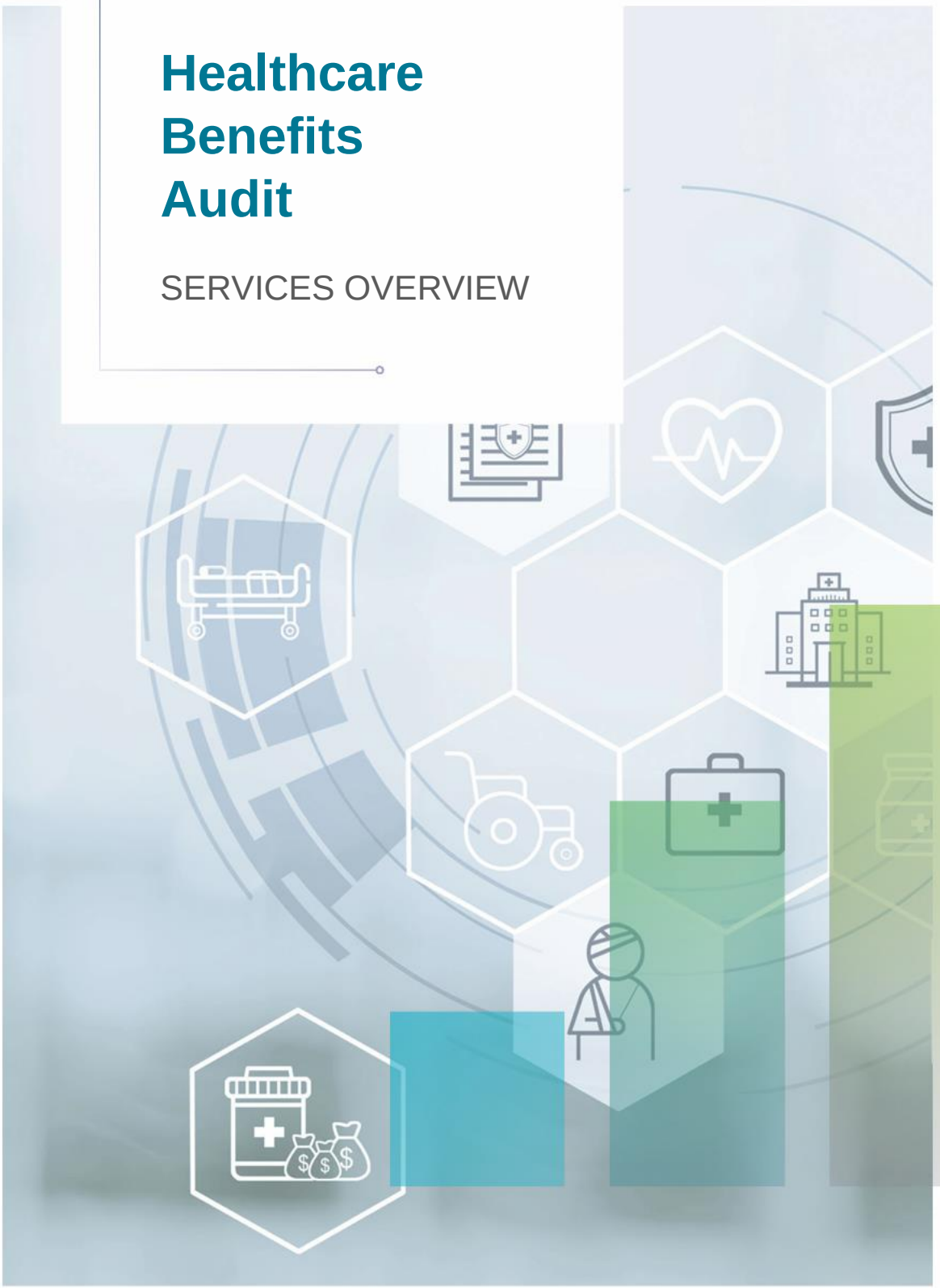
Healthcare Benefits Audit

SERVICES OVERVIEW



Having worked successfully with state governments in the past, CCA Analytics' goal is to help other state government employers more tightly manage their healthcare costs and realize an amazing return on their investment.

