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Expires 04/01/2021

LAURA RICH
Executive Officer

AGENDA ITEM

[X] Action Item
[ ] Information Only

Date: September 24, 2020

Item Number: X

Title: Contract Solicitation Report for Auditor Services

SUMMARY

This report requests the Board authorize staff to solicit proposals for Health Plan Auditor services for PEBP's Self-Insured Program.

REPORT

FINANCIAL AUDITOR

PEBP contracted with Health Claim Auditors for Health Plan Auditing Services which began October 11, 2011 resulting from RFP # 1922. The original 6-year contract was extended for an additional 5 years with a termination date of September 30, 2022. Staff has been notified that the owners of Health Claim Auditors have made the decision to retire and will be terminating their contract early.

PEBP will need to solicit for a new Health Plan Auditing Service in order to continue to meet our contract auditing requirements and ensure current vendors are fulfilling contractually agreed upon performance guarantees.

A draft overview and scope of work for this RFP is available in Attachment A for Board review and input.

RECOMMENDATION

PEBP recommends the Board authorize staff to proceed with a Request for Proposal for a Health Claim Auditing Company.

Attachment A – Health Claim Auditor

OVERVIEW OF PROJECT

The State of Nevada, Purchasing Division, on behalf of the Public Employees' Benefits Program (PEBP), headquartered in Carson City, Nevada, is soliciting proposals from Health Claim Auditor entities for the claims and contracts audit of PEBP's contracted vendors.

Audits are essential to assure that services provided by PEBP and PEBP's contracted vendors are in compliance with contract requirements and performance guarantees. The selected vendor will provide audit services of PEBP's Third Party Administrator (TPA) that will include audits of the Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA) managed by PEBP's TPA, Pharmacy Benefits Manager (PBM), PEBP's Preferred Provider Networks and Utilization Management Company. PEBP is also seeking an audit of its internal practices in the management of its Eligibility and Enrollment processes, to include accounting, security, policies and procedures and contract compliance.

The effective date of the contract resulting from this RFP will most likely be March 1, 2021; however, PEBP reserves the right to initiate service at an earlier date dependent upon proposal responses. The length of the contract will be four (4) years. The contract termination date, pursuant to this RFP, will be February 28, 2025. PEBP reserves the right to renegotiate price terms as market conditions warrant.

SCOPE OF WORK

Audits are essential to assure that services provided by PEBP and PEBP's contracted vendors are in compliance with contract requirements and performance guarantees. The selected vendor will provide audit services of PEBP's Third Party Administrator (TPA) that will include audits of the Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA) managed by PEBP's TPA, Pharmacy Benefits Manager (PBM), PEBP's Preferred Provider Networks and Utilization Management Company. PEBP is also seeking an audit of its internal practices in the management of its Eligibility and Enrollment processes, to include accounting, security, policies and procedures and contract compliance.

The purpose of this RFP is to secure the services of a Health Plan Auditor who can provide *all* the listed audits. Any proposals submitted without confirmation that all the listed services can be provided will be considered incomplete and will not be considered for award.

Current Contracted Health Plan Auditor

PEBP currently utilizes the services of Health Claim Auditors, Inc. based in Henderson, Nevada.

Current Contracted Vendors

PEBP contracts with the following vendors, whose physical location of each office to be audited is provided:

- HealthSCOPE – Third Party Claims Administrator (PPO & EPO Plans), HSA, HRA Administration, National PPO Network, Flexible Spending Account (Little Rock, AR)
- Express Scripts – Pharmacy Benefits Manager (PPO Plan) (St. Louis, MO)
- American Health Holdings – Utilization Management Review, Large Case Management (New Albany, OH)
- Sierra Healthcare Options and Hometown Health Providers – Nevada Statewide Medical PPO Network (PPO Plan) (Las Vegas, NV and Reno, NV)
- Diversified Dental Services – Dental PPO Network (PPO and HMO) (Reno, NV)
- Health Claim Auditors – Health Plan Auditor services (Excludes HMO vendors)
- AON Consultants – Actuary services (No audit required)
- Health Plan of Nevada (HPN) – Southern Nevada HMO (Las Vegas, NV)
- Morneau Shepell Ltd. – Eligibility and Enrollment (Pittsburgh, PA and Toronto, Canada)
- Extend Health, Inc. – Medicare Coordinator/Exchange (Salt Lake City)
- The Standard – Group Basic Life Insurance (Portland, OR)

PEBP's Health Plan Auditor is required to attend all PEBP Board meetings where audit findings are presented, typically once per quarter. Additionally, auditor is occasionally required to meet in person with PEBP staff, typically bi-monthly. Please confirm your willingness to accept these requirements.

