

CONSULTANT'S REPORT: SJVIA SELF-FUNDED MEDICAL & DENTAL CLAIMS AUDIT

The RFP Process:

On behalf of San Joaquin Valley Insurance Authority (SJVIA), Keenan & Associates conducted a Claims Audit Request for Proposal (RFP) marketing, in order to obtain competitive auditing firm's proposals that would provide the best service and net value for SJVIA's Self-Funded Medical and Dental claims audit. The following vendors were invited to participate:

- TFG Partners
- Moss Adams
- J. Graham Inc.

The goal was to find a vendor that the SJVIA can partner with to conduct a claims audit to determine potential processing and payment errors.

Keenan reviewed the RFP questionnaire responses from TFG Partners, Moss Adams and J. Graham Inc. to evaluate their testing technique and strategy. Below are some key differences in the vendor's approach:

- **TFG Partners** will conduct a full electronic review in addition to an on-site in-depth review of 250 or more claims with Anthem, accessing Anthem's claims system. Audit duration is estimated to be 5 months
- **Moss Adams** will test up to 250 claims and has three method options as follows, a full electronic review, a sampling claims testing or they can do a targeted sampling based on high dollar claims. An onsite audit will be done with access to Anthem's claims system. Audit duration is estimated to be 9 months.
- **J. Graham Inc.** will test 300 claims using the sampling method and will access Anthem's claims system for onsite testing. Audit duration is estimated to be 5 months.

Audit Scope:

The Claim Audit will cover the following services for both medical and dental claims:

- Duplicate Claims
- Eligibility confirmation
- Coordination of Benefit and other Third-Party Liability
- Pricing of claims to network discounts, UCR or other out-of-network limits
- Modifier discounts such as multiple procedures, assistant surgeons
- Medical edits such as unbundling of codes
- Patient portions – deductible, copayment, coinsurance
- Plan benefit limits and covered services
- Timely filing
- Turnaround time
- Authorizations
- Accurate data entry including member, provider, payee

Pricing:

SJVIA - RFP Pricing	TFG Partners	Moss Adams	J. Graham Inc.
Medical Cost			
2019			\$25,000
2020			\$25,000
Total	\$48,000	\$65k to \$70k	\$35,000 combined
Dental Cost			
2019			\$15,000
2020			\$15,000
Total	\$17,000	\$55k to \$70k	\$21,000 combined
Total Cost			
2019			\$40,000
2020			\$40,000
Total	\$65,000	\$120k to \$140k	\$56,000 combined

Audit Timeline:

Timeline	Activity
Week 1	Planning Meeting with SJVIA to establish scope, timing, and objectives of audit.
Week 2	Kick off meeting with Anthem and Delta Dental.
Week 3	Claim data will be requested from Anthem and Delta Dental.
Week 4	Perform sample selection. Claims will be selected for testing and will be sent to Anthem and Delta Dental.
Week 5	Anthem and Delta Dental will be responsible for preparing claims files, providing access to claims system, and coordinating on-site logistics in preparation for testing by the vendor.
Week 6	Onsite testing.
Week 7	Complete off-site follow-up activities with Anthem and Delta Dental.
Week 8	Complete draft audit report, outline findings, recommendations and action plans resulting from the audit.
Week 9	Complete response of draft report. Purpose of this document is for Anthem and Delta Dental to confirm findings of audit provided by the vendor and provide remediation plans to relate findings.
Week 10	Present final report outlining findings, recommendations and action plans resulting from the audit.
Follow-up #1: 3 months after final report	Vendor will follow-up with Anthem and Delta Dental to ensure corrective actions have been completed
Follow-up #2: 6 months after final report	Vendor will follow-up with Anthem and Delta Dental to ensure corrective actions have been completed
Follow-up #3: 9 months after final report	Vendor will follow-up with Anthem and Delta Dental to ensure corrective actions have been completed

Requirements of the SJVIA:

- Copies of plan documents for 2019 and 2020
- Copy of the ASO agreements for 2019 and 2020
- Information on reinsurance policies in force over the time period including reimbursements received, if available
- Summary of amounts funded to the claim account for the audit time period for comparison to the data set extracted from the TPAs
- Electronic eligibility file, if available, showing all members who had eligibility during the audit time period

Client References:

Keenan asked each vendor to provide three client references. Keenan reached out to all references and received positive reviews for all three vendors.