ABOUT CCA ANALYTICS

CCA Analytics leverages expertise in the fields of behavioral health consulting and diagnostics to help clients increase the value of their healthcare offerings and realize even greater savings through data-driven auditing.

CCA Analytics formed as a strategic partnership between CCA, Inc. and HR Best Practices. CCA is a premier HR consulting firm, dedicated to improving workplace culture while reducing organizational risk and healthcare costs. Among our diverse roster of clients, we have worked with a number of organizations in the public sector—the City of New York, the MTA, the City of Hollywood, and the Unified Court System of New York, to name a few—effectively addressing their most pressing people issues, while also helping to lower behavioral healthcare costs.

Drawing on over three decades of business experience and behavioral insight, CCA provides comprehensive support for HR, management, and employees through OD consulting, learning and development, coaching and enhanced EAP. Analytics play a key role in all of these offerings, in that they allow us to identify hotspots for targeted intervention and return on investment.

Since 2001, hundreds of employers have retained HR Best Practices for healthcare benefits auditing and cost management services. Collectively, HRBP has helped these employers recover millions of dollars in eligibility-based and claims-based overpayments while containing and avoiding millions of dollars in healthcare costs.

The core foundation of every audit is a custom data warehouse. In order to build the data warehouse, two years of the following data is integrated: Census, COBRA, Enrollment, Medical Claims, Prescription Drug Claims and Workers' Compensation Claims (optional). Depending upon the needs of the client, Case Management, Disease Management, Leave and Time & Attendance are also integrated.

HRBP's objective, data-driven approach—coupled with high ROI results—have enabled us to conduct audits on behalf of leading employers such as: Air France, Arch Diocese of Hawaii, Ascena, BMW, Bear Stearns, Blackstone, Carquest, Cerebral Palsy Association, Commonwealth of Pennsylvania, EmblemHealth, Evonik USA, H Mart, Howard County Public School System, Medco, MetLife, NJ Transit, NYU Hospital, NYU School of Medicine, Rooms-To-Go, Shop Rite Stores, Staples, State of Iowa, Verisk, Wakefern, and Zurich NA.

cca Analytics

CONTROLLING HEALTHCARE COSTS
IN AN OUT-OF-CONTROL ENVIRONMENT

COVID-19 has negatively impacted public sector budgets. To compound the matter, health plan budgets will likely get reduced. As a result, public sector health plans will need to recapture overpayments and contain costs wherever possible.

As a premier HR consulting firm and a data-driven auditing organization, CCA Analytics leverages disparate data and converts it into actionable information. We understand healthcare benefits, from administration to utilization to claims payment integrity. We are cognizant of the issues that can impact audit results and, to that end, we're able to architect audit solutions that make sense for our clients.

ADVISORY SERVICES INCLUDE:

- Dependent Eligibility Auditing (Affidavit, Proof, Specialty and Targeted)
- Employee Eligibility Auditing
- Working Spouse Auditing
- Medical Claims Auditing
- Rx Claims Auditing
- Stop Loss Auditing
- Care Management Auditing
- Disease Management/Wellness Auditing
- Workers' Compensation Auditing
- Analytics

Our clients span all industries and range in size from 500 to 100,000 employees. In general, our self-insured clients can expect to realize a minimum of a 400% return-on-investment. Fully insured clients can also expect to realize a high ROI from our services, however, these services are limited to dependent eligibility and employee eligibility auditing since the claims data is typically not available for these types of plans.

Clients that engage us for analytics can also enjoy high ROIs. Analytics can be conducted in any area spanning the intersection of human capital and employee benefits. For example, if plan management wanted to increase the utilization of its telehealth or on-site clinics, analytics could be used to identify employees most likely to utilize these services, as well as employees most likely to benefit from these services.

