



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE and ADMINISTRATION  
AUDIT SUBCOMMITTEE  
*Public Session*

The Audit Subcommittee met on Wednesday, September 10, 2025 at 9:00 a.m. (central), in Conference Rooms A and C, Third Floor, William R. Snodgrass TN Tower, Nashville, TN and via Cisco Webex.

Chairman Rick DuBray, Deputy Treasurer of the Tennessee Treasury Department, called the Audit Subcommittee meeting to order at 9:00 a.m. (central) and noted he was attending and chairing the Subcommittee on behalf of Treasurer David Lillard.

Chairman DuBray asked the parliamentary clerk to establish a quorum by doing a roll call.

### **Audit Subcommittee Members**

#### **Present:**

- Rick DuBray, representing David Lillard, State Treasurer, Chaired the Audit Subcommittee
- Maryanne Durski, Local Education Insurance Representative
- Rob Chance, State Insurance Representative
- Shanna Boyette, Local Government Insurance Representative

#### **Quorum:**

A physical quorum was established in the room with three of the four members present and on joining via Cisco Webex.

### **Welcoming and Honoring**

Chairman DuBray acknowledged Shanna Boyette as the newest member to the Subcommittee as the Local Government Insurance Representative.

### **Agenda Item #1 – Public Comment**

Chairman DuBray asked the parliamentary clerk if anyone had requested to speak before the Subcommittee. No one requested to be recognized to address the Subcommittee members on an agenda item.

**Agenda Item #2 – [Action] March 5, 2025 Minutes**

Chairman DuBray asked if the Subcommittee members had any comments or edits for the minutes from March 5, 2025. No Further discussion occurred.

Chairman DuBray asked for a motion to approve the Minutes for the March 5, 2025 meeting. Ms. Durski made the motion. Mr. Chance seconded the motion. A roll call vote was taken:

DuBray	Yes
Durski	Yes
Chance	Yes
Boyette	Yes

**Agenda Item #3 – [Action] Audit Subcommittee Schedule for Calendar Year 2026**

Chairman DuBray recognized Christa Martin, Director of Financial Management and Program Integrity for Benefits Administration, to begin the presentation. Ms. Martin presented the below proposed schedule of quarterly meetings for Calendar Year 2026 –

- Wednesday, February 18 at 1pm CST
- Wednesday, May 20 at 1pm CST
- Wednesday, August 12 at 1pm CST
- Wednesday, October 14 at 1pm CST

Ms. Martin noted that aligning on meeting dates in advance will streamline the scheduling process. However, it would not prevent this body from calling other meetings or canceling ap previously scheduled meeting, if warranted.

No questions were asked, and no further discussion took place. Chairman DuBray asked for a motion to approve the proposed Audit Subcommittee schedule for Calendar Year 2026 as provided to the Subcommittee members in the materials emailed on September 3, 2025.

On behalf of the Audit Subcommittee, Ms. Boyette moved to approve the motion. It was seconded by Ms. Durski. A roll call vote was taken:

DuBray	Yes
Durski	Yes
Chance	Yes
Boyette	Yes

**Agenda Item #4 – [Information Only] Review of Statistical Audits of Optum, Cigna, and BlueCross BlueShield of Tennessee**

Chairman DuBray recognized Anne Fulton, a Vice-President with Aon Consulting, and Todd Hall, a Manager with Aon Consulting, to present the Review of Statistical Audits for Optum, Cigna and BlueCross BlueShield of Tennessee (BCBST).

Ms. Fulton opened with an overview, while Mr. Hall provided a deeper explanation of the errors found. Aon conducted three statistical audits of 220 claims. The timeframe for the audits was January 1, 2024, through December 31, 2024, and all plans were in scope. For the Optum, Cigna and BCBST audits, no errors [0], five [5] errors, and three [3] errors were identified, respectively, and the total cost of those errors was approximately \$6,200. Having an audit strategy minimizes errors, ensures that members are not overcharged, and that claims are adjudicated accurately.

Mr. Hall discussed the identified errors, the status of those errors, and how the errors are being rectified. He began with Optum as no errors had been identified. Following that, Mr. Hall gave a breakdown of the Cigna audit findings. Cigna's audit scores have continued to improve over the years. While five [5] errors for approximately \$3,200 were identified, Cigna agreed with the findings and worked to return funds to members who were overcharged.

Ms. Boyette asked about the sampling methodology for the last two audit findings. She wanted to know what Cigna's corrective action plan was. Mr. Hall explained that Cigna generated an impact report from January 1, 2023, to June 1, 2025, and that they had reprocessed the underpayments. However, the overpayments are still under review. Ms. Boyette asked what guidelines were used to pull the information. Ms. Fulton and Mr. Hall referred to page 42 / 113 of the materials emailed on September 3, 2025, and they explained their sampling methodology, which includes stratifying the aforementioned claims by dollar amount.