The costs associated with attendance at all required PEBP Board meetings and meetings with PEBP staff should be included in your cost proposal. Any costs not disclosed in the cost proposal may not be payable by PEBP.

Audits

- Third Party Administrator (TPA) - Claims system procedural audit which shall include but not be limited to the following. The final quarterly audit results will be used to measure the Third Party Administrators Performance Guarantees for Financial Accuracy, Payment Accuracy, Claim Processing Turnaround Time, Customer Service Telephone Response Time and Telephone Abandonment Rate.

    a) Edits being utilized in the system to flag claims for medical review.
    b) Membership updating and procedure for eligibility requirements.
    c) Coordination of Benefits in areas of both research and processing.
    d) Proper usual, customary and reasonable application.
    e) Procedure utilized for subrogation identification, investigation and recovery.
    f) Turnaround time for clean claims, pending claims and claims under review.

g) Ability to identify duplicate claim submission.
h) Procedure for identification of potential fraudulent claim submission.
i) Medical necessity of specific professional services.
j) Quality assurance programs and claim production adequacy.
k) Processing of claims secondary to other insurance including Medicare.
l) Identify unbundling and code creeping in billing submissions.
m) Analysis of cost containment software being utilized such as patterns of care and outpatient hospital surgical indexing.
n) Systematic editing for necessary benefit and cost containment analysis, to include but not be limited to coordination of benefits, student status, rental vs. purchase price of durable medical equipment, provider discounting, prompt pay discounting and coding discrepancies.
o) Analysis of hospital audit programs being utilized.
p) Analysis of customer service operations including telephone response time and telephone abandonment rate.
q) Communication between utilization management company and TPA.
r) HIPAA compliance.
s) Quality assurance of electronic data interface(s) to include but not limited to EDI between TPA and PBM for deductible and coinsurance/out-of-pocket accumulators.

- Third Party Administrator (TPA) - The random selection of claims will be a statistically valid sampling of individual medical, dental and vision claims and will be audited for payment accuracy at a minimum, in the following areas. The final quarterly audit results will be used to measure the Third Party Administrators Performance Guarantees for Financial Accuracy and Payment Accuracy.

a) Coordination of Benefits.
b) Subrogation and workers compensation duplication.
c) Accuracy of CPT, HCPCS, ADA and ICD-9 and ICD-10 codes.
d) Administration of benefits including deductible, coinsurance, co-payments, benefit maximums, frequency maximums, usual and customary, PPO discounts and other special requirements as described in PEBP's Plan Document.
e) Provider location and amount paid.
f) Review by medical department when necessary
g) Benefit eligibility.
h) Comparison of amount paid to amount invoiced on claims.
i) Turn-around time of claims.
j) Accuracy and appropriateness of in and out of network claims payment
k) Quality assurance of electronic data interface(s) to include but not limited to EDI between TPA and PBM for deductible and coinsurance/out-of-pocket accumulators.

- HSA/HRA Administrators – HSA/HRA claims system procedural audits for the HSA/HRA Administrator for PPO participants *and* the HRA administrator for Medicare Exchange retirees. The HSA/HRA Administrator for PPO participants is currently PEBP's Third Party Administrator. Therefore costs associated with the audit of the HSA/HRA Administrator for PPO participants shall be included in the cost of the Third Party Administrator. Costs associated with the audit for HRA administrator for Medicare Exchange retirees shall be included in that section. The audits will include a random selection of claims and may include various focus audits. The random selection of claims will be a statistically valid sampling of reimbursement claims. The final report on the audit of the random selection of claims will be used to measure the HSA/HRA Administrator's performance. Audit will include a review of:

    a) Turnaround time for clean claims, pending claims and claims under review
    b) Ability to identify duplicate claim submission
    c) Procedure for identification of potential fraudulent claim submission
    d) Analysis of customer service operations including telephone response time and telephone abandonment rate
    e) HIPAA compliance
    f) Quality assurance of electronic data interface(s)
    g) Benefit eligibility
    h) Comparison of amount paid to amount invoiced on claims

