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**SCOPE**

1. Review for accuracy of claim payments and efficiency of operation.
  2. Verify accuracy of the information used to make decisions on the effectiveness of the Health Benefits Administration program. (Refund Activity, Cost Containment-Managed Care Plan).
- Obtain copy of BCBS's bid proposal and determine if they are providing service in accordance with what they proposed. Recommend using proposal as part of the contract.

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**Preliminary Survey (Administrator)**

- Complete a walk through of claim processing. Determine if BCBS has written procedures/flow charts documenting the day to day procedures for:
  1. Claims Processing
  2. System Description
  3. Usual, Customary, and Reasonable Fees
  4. Quality Assurance
  5. Medical Review
  6. Utilization Review
  7. Refund Procedures
- Obtain overview of administrator's departments and functions.
- Review a sample of 25 to 35 claims. See Effective Auditing of Health Care Benefits Admin. Manual page 5-9.
  1. Obtain claim disbursement listing and select sample from two different dates in time within a 12 month period (i.e. select your birth date and date 6 months later).
  2. Select a claim from each pay schedule amount for each date:

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- >\$50,000
- \$50,000 - \$40,000
- \$40,000 - \$30,000
- \$30,000 - \$20,000
- \$20,000 - \$10,000
- \$10,000 - \$9,000
- \$9,000 - \$8,000
- \$8,000 - \$7,000 ... through \$2,000 - \$1,000
- \$900 - \$800
- \$800 - \$700
- \$700 - \$600
- \$600 - \$500
- \$500 - \$400
- \$400 - \$300
- \$300 - \$200
- \$200 - \$100
- \$100 - 0

**Note:** Adjust sample to include 10-15 claims which are under \$500 for the self-insured plan as risk of not processing a claim with COB is greater. BCBS relies on providers to inform of COB and also requests COB info if claim is greater than \$500 and no COB information is on file through use of a questionnaire to member.

3. For the Managed Care Plan, review for the following: (This process will aid in developing an understanding of the administrator's processes).

- Review coordination of benefits. Obtain copy of first and last page to claim. Claims may be 50+ pages long. Last page contains copy of driver's license and insurance coverage cards. Determine if first page of UB92 form reflects the insurance coverage.

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| <ul style="list-style-type: none"> <li>• Determine coordination of benefits are properly calculated in accordance with the National Association of Insurance Commissioners (NAIC). See Section 3.4 in the "Auditing Health Care Benefits" by Michael A. Paolella.</li> <li>• Determine discounts are applied and given to company when a PPO plan. (Discounts may be reflected on claims system but not carried over to the financial system of administrator or may not be provided back to the companies after being obtained by the administrator).</li> <li>• Determine criteria for claims to be included in provider hospital bill audits. Determine those applicable claims in the sample are reviewed or at least included in the population to be reviewed. Review the results of the hospital audits selected for review. Verify that audit recoveries were credited to account. Evaluate the cost-effectiveness of the audits (administration fees versus recoveries).</li> </ul> <p>4. For self insured plan, review for the following:</p> <ul style="list-style-type: none"> <li>• Review coordination of benefits. Obtain copy of first and last page to claim. Claims may be 50+ pages long. Last page contains copy of driver's license and insurance coverage cards. Determine if first page of UB92 form reflects the insurance coverage.</li> <li>• Determine coordination of benefits are properly calculated in accordance with the National Association of Insurance Commissioners (NAIC). See Section 3.4 in the "Auditing Health Care Benefits" by Michael A. Paolella.</li> </ul> | <hr/> <hr/> <hr/> <hr/> <hr/> |
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| <ul style="list-style-type: none"> <li>• Summarize results of preliminary survey.</li> <li>• Review preliminary results with administrator.</li> <li>• Prepare a risk assessment and tailor the audit program.</li> </ul> | <hr/> <hr/> <hr/>          |                             |