total Receipts.....	191		
Cost per Processed Claim.....	192		
<u>Autoadjudicated Claims</u>			
Paper Claims Autoadjudicated Per Member Per Year.....	193		
Paper Auto-Adjudication Rate.....	193		
Paper Claims Autoadjudicated as Percent of Total Claims Autoadjudicated.....	194		
Electronic Claims Autoadjudicated Per Member Per Year.....	194		
Electronic Autoadjudication Rate.....	195		
Electronic Claims Autoadjudicated as Percent of Total Claims Autoadjudicated.....	195		
Total Claims Autoadjudicated Per Member Per Year.....	196		
Total Claims Auto-Adjudication Rate.....	196		
<u>Suspended Claims (Claims Requiring Manual Intervention)</u>			
Paper Claims Suspended Per Member Per Year.....	197		
Paper Suspension Rate.....	197		
Electronic Claims Suspended Per Member Per Year.....	198		
Electronic Suspension Rate.....	198		
Total Claims Suspended Per Member Per Year.....	199		
Total Suspension Rate.....	199		
Cost per Suspended Claim.....	200		

Claim and Encounter Capture and Adjudication (continued)

Metric	Page	Definition	Calculation
Volume of Claims (continued)			
<u>Adjusted Claims</u>			
Total Claims Adjusted Per Member Per Year.....	201		
Total Adjustment Rate.....	201		
<u>Denials</u>			
Denied Claims Per Member Per Year.....	202		
Denied Claims Rate.....	202		
Paid Claims Per Member Per Year.....	203		
Paid Claims Rate.....	203		
<u>Percent of Claims by Business Line</u>			
Local.....	204		
BlueCard Host.....	204		
NASCO.....	205		
FEP.....	205		
Government / Public.....	206		
Total Claims Processed.....	206		
Speed of Processing			
Average Payment Period in Days.....	207		
Average Inventory in Days.....	207		
Average Claims Inventory as a Percent of Total Claims Processed.....	208		
Percent of Claims Processed Within the Following Days of Receipt:			
0 - 14 days.....	208		
15 - 30 days			
31 - 60 days			
> 60 days			
Total			
Timing of Claims Payment			
Average Days Incurred to Receipt of Claim.....	209		
Average Days Receipt of Claim to Payment Approved			
Average Days Payment Approved to Payment			
Average Days Incurred to Payment			
Claims Turn Around Time (TAT)			

Claim and Encounter Capture and Adjudication (continued)

Metric	Page	Definition	Calculation
Quality			
Dollar Accuracy Percent.....	209		
Frequency Accuracy Percent.....	209		
Interest Paid per Claim Processed.....	210		
Interest Paid as a Percent of Total Health Benefits.....	210		
COB and Subrogation			
COB and Subrogation Recoveries Per Dollar of COB Cost.....	211		
COB and Subrogation Recoveries as a Percent of Health Benefits, Plus Recoveries.....	211		
Net Recoveries as a Percent of Health Benefits, Plus Recoveries.....	212		

