



*Facing a  
weak economy and  
robust policy changes,  
why do health plans  
serving more than  
one-half of all  
insured Americans  
use Sherlock Company  
administrative expense  
benchmarks?*

Cost and Performance Benchmarks for Health Plan Administration

Because they recognize that  
“You manage what you measure.”

Health plans face unprecedented pressures on their administrative costs. High unemployment is expected to continue through 2011. Under health care reform, plans sold to commercial members are subject to minimum medical loss ratios. Medicare plans are also subject to minimum medical loss ratios as well as payment reductions. Medicaid plans will be squeezed by rapid enrollment growth and severe pressures on revenues from states, most of which operate in deficit. Managing administrative costs is the cornerstone of any strategy to preserve the viability and the competitive position of your health plan.



## **Sherlock benchmarks tell you whether you operate at best practice and how to achieve best practice.**

We feature cost norms for up to 12 products and up to 45 health plan functions. Our more than 50 plan universe is segmented into peer groups designed to match your plan's product mix and organizational structure. Peer groups include Independent / Provider-Sponsored Plans, Blue Cross Blue Shield Plans, Larger Plans, Medicaid Plans and Medicare Plans. To assure comparability, Sherlock benchmarks are supported with 275 pages of functional descriptions, operational definitions and calculation notes. Benchmarks are sent to you in hard copy, Excel® and PDF formats.

# Sherlock benchmarks help your plan answer these crucial questions:



- How do your costs and trends compare to your peers?
- Do differences in your *product mix* affect such comparisons?
- What functions are most conducive to improvements?
- If there are negative variances, why? High staffing? High member use? Low productivity? High cost per claim or inquiry? High compensation costs? High non-staffing costs?
- What factors contribute to variances? Do you rely heavily on brokers? Are human interventions more likely in responses to customer or provider inquiries? Are your claims less likely to be autoadjudicated? Are manual entries more likely for enrollment submissions?
- How do your measures of operational efficiency such as ASA, telephone handle time, percent of appeals upheld, claims cycle and accuracy, information system availability and users supported stack up against your peers?
- How do your information systems compare with those of others? How do information systems support each of your functions? How does each platform compare with those of your peers?
- How do your staffing, turnovers and outsourcing policies compare with other plans?
- What health care utilization and costs should be expected for each of your products?

*If it is measurable and important, you'll find it in the Sherlock benchmarks.*

## **In addition to strengthening health plan performance, Sherlock benchmarks are used for many other applications.**

- Systematizing responses to RFPs.
- Evaluating BPO and other subcontractor relationships.
- Understanding costs of a new internally developed business line.
- Enhancing performance of acquired businesses.
- Rationalizing the performance of businesses to be divested.

## **Sherlock benchmarks are the gold standard for health plan performance measurement.**

- In its thirteenth consecutive year, Sherlock benchmarks represent the culmination of 450 health plan years of analysis, reporting and reliance by participants.
- Benchmark actionability is enhanced by our collaboration with participants and cross-fertilization between universes.
- Your competitors probably use these benchmarks.
- The cost is extremely modest relative to the likely benefit to your organization.
- Benchmarks are prepared free of conflicts of interest.
- Our longevity and repeat participation rate both endorse the benchmarks and contribute to reliability through a practice effect.
- Well-developed scrubbing processes, definitions and other procedures and incentives contribute to accuracy and consistency of the benchmarks.
- Benchmarks are enterprise-based: Comprehensive, exhaustive and include interactions.



With up to 1,400 pages of statistical analyses, it is impossible for this summary to do justice to Sherlock benchmarks. For Tables of Contents, sample pages, summary results and more detailed descriptions, please visit [www.sherlockco.com/seer](http://www.sherlockco.com/seer).

