

Insurance Audit Committee  
August 25, 2022  
1:00 p.m.

The State, Local Education and Local Government Insurance Audit Committee met on August 25, 2022 at 1:00 p.m. in The Nashville Room, Tennessee Tower, Nashville, Tennessee and via Cisco WebEx.

**Committee members in attendance:**

Treasurer David Lillard, Chair  
Holly Girgies, State Insurance Committee representative  
Maryanne Durski, Local Education Insurance Committee representative  
Kevin Krushenski, Local Government Insurance Committee representative

The meeting was called to order at 1:00 p.m. and a roll call of attendance noted all members/delegates were present in the room.

**Agenda Item 1 – Approval of Minutes – March 4, 2022**

Ms. Durski made a motion that the March 4, 2022 meeting minutes be approved as presented. Mr. Krushenski seconded the motion, which passed with a unanimous voice vote.

**Agenda Item 2 – Healthcare Horizons Audit Reports Review**

Christa Martin, Director of Financial Management and Program Integrity, Benefits Administration (BA), advised members that the General Assembly had appropriated one time funding for the Attorney's General Office to competitively procure an audit firm to perform audits of the State Health Plan. The procurement resulted in a contract with Healthcare Horizons for this audit. Ms. Martin introduced Barry Silver and Randy King from Healthcare Horizons, who were in attendance via WebEx to present the audit reports.

BlueCross Random Sample Audit - The first audit was the BlueCross random sample audit for the period of January 2020 through June 2021 for incurred dates. The audit was conducted in February 2022 with the goal of assessing the accuracy of payment by BlueCross based on a statistically valid random sample selection. The findings were based on processing accuracy, payment accuracy and financial accuracy and were presented on the stratified sample as well as weighted to the full population.

BlueCross Targeted Audit - Members reviewed the Healthcare Horizon targeted audit of BlueCross with an audit period of January 1, 2020 through December 31, 2020 for incurred dates. The purpose of the audit was to identify claims errors resulting in incorrect payments and to assess underlying conditions contributing to any errors identified. Healthcare Horizons identified an agreed recoverable amount of \$128,387.77 with the majority of findings related to eligibility, inpatient readmissions, duplicates and payments secondary to Medicare. Based on an additional out-of-sample claims review, an additional impact total of \$25,203.26 was noted.

Cigna Random Sample Audit - For the Cigna random sample audit, the Healthcare Horizons audit period was for incurred claims January through December 2020. The audit was conducted in December 2021

with the goal of assessing the accuracy of payment by Cigna based on a statistically valid random sample selection. The findings were based on processing accuracy, payment accuracy and financial accuracy and were presented on the stratified sample as well as weighted to the full population.

Cigna Targeted Audit Report - The final audit conducted by Healthcare Horizons was the Cigna targeted audit with an audit period of 2020 incurred dates. The virtual site visit was performed the week of December 6, 2021. Healthcare Horizons identified an agreed recoverable amount of \$477,941.75 from the sample claims with the majority of findings related to coordination of benefits, inpatient readmissions, missing DRG, professional pricing and the maximum allowable charge limitation. Additionally, Healthcare Horizons identified overpayments in which Cigna had already initiated a refund request. Based on a full claims population query, Healthcare Horizons had identified an additional estimated overpayment of \$724,902.56 which they recommended that Cigna review for potential recovery.

### **Agenda Item 3 – Aon Audit Reports Review**

Ms. Martin informed members that as part of the Committee approved Audit Plan, BA had engaged Aon to perform pre-implementation audits for BlueCross, Cigna and Optum, a random sample audit for The Tennessee Plan (UMR) and shared accumulator audits for the TPAs, Caremark and Optum. Ms. Martin introduced Renita Banks and Anne Fulton from Aon (who joined via WebEx) to present the audit findings. Members were advised that these audits were performed to confirm that the major features of the plans have been successfully programmed for 2022 benefits, clarify any ambiguous plan provisions, and observe the degree of manual intervention to adjudicate claims. Aon's review utilized the health plan comparison charts, employee handbook, benefits grids and summary Plan Documents as sources. Full claims testing was conducted on the Premier, Standard, Limited and Consumer Driven Health Plans along with testing the deductible and out of pocket accumulators on the plans.