Tab 8
Information Systems

Metric	Page	Definition	Calculation
Information Systems Cost Summary			
Total FTEs per IS FTE.....	217		
x IS Costs per Total FTE.....	217		
= IS Costs per IS FTE.....	217		
x IS FTEs per 10,000 Members.....	217		
= Cost per Member per Month.....	217		
Effect of IS Allocated by Supported Functional Area			
IS After Allocation as a Percent of Total IS.....	217		
x Total IS PMPM.....	217		
= IS Costs PMPM, After Allocation.....	217		
x Non-IS Costs PMPM, After Allocation.....	217		
= Total Administrative Cost PMPM.....	217		
Internal vs. Outsourced FTE Costs			
Internal IS Expenses per Internal FTE.....	218		
Outsourced IS Expenses per Outsourced FTE.....	218		
Staffing vs. Non-Labor			
Information Systems Total Staffing Cost per Total FTE.....	218		
+ Information Systems Total Non-Staffing Costs per Total FTE.....	218		
= Information Systems Total Costs per Total FTE.....	218		
x Information Systems Total FTEs per 10,000 Members.....	218		
= Information Systems Cost per Member per Month.....	218		
Percent of Information Systems Costs that are Staffing.....	218		
Percent of Information Systems Costs that are Non-Staffing.....	218		
Percent of Information Systems Costs that are Outsourced.....	218		
Percent of Information Systems Staffing that is Outsourced.....	218		
Total Information Systems Costs, Natural Accounting Categories			
<u>Per Member Per Month</u>			
(a) Internal Personnel, Including Travel and Training.....	219		
(b) Consultants / Contractors.....	219		
(c) Hardware Depreciation and Maintenance.....	219		
(d) Software Amortization and Maintenance.....	219		
(e) All Other, Including Office Supplies.....	219		
Total Information Systems Expenses.....	219		
<u>Percent of Premium Equivalents</u>			
(a) Internal Personnel, Including Travel and Training.....	219		
(b) Consultants / Contractors.....	219		
(c) Hardware Depreciation and Maintenance.....	219		
(d) Software Amortization and Maintenance.....	219		
(e) All Other, Including Office Supplies.....	219		
Total Information Systems Expenses.....	219		

Information Systems

Metric	Page	Definition	Calculation
Total Information Systems Costs, Natural Accounting Categories (continued)			
<u>Percent of Total Information Systems Costs</u>			
(a) Internal Personnel, Including Travel and Training.....	219		
(b) Consultants / Contractors.....	219		
(c) Hardware Depreciation and Maintenance.....	219		
(d) Software Amortization and Maintenance.....	219		
(e) All Other, Including Office Supplies.....	219		
Total Information Systems Expenses.....	219		
Total Information Systems Costs, Functional Areas			
<u>Per Member Per Month</u>			
11 (a) Operations and Support.....	220		
(1) Voice and Data Network.....	220		
(2) Data Center.....	220		
(3) Engineering.....	220		
(4) Desktop Services.....	220		
(5) Help Desk.....	220		
(6) Storage and Capacity Management.....	220		
(7) Business Continuity Planning (BCP) and Disaster Recovery (DR).....	220		
(8) Other.....	220		
11 (b) Applications Maintenance.....	220		
11 (c) Applications Acquisition and Development.....	220		
(1) Project Management Office and Support (PMO).....	220		
(2) Other.....	220		
11 (d) Security Administration and Enforcement.....	220		
Total Information Systems Expenses.....	220		
<u>Percent of Premium Equivalents</u>			
11 (a) Operations and Support.....	220		
(1) Voice and Data Network.....	220		
(2) Data Center.....	220		
(3) Engineering.....	220		
(4) Desktop Services.....	220		
(5) Help Desk.....	220		
(6) Storage and Capacity Management.....	220		
(7) Business Continuity Planning (BCP) and Disaster Recovery (DR).....	220		
(8) Other.....	220		
11 (b) Applications Maintenance.....	220		
11 (c) Applications Acquisition and Development.....	220		
(1) Project Management Office and Support (PMO).....	220		
(2) Other.....	220		
11 (d) Security Administration and Enforcement.....	220		
Total Information Systems Expenses.....	220		