- Pharmacy Benefit Manager – The random selection of prescription claims will be a statistically valid sampling of individual retail and mail order pharmacy claims and will be audited for accuracy in the following areas. The annual audit results will be used to measure the PBM's Performance Guarantees for Financial Accuracy, Payment Accuracy, Claim Processing Turnaround Time, Customer Service Telephone Response Time and Telephone Abandonment Rate.

    a) Dispensing fee review.
    b) Deductible and coinsurance properly processed.
    c) Pharmacy discount review.
    d) Exclusions properly processed.
    e) Quantity limitations properly processed.
    f) Pharmacy claims greater than $500 review.
    g) Pharmacy formulary/non formulary review.
    h) Proper dispensing fee applied for retail brand and generic, mail order brand and mail order generic.
    i) Investigational drug review.
    j) Over the counter drug review.
    k) Injectable drugs properly processed.
    l) Proper rebate administration.

- Utilization Management Company will be audited for accuracy and compliance in the following areas. The annual audit results will be used to measure the Utilization

Management Company's Performance Guarantees for timely delivery of quarterly and annual management reports, timely delivery of potential high dollar claim information to PEBP, timely delivery of precertification notices and concurrent review notifications to PEBP's TPA, customer service telephone response time and telephone abandonment rate.

a) Cases requiring case management properly identified.
b) Pre-certification process.
c) Reporting capabilities.
d) Retrospective review properly managed.
e) Telephone response time to providers and plan participants.
f) Timeliness of documents to providers and plan participants.
g) Quality assurance of electronic data interface(s).
h) Concurrent review process.
i) Provide recommendations for improvement in the areas listed above.

- PEBP contracts with Morneau Shepell Ltd. to lease their eligibility and enrollment system. PEBP is the system of record regarding participant eligibility; this means that PEBP has the responsibility for eligibility final determination, maintenance of eligibility records and reporting of eligibility for its participants and their dependents. Enrollment and Eligibility System will be audited for accuracy and compliance in the following areas:

  a) General system requirements as defined in contract.
  b) System reporting requirements.
  c) Response time to correct issues.
  d) Change management protocols.
  e) Quality assurance of electronic data interface(s).
  f) Review each data entry screen to determine if edits and controls exist to ensure accurate entry of information.
  g) Statistical review of eligibility records in system for participant coverage accuracy.
  h) Identify if benefit calculations are determined properly and in accordance with Nevada state regulations, PEBP eligibility parameters and PEBP accounting policies and procedures.
  i) Identify if data entry screen functions are completed in accordance with system design and user requirements.
  j) Determine if individual records reflect appropriate and timely changes following key eligibility status changes such as active to retired.
  k) Evaluate system function and assist PEBP in determining what processes should be automated versus manual.
  l) Review and evaluate database structure and submit possible recommendations for improvement.
  m) Review system reports and other communication materials for content and accuracy.
  n) Review PEBP operational procedures that are not supported in the Eligibility and Enrollment System.

- Preferred Provider Networks will be audited for accuracy and compliance in the following areas. The audit results will be used to assure PEBP that the contractual requirements between the Preferred Provider Networks and PEBP are satisfied. The audit results will be used to measure the Preferred Provider Network's Performance Guarantees for Claim Repricing Accuracy and Turnaround Time, and Timeliness of Provider Information Updates.

    a) Review the accuracy of information (EDI claims repricing or shared provider data) between Networks and PEBP's TPA.
    b) Review provider credentialing process and ongoing maintenance.
    c) Review provider contract arrangements to assure effective provider discounts.
    d) Review provider contract for provisions regarding patient balance billing.
    e) Review networks communication process with participating providers (newsletters, one on one meetings, etc.).
    f) Review provider contract arrangements for disclosure of any hold back, rebate monies or undisclosed profit from providers.
    g) Review provider contract arrangements and provide recommendations for improvement.

