

Minutes

Insurance Audit Committee

September 18, 2024

9:00 A.M.-11:00 A.M. (CST)

The State, Local Education, and Local Government Insurance Audit Committee met on Wednesday, September 18, 2024 at 9:00 a.m., in Conference Room D, Third Floor, William R. Snodgrass Tennessee Tower, Nashville, TN and via Cisco Webex.

Rick DuBray, Deputy Treasurer of the Tennessee Treasury Department, noted he would chair on behalf of Treasurer David Lillard. Rob Chance is the new State Insurance Committee representative replacing Holly Gray as her term ended on June 30, 2024 and Mr. Chance's began July 1, 2024.

Insurance Audit Committee Members:

Present:

- Rick DuBray, Chair
- Maryanne Durski, Local Education Insurance Committee representative
- Kevin Krushenski, Local Government Insurance Committee representative
- Rob Chance, State Insurance Committee representative

The Chair called the meeting to order at 9:00 a.m. (central) and a quorum was established. All members were present in the conference room.

Agenda Item #1 – Public Comment

Per Public Chapter 300 of 2023, this item is reserved for persons who want to provide public comment on any agenda item.

The Chair asked if anyone present, either in person or virtually, wished to speak on any of the agenda items. No one requested to be recognized.

Agenda Item #2 – [Action] Approval of Minutes of February 8, 2024

Chairman DuBray called for a motion for the approval of the Minutes of the February 8, 2024, Audit Committee meeting and a second. Mr. Krushenski made a motion for approval

of the minutes and Ms. Durski seconded the motion. No further discussion occurred. A roll call vote was taken. The Minutes passed.

Chance	Yes	Durski	Yes
Krushenski	Yes	DuBray	Yes

Agenda Item #3 – [Information Only] Review of Statistical Audits

Chairman DuBray recognized the Aon Consulting staff present on this agenda item. Crystal Norris, Vice President of Audit Practice, and Renita Banks, Assistant Vice President, presented the Blue Cross Blue Shield of Tennessee (BCBST), Cigna, and Optum audit reports. Each carrier’s audit is based on a random, stratified sample of 220 claims incurred in calendar year 2022, processed through March 31, 2023. The specific objectives of the audits are to verify that medical benefits are being accurately paid, assess overall claims administration, and identify opportunities for improvement.

For each carrier, Ms. Norris and Ms. Banks discussed the calculated Financial Accuracy, Overall Accuracy, Payment Accuracy, and Turnaround Time measures. They compared these measures with Aon Consulting’s other clients. In addition, they discussed specific errors found during their audits and the causes of these errors and corrective actions taken the carriers. Committee members’ questions were answered by either Ms. Norris, Ms. Banks, or Christa Martin, Benefits Administration’s (BA) Director of Financial Management and Program Integrity.

Agenda Item #4 – [Information Only] Review of Post-Implementation Audits

Chairman DuBray recognized Ms. Norris and Ms. Banks from Aon Consulting. This audit was focused on whether BCBST and Cigna were adjudicating claims according to the plan year 2023 benefit provisions. Aon Consulting evaluated over 150 claim scenarios through each carrier’s adjudication system. For both BCBST and Cigna, Aon Consulting’s audit reported that all necessary programming and corrective actions have been made by both carriers. Committee members’ questions were answered by Ms. Norris and Ms. Banks.

Agenda Item #5 – [Information Only] Review of Completed Audits

Chairman DuBray recognized Ms. Martin for the next agenda item. Ms. Martin discussed the Comptroller’s Single Audit related to ARPA for the Local Government Plan and Centers

for Medicare and Medicaid Services (CMS) Federal Targeted Desk Market Conduct Examination for Cigna.

Ms. Martin reported to the committee members that there were no findings in the Comptroller's Single Audit related to ARPA for the Local Government Plan. The committee members were pleased that there were no findings.