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.....	221		
(1) Voice and Data Network.....	221		
(2) Data Center.....	221		
(3) Engineering.....	221		
(4) Desktop Services.....	221		
(5) Help Desk.....	221		
(6) Storage and Capacity Management.....	221		
(7) Business Continuity Planning (BCP) and Disaster Recovery (DR).....	221		
(8) Other.....	221		
11 (b) Applications Maintenance.....	221		
11 (c) Applications Acquisition and Development.....	221		
(1) Project Management Office and Support (PMO).....	221		
(2) Other.....	221		
11 (d) Security Administration and Enforcement.....	221		
Total Information Systems Expenses.....	221		
Capabilities of Hardware			
<u>Utilization</u>			
Average Utilization for Processors, 24/7 Capacity.....	222		
Average Utilization for Processors, Prime Shift.....	222		
Peak Utilization for Processors, Prime Shift.....	222		
<u>Data Center Storage Capacity</u>			
Total Terabytes.....	222		
Terabytes per 10,000 Members.....	222		
Internal Help Desk			
Average Speed to Answer, Seconds.....	222		
Call Abandonment Rate.....	222		
Average Handle Time, Seconds.....	222		
First Call Resolution Rate.....	222		
Satisfaction, Scale of 1 to 10.....	222		
Number of Calls per Helpdesk FTE per Year.....	222		
Number of Calls per Total FTE per Year.....	222		
Number of Calls as a Percent of All Inquiries (Calls plus Online).....	222		
Total FTEs per Helpdesk FTE.....	222		
Number of Tickets Opened Online per Helpdesk FTE per Year.....	222		
Number of Tickets Opened Online per Total FTE per Year.....	222		
Number of Tickets Opened Online as a Percent of All Inquiries (Calls plus Online).....	222		
Desktop Management Software and Vendors.....	222		

Information Systems

Metric	Page	Definition	Calculation
Core Systems			
<u>Availability</u>			
System Availability - 24 / 7 Average.....	224		
Time to Resolve Critical Outage, Hours.....	224		
Production Job Cost Summary			
Production Jobs per 1,000 Members.....	225		
x Members per IS FTE.....	225		
= Daily Production Jobs per IS FTE.....	225		
x IS Cost per Production Job.....	225		
= IS Cost per IS FTE.....	225		
x IS FTEs per 10,000 Members.....	225		
= IS Costs per Member per Month.....	225		
<u>Production and Test Jobs</u>			
Daily Production Jobs per 10,000 Members.....	226		
Yearly Claims Processed per Daily Production Job.....			
Yearly Enrollment Transactions Processed per Daily Production Job.....	226		
Yearly Member and Provider Inquiries Processed per Daily Production Job.....	226		
Percent of Total Production Jobs Run Daily.....			
Production Jobs as a Percent of Total Jobs.....	226		
Daily Test Jobs per 10,000 members.....			
Percent of Total Test Jobs Run Daily.....	226		
Test Jobs as a Percent of Total Jobs.....	226		

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
Corporate Services Function			
<u>Corporate Services Cost Summary</u>			
		Total FTEs per Corporate Service FTEs.....	233
x		Corporate Services Costs per Total FTE.....	233
=		Cost of Corporate Services per FTE.....	233
x		Corporate Services FTEs per 10,000 Members.....	233
=		Corporate Services Cost per Member per Month.....	233
<u>Staffing vs. Non-Labor</u>			
		Corporate Services Function Total Non-Labor Cost per Total FTE.....	233
+		Corporate Services Function Total Staffing Costs per Total FTE.....	233
=		Corporate Services Function Total Costs per Total FTE.....	233
x		Corporate Services Function Total FTEs per 10,000 Members.....	233
=		Corporate Services Function Cost per Member per Month.....	233
		Percent of Corporate Services Function Costs that are Staffing.....	233
		Percent of Corporate Services Function Costs that are Non-Labor.....	233
		Percent of Corporate Services Function Costs that are Outsourced.....	233
		Percent of Corporate Services Function Staffing that is Outsourced.....	233
Human Resources			
<u>Span of Control</u>			
		Middle Management to Top Management.....	234
		Managers to Middle Management.....	234
		Supervisors to Managers.....	234
		Staff to Supervisors.....	234
		Total Employees to Top Management.....	234
		Employees Other than Top Management to Top Management.....	234
		Middle Management, Managers and Supervisors to Top.....	234
		Staff to Middle Management, Managers and Supervisors.....	234

