

Sherlock Company

Sherlock Benchmarks

Blue Cross Blue Shield Edition - 2026

Volume II

Staffing and Compensation Metrics

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SHERLOCK BENCHMARKS

Blue Cross Blue Shield Edition - 2026

Volume II: Staffing and Compensation

SHERLOCK COMPANY

June 2026

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- 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
  - Middle Market + Large Groups
  - National Accounts – Insured
  - National Accounts - ASO/ASC
  - National Accounts – Total
  - Local Accounts ASO/ASC

Tab 3. Compensation

- Includes analyses of staff compensation - Staffing Costs per FTE for each functional area, Composition of Compensation, and Staffing Costs Per Member Per Month. Internal, Outsourced and Combined Staffing Costs are analyzed.

Tab 4. Labor Intensity

- This section includes metrics relating to Internal and Combined Staffing Costs as a Percent of Comprehensive Total Costs for each function, Non-Labor Costs per FTE (Internal and Combined), Total Costs per FTE and Non-Labor Costs Per Member Per Month.

Tab 5. Propensity to Outsource

- This provides in-depth analyses of propensity to outsource for each functional area 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.

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Tab 2

Staffing Ratios

This section provides an analysis of staffing ratios by function. Ratios are presented per 10,000 members.

Outsourced FTEs are estimated by the Plans based on their insights or conversion factors supplied by Sherlock Company. 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.

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Tab 3

Compensation

This section provides an analysis of staff compensation, by function. Staffing Costs for Internal FTEs include all benefits except acruals 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. In the latter case, 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.

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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 calculated as total costs per function divided by the sum of all internal and outsourced FTEs. This metric is useful for estimating staffing requirments 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 wieldy per 10,000 members basis.

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