Mr. Hall also gave a breakdown of the BCBST audit findings. Three [3] errors for approximately \$3,000 were identified, with two [2] pertaining to overpayments and one [1] pertaining to an underpayment. For two [2] of the errors, BCBST disagreed with the findings as they maintain that they identified and corrected the errors prior to the audit. For one [1] of the errors, a copayment was incorrectly applied due to a system configuration issue. BCBST has agreed to work with Benefits Administration and Aon on the issue.

Ms. Durski stated that Cigna went back and looked for broader system-related errors after Aon shared their findings; and she was curious if BCBST had a similar process. Mr. Hall stated that no systematic errors were found. However, BCBST would have been asked to follow a similar process if system-related errors had been identified.

Chairman DuBray remarked that, even though the pre-implementation audit with Optum did not result in any findings, it was still beneficial. He recalled that such audits were not conducted in the past, and errors had to be corrected after implementation.

#### **Agenda Item #5 – [Information Only] Discussion of Ongoing and Upcoming Audits**

Chairman DuBray recognized Ms. Martin to present the Discussion of Ongoing and Upcoming Audits. Ms. Martin discussed the ongoing audits that are being conducted by the State Audit division within the Comptroller's Office. They are reviewing Fiscal Year 2025 data for the State, Local Education and Local Government plans, and their review should be complete by November 2025. The results of the review will be presented to the Subcommittee at the next scheduled meeting (February 18, 2026).

The rest of the audits are still in the planning phase. The audits will be conducted by Aon, and they will include random sample statistical audits with Optum, Cigna, and BCBST, as well as an implementation audit with CVS, which includes a review of recently approved plan design changes for Plan Year 2026. Aon will also be conducting a shared accumulator audit with Optum, Cigna, BCBST and CVS, and a new audit of medical prescription rebates with Cigna and BCBST.

Ms. Boyette asked if the shared accumulator audit was new. Ms. Martin said that it had been done in the past. Ms. Martin went on to say that these usually occur if there is a benefit change or a change in the carrier. Ms. Boyette asked about an audit for Carrum. Ms. Martin said that there has not been enough activity to allow for a meaningful audit yet, but that Benefits Administration would continue to evaluate the possibility with Aon.

### **Agenda Item #6 – [Information Only] Financial Activity Report Review**

Chairman DuBray recognized Ms. Martin to present the Financial Activity Report Review. Ms. Martin provided an update on the first quarter of Fiscal Year 2026, which includes the period from July 1, 2025 through September 30, 2025.

Ms. Martin noted that the plan balance as of the State's fiscal year-end, June 30, 2025, does not align with changes in premiums; rather, premiums are updated at the beginning of the calendar year. Further, deductibles and out-of-pocket maximums are calculated on a calendar year basis. Thus, plan balances will decrease over the course of the calendar year, or the second half of the State's Fiscal Year, as deductibles and out-of-pocket maximums are reached, resulting in greater claims expenses to the plans.

Ms. Durski asked if we are still in a spenddown mode in terms of reserve balances. Ms. Martin said yes, we remain in a three-year spenddown mode.

### **Agenda Item #7 – [Information Only] Management's Communication to Employees Concerning Fraud and Internal Controls**

Chairman DuBray recognized Ms. Martin to present Management's Communication to Employees Concerning Fraud and Internal Controls. Ms. Martin went over the materials related to the Communication.

Fraud is defined as the intentional misrepresentation or deceit to gain something of value. Three factors that lead to this behavior are pressure, opportunity, and rationalization. Ms. Martin also highlighted that artificial intelligence is something that is being added as another item to be on the lookout for in terms of preventing fraud in the workplace.

One can report concerns to one's supervisor, F&A Internal Audit, or the Comptroller's Office. Retaliation for reporting fraud will not be tolerated, as is documented in Tennessee Code Annotated (T.C.A. § 8-50-116).

### **Agenda Item #8 – [Information Only] Review of Pharmacy Benefit Manager Audit and Monitoring Report**

Chairman DuBray recognized Joshua Burns, Director of Risk Management for Benefits Administration. Mr. Burns provided an overview of the Review of Pharmacy Benefit Manager Audit and Monitoring

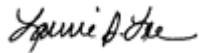
Report. Mr. Burns mentioned that additional detail would be shared in the executive session immediately following the current meeting.

**Agenda Item #9 – [Information Only] Benefits Administration Update**

Laurie Lee, Executive Director of Benefits Administration, updated the Subcommittee members about Christa Martin’s upcoming retirement and that her replacement, Jennifer Gourley, would become the new Director of Financial Management and Program Integrity for Benefits Administration.

With no further business, Chairman DuBray adjourned the Public Session of the Audit Subcommittee meeting at 9:45 a.m. (central) and then immediately entered into the Executive Session, pursuant to T.C.A. § 4-35-108.

Respectfully submitted,



Laurie S. Lee