Corporate Services Cluster

Metric	Page	Definition	Calculation
Human Resources, continued			
<u>EEO-1 Job Categories as a Percent of Total Employees</u>			
Managerial.....	234		
Professional.....	234		
Clerical.....	234		
Technical.....	234		
Sales Worker.....	234		
Service Worker.....	234		
Laborer.....	234		
Craft Worker.....	234		
Operatives Worker.....	234		
Total Employees.....	234		
<u>Turnover</u>			
Recruitment Costs and Frequencies			
Hires per 1,000 FTEs.....	235		
External Hires / 1,000 FTEs.....	235		
Internal Hires/1,000 FTEs.....	235		
External Hires Percent Total Hires.....	235		
Internal Hires Percent Total Hires.....	235		
Average Cost per Hire.....	235		
Cost per External Hire.....	235		
Cost per Internal Hire.....	235		
Days to Fill, External Hires.....	235		
Days to Fill, Internal Hires.....	235		
Employee Separations			
Total Separations per 1,000 FTEs.....	235		
Voluntary Separations per 1,000 FTEs.....	235		
Involuntary Separations per 1,000 FTEs.....	235		
Retirements per 1,000 FTEs.....	235		
Other Separations per 1,000 FTEs.....	235		
Voluntary Separations Percent of Total.....	235		
Involuntary Separations Percent of Total.....	235		
Retirements Percent of Total.....	235		
Other Separations Percent of Total.....	235		
Total Turnover.....	235		
Retention.....	235		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Human Resources, continued			
<u>Work Time and Reasons for Missed Days</u>			
Percent			
Days Worked as a Percent of Work Days.....	236		
Missed Days as a Percent of Work Days.....	236		
FMLA Days as a Percent of Missed Days.....	236		
Short Term Disability as a Percent of Missed Days.....	236		
Workers Comp Days as a Percent of Missed Days.....	236		
Other Days Missed as a Percent of Missed Days.....	236		
Total Missed Days as a Percent of Missed Days.....	236		
Per FTE			
Days Available to Work per FTE.....	236		
Days Worked per FTE.....	236		
FMLA days per FTE.....	236		
Short Term Disability Days per FTE.....	236		
Workers Comp days per FTE.....	236		
Other days Missed per FTE.....	236		
Total Days Missed per FTE.....	236		
<u>Human Resources Cost Summary</u>			
HR Costs per Total FTE.....	237		
x Total FTEs per HR FTE.....	237		
= HR Costs per HR FTE.....	237		
x HR FTEs per 10,000 Members.....	237		
= HR Cost per Member per Month.....	237		
<u>Staffing vs. Non-Labor</u>			
Human Resources Non-Labor Costs per Human Resources FTE.....	237		
+ Human Resources Staffing Costs per Human Resources FTE.....	237		
= Human Resources Costs per Human Resources FTE.....	237		
x Human Resources FTEs per 10,000 Members.....	237		
= Cost per Member per Month.....	237		
Percent of Human Resources Costs that are Non-Labor.....	237		
Percent of Human Resources Costs that are Staffing.....	237		
Percent of Human Resources Costs that are Outsourced.....	237		
Percent of Staff that is Outsourced.....	237		