DEPENDENT ELIGIBILITY
AUDITING (DEA)

We offer a full range of DEA services including Affidavit Only, Proof Audit, Specialty, Strategic Targeted (Predictive Modeling-Driven) and Post-Audit Governance. Given ineligible rates ranging from 3% - 20%, coupled with the high cost of health care, clients can realize material savings in a transparent, immediate and recurring manner.

Regardless of the audit type, all audits include:

- Custom communications
- Contact center support
- Support for all media types (snail mail, secure fax, email, web)
- Status meetings
- Project management
- Savings analysis
- Creative terms

Our Affidavit Only and Proof Audits require employees enrolled with one or more dependents to sign and submit a completed Dependent Confirmation Form and Questionnaire. Submitted packets are reviewed for 1) completeness, and 2) compliance with the plan rules. “Non-responders” are pursued until all employees submit the requisite documentation.

Our Specialty Audits are designed to audit specific populations, such as newly elected COBRA participants or retirees. Moreover, advanced data mining methods can be used to help isolate specific population types and estimate the savings for these specific populations.

Our Strategic Targeted Dependent Eligibility Audit is minimally invasive (in fact, we refer to it as an MRI – Member Review Informatics) and provides the highest ROI of all dependent audits. Part of the “secret sauce” includes the identification and stratification of the “at-risk” employees likely to have ineligible dependents enrolled in the plan.

Our Post-Audit Governance focuses on auditing previously audited employees likely to have an ineligible dependent(s) enrolled in the plan as well as newly hired employees. This is a best practice primarily because 1) “life events” continuously happen, and 2) ineligible dependents “creep” back on the plan. So, if you’ve already conducted a dependent eligibility audit, we can audit employees that could have new ineligibles enrolled in the plan.

EMPLOYEE ELIGIBILITY
AUDITING

Employee Eligibility Auditing (EEA) pertains to the identification of ineligible or terminated employees that are receiving health care benefits. Examples of EEA include, but are not limited to:

EEA Area	Description
Beyond COBRA Expiration Date	COBRA participants who are receiving benefits beyond their respective COBRA expiration dates.
Beyond Termination, No COBRA	Former employees who are receiving benefits who did not elect COBRA.
Coverage Tier Mismatch	Employees whose respective coverage tier does not match the relationship code on the medical claims.
Ineligible Job Class	Employees who are receiving benefits that they are not eligible for benefits based upon their respective job class.
Insufficient Hours	Employees who are working below the minimum hours worked provision.
“Mystery”	Individuals receiving benefits who have never worked for their respective employer.
Pre-Waiting Period	Employees who are receiving medical benefits before they have worked the minimum day’s requirement.

Employee Eligibility Audits can identify and confirm leakage rates of 2 - 3%. Please also note, we reserve the right to adjust this estimate once we better understand 1) the annual plan spend, 2) the employee turnover rate, 3) eligibility rules, and 4) the quality of the governance processes surrounding the New Hire and Termination processes. Much like a dependent eligibility audit, these savings will be immediate, transparent, and recurring.

CASE IN POINT

Even though the great State of Iowa already had two audit firms (including a Big 4) auditing their health care plans, plan management agreed CCA Analytics could, at a minimum, audit areas that neither incumbent firm included in their scope. Surprisingly, a material gap was employee eligibility. To that end, CCA Analytics identified, reviewed, and monetized medical and pharmacy claims pertaining to members who were simply not eligible for benefits.

Net, net – CCA Analytics recovered millions of dollars from their insurance carriers and saved the State of Iowa tens of millions of dollars over a 6-year period.

WORKING SPOUSE (SPOUSAL SURCHARGE)

OR MANDATORY SPOUSE WAIVER AUDITING

Let's face it. Employee benefits are complicated and costly. As such, employees often tune out when it comes to benefits. This can present a great opportunity for employers looking to save money. How so? Plans with "surcharges" are likely to be materially under-reported, much the same way ineligible dependents burden health plans. Under-reported "surchargers" translate into financial leakage since every new "surcharger" generates plan income.