Interviews:

Keenan conducted interviews with all three vendors. The same questions were asked of all vendors as shown in the following chart:

Questions	TFG Partners	Moss Adams	J. Graham Inc.
1. What is the experience of the team assigned to the SJVIA?	The assigned team consists of four individuals who have an average of 20 years' experience and ten years of detailed auditing experience. All have worked extensively with Anthem/Blues and the partners are hands-on.	The assigned team consists of four individuals with 100 years' combined industry experience. Moss Adams is part of a CPA firm and has a lot of history working with Anthem.	J. Graham Inc. has been in business for seven years. The auditing staff has an average of 20 years/ experience and the data analyst has 10+ years' experience.

Questions	TFG Partners	Moss Adams	J. Graham Inc.
<p>2. How can your planned audit scope be relied upon to detect material errors, fraud, illegal acts or material weaknesses in Anthem?</p>	<p>100% review of every single claim is performed against: a) plan design requirements; b) medical and tech coding, including duplicates, global surgery fee and billing extra services that should be included in the global fee; c) coordination of benefits, including Workers Compensation claims, Medicare and Other Insurance coverage.</p> <p>The audit plan is as follows: a) Test everything electronically, there are a total of 600 algorithms, including COVID-19 testing, treatment, and vaccination, J codes, eligibility and mental health parity and more; b) Quantify areas and select the claim samples; c) Onsite with Anthem, make sure coverage is being paid based on the plan contracts; d) Analyze findings; e) Two reports are provided - an audit results report and recommendations report.</p>	<p>Moss Adams has a tried and true process that identifies errors and defects. They will select 250 claims to audit using 40-50 algorithms which could increase once they get into the plan details. After the final report is provided, a 3-month, 6-month, and/or 9-month check is provided as needed to ensure procedure corrections were made. The final report includes an observation section, which provides recommendations and strategies.</p>	<p>J Graham Inc. uses a comprehensive scope approach with testing every claim paid using 150-200 algorithms to detect errors. They will identify what needs to be changed and/or updated and will work with the SJVIA and Anthem to achieve this.</p>

Questions	TFG Partners	Moss Adams	J. Graham Inc.
3. How do you determine a successful audit?	Two elements are key: 1) Keeping it fact-based to get a clear understanding of what is going well and identifying the problem areas (30% of the time will be working with the SJVIA and Anthem to discuss the audit findings and make recommendations); and 2) Engaging Anthem to have a closing meeting and fund recovery.	A successful audit would be that all claims were paid correctly. Testing as a 3rd party is to be able to mechanically perform the test to determine whether there are errors or if they were paid correctly. Selecting 250 claims to test and determine has proven to get good results.	Client satisfaction, job thoroughness, and finding errors or improvements. Identify the problems, provide a detailed report of the findings that is easy to follow and understand.
4. Do you anticipate any problems/hurdles in conducting the audit?	TFG anticipates no hurdles as they are very familiar with Anthem and work with them on a consistent basis.	None. We have a collaborative process with Anthem. We are very familiar with their processes and have a good relationship in working with them. They have always supported our audit requests and have always been open to working on the discrepancy findings and recommendations.	Having Anthem's support of the audit is key. Recent experience is that Anthem is attempting to lower the number of claims tested to 150. They are also restricting audits to only go back 24 months.
5. What are your recommendations for a smooth audit process?	A very structured and organized process will be necessary to meet timelines. We will work with the SJVIA to get all the necessary paperwork completed to include a scope letter from Anthem. Communication is key to success.	Communication is key with both Keenan and the SJVIA. We will work to have clear communication of the objectives and will discuss any up-front issues.	Open and honest communication to discuss options, deal with push back on claim counts. Discuss what SJVIA's expectations are and provide bi-weekly reports post audit on progress with recommended changes.

Recommendation:

After reviewing all proposals, checking references, and interviews with each vendor, Keenan recommends the SJVIA contract with TFG Partners to conduct the audits on the 2020 and 2021 self-funded medical and dental claims. Keenan makes this recommendation because:

- The auditing procedure is more extensive; e.g., 600 algorithms, COVID-19 testing, J codes, mental health parity
- TFG not only audit but is a true consultant in working with the client to identify problematic areas and create solutions to improve efficiency
- TFG Partner services audited the SJVIA's former PBM, Envolve Rx