#### BlueCross Pre-Implementation Audit

Aon conducted claims testing during the week of December 13, 2021. Of particular note was the need for a system configuration to require prior authorization for coverage of hearing aids for dependent children under the age of 18.

#### Cigna Pre-Implementation Audit

Aon conducted claims testing during the week of January 3, 2022. Of particular note were claims when "modifier 33" was being affixed to a CPT code where services were reimbursed at 100% coinsurance and claims for processing of wigs at 90% after the deductible for the Premier Plan. The claims processing systems have been reconfigured for these services to pay claims in accordance with Plan provisions.

#### Optum Pre-Implementation Audit

Aon conducted claims testing during the week of December 6, 2021. Aon noted that the Opioid Treatment Programs and office-based Opioid Treatment were mapped to the outpatient office benefits as an Optum Standard. The audit confirmed that the benefits were mapped correctly and no system configurations were necessary.

#### UMR Random Sample Audit for Tennessee Plan

Aon noted that the virtual audit was performed during the week of November 1, 2021 with the goal of a comprehensive assessment concerning the quality of claims handling and plan management. Aon's review consisted of financial, overall and payment accuracy as well as turnaround time for both 14 and 30 day periods. Aon noted six errors that were identified; 5 were for in-sample claims and 1 was for out-of-sample claim totaling \$716.64. There were no in-sample nonfinancial errors during the course of the audit.

#### BlueCross/Caremark/Optum Shared Accumulator Audit

Aon explained that the purpose of this audit was to confirm medical, behavioral health and pharmacy cost share amounts between the vendors are accumulating accurately and the information transfer process occurs in a timely manner. The data review for this audit was conducted on February 25, 2022. During the audit, Aon identified an issue with zero-dollar value accumulator data transfers between BlueCross and Optum, as well as, inconsistency in the cross-sharing of accumulation data as a result of timing.

#### Cigna/Caremark/Optum Shared Accumulator Audit

Aon explained that the purpose of this audit was to confirm medical, behavioral health and pharmacy cost share amounts between the vendors are accumulating accurately and the information transfer process occurs in a timely manner. The data review for this audit was conducted on February 24, 2022. During the audit, Aon identified a programming issue where some Cigna outbound accumulator transactions were not sent to Optum with the data transfers. Aon reported that the issue had been corrected and all transactions are now being routed appropriately.

#### **Agenda Item 4 – Financial Activity Report Review**

Ms. Martin reviewed the Financial Activity Report for the period July 1, 2021 through May 31, 2022 noting that all Plans, with the exception of the State OPEB, were operating in a deficit. This is due to action taken by the Committees in order to reduce excess reserves. Ms. Martin noted that the Estimated Plan Balance as of May 31, 2022 was still in excess of the CY 2022 Target Solvency Reserve.

#### **Agenda Item 5 – Management's Communication to Employees Concerning Fraud and Internal Controls**

Ms. Martin reviewed a communication dated April 14, 2022 from Deputy Commissioner Eugene Neubert to all Finance and Administration employees relative to employee responsibility for identifying fraud. The communication outlined the process for reporting suspected fraud and noted that retaliation for reporting suspected fraud, waste abuse was expressly prohibited.

#### **Agenda Item 6 – Review of Pharmacy Benefit Manager Audit and Monitoring Report**

Ms. Martin provided the annual Audit and Monitoring Report regarding CVS Caremark Contract Compliance as required by Public Act 408 of the 108<sup>th</sup> General Assembly. Of particular note, was BA's review to determine whether the members for whom claims were paid each month from May 2021 – April 2022 were eligible for the benefit. Based on the data match between the state's eligibility files and the pharmacy claim files, BA did not note any material, consistent findings.

There being no additional matters to be presented to the Audit Committee, the meeting was adjourned at 2:15 to enter into an Executive Session.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee".

Laurie S. Lee