Assuming a monthly surcharge of $100, an additional $120,000 in premium revenue can be realized for every 100 new "surchargers" that are added to the surcharge list. In the event that the plan mandates spouses to take health coverage from their respective employer, the savings are even higher (per capita savings of $6,000 annually). Not only are these savings material, but Working Spouse and Spouse Waiver Audits are appreciated by employees since these savings help control costs.

In order to identify new "surchargers," we audit the non-surcharging/waiving population. In addition to signing a Working Spouse Confirmation Form, employees are required to provide the working spouse's employer name and benefits department contact information. We then follow up with the respective employer to ensure the information is accurate.

In the event clients are not sure whether an audit is in order, we can easily perform a savings analysis prior to actually conducting the audit.

MEDICAL CLAIMS
AUDITING

Our approach integrates 100% of medical and pharmacy claims data. As a result, we can audit every plan provision and ASO contract term. Examples of our Medical Claim audit areas follow:

- **Coordination of Benefits**: The scope of COB includes: Medicare Primary (for End Stage Renal Disease), Subrogation (3rd party liability), and Other Commercial Insurance.
- **Member Liability**: Accuracy pertaining to deductibles, co-payments, coinsurances and out-of-pocket maximums are included.
- **Discounts**: Network discounts (overlay network as primary), multiple surgical procedures, and out-of-network claims re-pricing are included.
- **Pre-Authorization Determinations**: While pre-authorizations are included in our Medical Claim Audit, the clinical aspect is included in our Care Management Audit.
- **Duplicate Payments**: Intra-plan and inter-plan (medical claims and workers' compensation claims) are included as long as the workers' compensation data is made available.
- **Bill Review**: To the extent data is available, a limited review of "upcoding" and unbundling is also included.

Plan Limits and Exclusions: Plan limits (such as the number of physical therapy, chiropractic, and infertility treatments) and exclusions (such as cosmetic procedures) are also included.

A Medical Claims audit can identify a leakage rate of 2.5% or more. While 2.5% may sound high, consider the following: Out-of-network claims re-pricing and subrogation (third-party liability) are two common areas that routinely under-perform; each one of these areas could comprise 1% of the annual spend. Please note, we reserve the right to adjust this estimate once we better understand 1) the annual plan spend, and 2) the plan's contract. Unlike a Dependent Eligibility or Spousal Surcharge Audit, these savings will be a mix of short-term and long-term, and could result in overpayment recovery.

PRESCRIPTION DRUG CLAIMS
AUDITING

Our approach integrates 100% of prescription drug claims data. Examples of our Prescription Drug Claim Audit areas follow:

- **Member Liability**: Accuracy pertaining to deductibles, co-payments, coinsurances and out-of-pocket maximums are included.
- **Discounts**: Discount testing for brand, generic, and specialty drugs are included (the findings could also be used to build the case for consumerism).
- **Pre-Authorization Determinations**: Pre-authorizations are reviewed to ensure medications were approved prior to dispensing.
- **Duplicate Payments**: Intra-plan and inter-plan (medical claims and workers' compensation claims) are included as long as the workers' compensation data is made available.
- **Plan Limits and Exclusions:** Plan limits, such as monthly unit limits for Zomig (a popular migraine medication) and exclusions, such as growth hormones, are also included.
- **Rebates**: Rebate terms as defined in the ASO agreement are compared to actual claims data to confirm rebates are paid in an accurate and timely manner.
- **Abuse**: Unit volume by therapeutic class is reviewed to help ensure medications are being utilized as designed.
- **Step Therapy**: The progression of medications (cost-effectiveness and safety) for particular conditions within selective therapeutic classes will be audited to ensure rules are being followed.

A Prescription Drug Claims Audit can identify a leakage rate of 2% or more. While 2% may sound high, consider the following example. An under-collected copayment problem resulted in the plan inadvertently subsidizing members (a several hundred-thousand-dollar systemic problem). Please note we reserve the right to adjust this estimate once we better understand 1) The annual plan spend, and 2) The plan's contract. Unlike a Dependent Eligibility or Spousal Surcharge Audit, these savings will be a mix of short-term and long-term, and could result in overpayment recovery.