Ms. Martin explained that CMS conducted an examination of 108 emergency service claims adjudicated by Cigna for the period of January 1, 2022 through December 31, 2022. The examination's purpose was to determine Cigna's compliance with preventing surprise medical bills for emergency services and the methodology for calculating Qualifying Payment Amounts (QPA). Ms. Martin explained relevant aspects of the No Surprises Act (NSA) and qualifying payment amounts (QPA).

There were two findings noted during this examination. The first was the failure to send to the provider or facility an initial payment or denial of payment notice within thirty calendar days of when services were rendered. In the final report, there were six instances of this failure noted. Cigna increased their staff and improved their system to handle these specific types of claims.

The second finding was failing to provide QPA disclosures to the provider or facility in cases where the payment amount for the service is the QPA. Cigna changed the programming in their system to ensure that the appropriate QPA notices are sent to the provider or facility. Cigna performed internal testing to verify the programming is working as intended. Ms. Martin stated a corrective action plan was sent to CMS and if CMS disagrees or sends a response that the committee members would be notified.

Agenda Item #6 – [Information Only] Ongoing Audits/Engagements

Chairman DuBray recognized Ms. Martin for the next presentation.

Ms. Martin informed committee members that the FY 2024 financial audits of the State, Local Education, and Local Government Plans are ongoing. There is also an ongoing CMS Federal Targeted Desk Market Conduct Examination for BCBST. The scope of BCBST's examination is not limited to the State Group Insurance Program (SGIP) but includes other BCBST clients. Currently, the SGIP did not have any claims selected to be examined and, thus, BA is not involved in this process. Should the SGIP's claims come into question, BA staff will update the Audit Committee.

Agenda Item #7– [Information Only] Financial Activity Report Review

Chairman DuBray recognized Ms. Martin for the next presentation.

Ms. Martin presented the Financial Activity Report covering the period of July 2023 through June 2024 for the following plans: State Plan, State OPEB, Local Education, Local Government, and the Tennessee Plan. All these plans, except for the State OPEB plan, are in spend down mode of reserves as approved by the Insurance Committees. Ms. Martin advised that balances for all plans were above the CY 2024 target solvency reserve amounts. Committee members' questions were answered by Ms. Martin.

Agenda Item #8 – [Information Only] Management’s Communication to Employees Concerning Fraud and Internal Controls

Chairman DuBray recognized Ms. Martin for the next presentation.

Ms. Martin reminded the committee members that Finance and Administration’s management annually sends a communication to employees concerning recognizing fraud and appropriate internal controls. She highlighted an email sent in April 2024 by Finance and Administration’s Deputy Commissioner to all department employees making them aware of the role each of them plays in protecting the State against fraudulent activities.

Agenda Item #9 – [Information Only] Explanation of Benefits Follow-Up

Chairman DuBray recognized Ms. Martin for the next presentation.

Ms. Martin reminded the committee members that at the last meeting Treasurer Lillard had requested BA staff consider creating a communication to plan members explaining the importance of reviewing their explanation of benefits (EOBs). BA worked with Agency Benefits Coordinators to send an email communication in April 2024 discussing the importance of reviewing EOBs.

The Chair and Ms. Durski were pleased with BA’s communications efforts and expressed their appreciation.

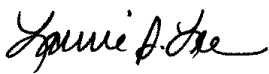
Agenda Item #10 – [Information Only] Review of Pharmacy Benefit Manager Audit and Monitoring Report

Chairman DuBray recognized Ms. Martin for the next presentation.

Ms. Martin informed the committee members that the Pharmacy Benefits Manager audit and monitoring report is an annual legislative requirement. The report is required to be sent to the Speaker of the House, Lt. Governor and members of the Fiscal Review Committee by July 1, 2024. Ms. Martin noted that this report was sent to the appropriate parties prior to the deadline.

There being no further business for the public meeting, the Audit Committee adjourned to enter into an Executive Session pursuant to T.C.A. § 4-35-108.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee". The signature is written in a cursive style with a prominent initial "L".

Laurie S. Lee