Corporate Services Cluster

Metric	Page	Definition	Calculation
Human Resources, continued			
<u>Employee Tenure</u>			
Percent of Employees With Less Than One Year of Tenure.....	238		
Percent of Employees With One to Five Years of Tenure.....	240		
Percent of Employees With Six to Ten Years of Tenure.....	242		
Percent of Employees With More Than Ten Years of Tenure.....	244		
Average Employee Duration in Years.....	246		
Legal			
<u>Normal Business Legal Costs vs. Litigation Legal Costs</u>			
PMPM			
Normal Business Legal Costs.....	248		
Litigation Legal Costs.....	248		
Total Legal costs.....	248		
Percent of Total Legal Costs			
Normal Business Legal Costs.....	248		
Litigation Legal Costs.....	248		
Total Legal costs.....	248		
<u>Staffing vs. Non-Labor</u>			
Legal Non-Labor Cost per Legal FTE.....	248		
+ Legal Staffing Costs per Legal FTE.....	248		
= Legal Costs per Legal FTE.....	248		
x Legal FTEs per 10,000 Members.....	248		
= Cost per Member per Month.....	248		
Percent of Legal Costs that are Non-Labor.....	248		
Percent of Legal Costs that are Staffing.....	248		
Percent of Legal Costs that are Outsourced.....	248		
Percent of Legal Staff that is Outsourced.....	248		

Corporate Services Cluster

Metric	Page	Definition	Calculation
--------	------	------------	-------------

Facilities

Facilities Cost Summary

	Facilities Costs per Total FTE.....	249
x	Total FTEs per Facilities FTE.....	249
=	Facilities Costs per Facilities FTE.....	249
x	Facilities FTEs per 10,000 Members.....	249
=	Facilities Costs per Member per Month.....	249

	Facilities FTEs per Total FTEs.....	249
x	Total Usable Square Feet per Facilities FTEs.....	249
=	Total Usable Square Feet per Total FTEs.....	249
x	Facilities Cost per Total Usable Square Feet.....	249
=	Facilities Costs per Total FTEs.....	249
x	Total FTEs per 10,000 Members.....	249
=	Facilities cost per Member per Month.....	249

Staffing vs. Non-Labor

	Total Staffing Cost per Total FTE.....	249
+	Total Non-Staffing Costs per Total FTE.....	249
=	Total Costs per Total FTE.....	249
x	Total FTEs per 10,000 Members.....	249
=	Cost per Member per Month.....	249

	Percent of Facilities Costs that are Staffing.....	249
	Percent of Facilities Costs that are Non-Labor.....	249

	Percent of Facilities Costs that are Outsourced.....	249
	Percent of Facilities Staff that is Outsourced.....	249

Square Footage of Facilities

	Usable Square Feet as a Percent of Percent of Gross.....	250
x	Gross Square Feet / FTE.....	250
=	Usable Square Feet / FTE.....	250

Usable Square Footage

	Percent Owned.....	250
	Percent Leased.....	250

	Facilities Cost per Square Foot.....	250
--	--------------------------------------	-----

Gross Square Footage

	Percent Owned.....	250
	Percent Leased.....	250

	Facilities Cost per Square Foot.....	250
--	--------------------------------------	-----

Corporate Services Cluster

Metric	Page	Definition	Calculation
Facilities, continued			
<u>Facilities Costs by Type</u>			
<i>Per Member Per Month</i>			
Total.....	250		
(a) Rent.....	250		
(b) Depreciation.....	250		
(c) Heat, Light and Taxes.....	250		
(d) Security.....	250		
(e) Maintenance.....	250		
(f) Leasehold Improvements.....	250		
(g) All Other.....	250		
<i>Percent of Premiums and Equivalents</i>			
Total.....	250		
(a) Rent.....	250		
(b) Depreciation.....	250		
(c) Heat, Light and Taxes.....	250		
(d) Security.....	250		
(e) Maintenance.....	250		
(f) Leasehold Improvements.....	250		
(g) All Other.....	250		
<i>Per Total FTE per Year</i>			
Total.....	250		
(a) Rent.....	250		
(b) Depreciation.....	250		
(c) Heat, Light and Taxes.....	250		
(d) Security.....	250		
(e) Maintenance.....	250		
(f) Leasehold Improvements.....	250		
(g) All Other.....	250		
Printing and Mailroom			
<u>Mail Volume</u>			
Incoming Mail Volume per Member.....	251		
Outgoing Mail Volume per Member.....	251		
Total Mail Volume per Member.....	251		