STOP LOSS
AUDITING

The primary goal of Stop Loss Auditing is to ensure plans are realizing the payments that are due for “specific” and “aggregate” provisions. Stop Loss Audits include medical and pharmacy claims (when included in the contract).

While payments may appear to be transparent, it’s how and when the claims are adjudicated that drives the stop loss payments. To that end, we utilize the claims data to ensure that claims are not straddling plan years.

The business case for Stop Loss Auditing is straightforward. Stop Loss Insurance is very expensive. Isn’t it worth a small investment to ensure your bigger investment in stop loss is working?

CARE MANAGEMENT
AUDITING

The primary goal of Care Management Audits is to confirm that members (employees and their family members) with either complex or chronic conditions are being identified, engaged and retained in the Care Management programs. Equally important, our audits review the financial aspect of the care management programs to ensure desired savings are being realized.

Since it is likely that not all eligible members are enrolled in the Care Management programs, the questions then become, 1) how many eligible members are not enrolled, and 2) how much is non-participation costing the plan? To that end, a Care Management Audit can identify a leakage rate of 1.5% or more.

Please note we reserve the right to adjust this estimate once we better understand 1) the annual plan spend, 2) the member participation rate, and 3) the program results. Unlike a Dependent Eligibility or Spousal Surcharge Audit, the savings derived from Care Management improvements will be a mix of short-term and long-term.

DISEASE MANAGEMENT/WELLNESS
AUDITING

The primary goal of Disease Management Audits is to confirm that members (employees and their family members) with chronic conditions are being identified, engaged and retained in the Disease Management programs. In much the same way, the primary goal of a Wellness Audit is to ensure that program results mirror the intention of the program's design. Equally important, our audits review the financial aspect of the disease management and wellness programs to ensure desired savings are being realized.

Since it is likely that not all eligible members are enrolled in the Disease Management programs, the questions then become, 1) how many eligible members are not enrolled, and 2) how much is non-participation costing the plan? To that end, a Disease Management Audit can identify a material leakage rate.

Unlike a Dependent Eligibility or Spousal Surcharge Audit, the savings derived from Disease Management and Wellness Audit improvements will be a mix of short-term and long-term.

WORKERS' COMPENSATION
AUDITING

Unlike most workers' compensation audits that focus on ensuring employees are assigned to the correct job category, our audits focus on the following areas including:

- Inter-plan duplicate payments
- Discount realization
- Subrogation
- Utilization review
- Return-to-work programs

Inter-plan duplicate payments pertain to identical claims that are paid in error under both the medical plan as well as the workers' compensation plan. Our audit will review claims to make sure they have not been paid in duplicate. **Discount realization auditing** pertains to reviewing the discounts associated with the workers' compensation TPA. **Subrogation auditing** reviews claims to ensure claims are being subrogated effectively.

Utilization review auditing looks at the quantity of services being provided in the context of each specific worker's condition (for example, is the employee getting an excessive number of physical therapy or chiropractic visits?). Lastly, our **return-to-work audits** review the chronology of a worker's absence and more importantly, the amount of time in-between treatments.

In addition to the savings derived from the inter-plan duplicate payment, discount realization, utilization review and subrogation audits, the potential savings derived from a return-to-work program audit can be even more compelling due to decreased indemnity payments and improved productivity.

ANALYTICS

Employers offer many innovative benefits tools and plans, such as telehealth, on-site clinics, consumer pricing, HSAs, and voluntary benefits—and, yet, they simply have low utilization. One may ask, “If these tools and plans are so beneficial, why is the utilization so low?” Part of the answer lies in communication effectiveness. The other part of the answer lies in data segmentation. What this translates to is that employees have a greater likelihood of taking action when the message is relevant. It’s a matter of sending the right message at the right time to the right person in the right modality. Easier said than done, for sure.

When done well, analytics can help parse the population to allow for more targeted and relevant messaging. This can greatly impact ROI, especially when you think about the savings that can be realized for each employee that calls telehealth instead of visiting the ER, as just one example.