- Annual audit of PEBP's self-administered enrollment and eligibility processes. The audit will include the interview, observation and review of PEBP personnel, policies and procedures within the PEBP eligibility processes. This audit will include collecting information, reviewing policies and procedures and conducting inspection(s) to ensure that PEBP is doing an effective job of controlling and providing eligibility information to its vendors in an accurate and timely fashion. PEBP's office is located in Carson City, NV. The objective of the audit is to review the following areas within the eligibility data process:

    a) Obtaining Eligibility Information
        - Procedures;
        - Accuracy;
        - Security;
        - Appropriate notifications, disclosures, etc. to participants;
        - Turnaround timelines; and
        - Request of information pertaining to possible COBRA, Coordination of Benefits, Medicare, alternate insurance coverages, etc.

    b) Security and Potential Fraud exposure(s)
        - Personnel accesses;
        - Internal audit procedures;
        - Data tracking capacities;
        - Audit of PEBP personnel files;
        - Building and work station(s) accessibility;

- Use of external terminal(s);
- Privacy Officer interview; and
- Security Officer interview;

c) Agreement Documentation
- HIPAA;
- Confidentiality; and
- Business Agreement.

d) Quality Control
- Document Processing Unit policy/procedures;
- Eligibility Processing Unit policy/procedures;
- Maintenance of PEBP vendor accuracy/ Contractual Compliance;
- Transfer of Data in Accordance with PEBP Contract Language; and
- Destruction/Elimination or Proper Storage of Data Following Contract Termination.

e) Accounting
1) Accuracy of Premium Billing;
2) COBRA Administration; and
3) Accurate and Timely Termination for Non-Payment

- Annual audit of PEBP's self administered enrollment and eligibility processes. The audit will include the interview, observation and review of PEBP personnel, policies and procedures within the PEBP eligibility processes. This audit will include collecting information, reviewing policies and procedures and conducting inspection(s) to ensure that PEBP is doing an effective job of controlling and providing eligibility information to its vendors in an accurate and timely fashion. PEBP's office is located in Carson City, NV. The objective of the audit is to review the following areas within the eligibility data process:

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- Procedures;
- Accuracy;
- Security;
- Appropriate notifications, disclosures, etc. to participants;
- Turnaround timelines;
- Request of information pertaining to possible COBRA, Coordination of Benefits, Medicare, alternate insurance coverages, etc.

b) Security and Potential Fraud exposure(s)
- Personnel accesses;
- Internal audit procedures;
- Data tracking capacities;

- Audit of PEBP personnel files;
- Building and work station(s) accessibility;
- Use of external terminal(s);
- Privacy Officer interview;
- Security Officer interview;

c) Agreement Documentation
- HIPAA;
- Confidentiality;
- Business Agreement

d) Quality Control
- Document Processing Unit policy/procedures;
- Eligibility Processing Unit policy/procedures;
- Maintenance of PEBP vendor accuracy/ Contractual Compliance
- Transfer of Data in Accordance with PEBP Contract Language
- Destruction/Elimination or Proper Storage of Data Following Contract Termination

e) Accounting
- Accuracy of Premium Billing
- COBRA Administration
- Accurate and Timely Termination for Non-Payment

- System Capability Audits – Should PEBP go out to bid for the services above, PEBP may require the Health Plan Auditor to provide system capability audits of up to three finalist vendors for each contract. System capability audits should include review of the finalist vendors' ability to perform services at a level that meets or exceeds best practices, industry standards and the finalist vendors' ability to provide information necessary to perform and pass the audits above. Audits will be conducted after the RFP committee for each RFP selects the finalist vendors. The Health Plan Auditor will have approximately two to three weeks to complete the audit and provide the final report to the RFP committee. Audits will not be required of incumbent vendors.

Qualifications and experience of health plan auditors

Auditors will have extensive background in the areas of medical, dental, vision and pharmacy claims, operating systems and claim adjudication, current updates and inside knowledge of the procedures utilized in billing practices by hospitals and physicians, as well as system enhancements to combat medical inflation. Auditor will also have knowledge of eligibility and billing systems, PPO network operations, Utilization Management, HSA/HRA Administration and Case Management operations. Auditors must have previous experience in both systems and claims auditing practices. Auditors will have systems knowledge, claims adjudication knowledge, cost containment program knowledge and financial auditing experience.

For the purposes of providing statistically random audit reports, please explain your selection criteria process for the following:

a) Third Party Claims Administrator;
b) Pharmacy Benefit Manager;
c) Utilization Management;
d) Enrollment and Eligibility System; and
e) Preferred Provider Network.

Please explain your ability to perform system test audits. Should PEBP go out to bid for a new Third Party Claims Administrator or new Enrollment and Eligibility System vendor, the Health Plan Auditor will be required to perform a system capability audit of potential vendors in each category and report the outcome to the PEBP Board. If the incumbent is included as a potential, the Health Plan Auditor would not be required to perform a system capability audit of the incumbent's system.

Please provide copies of sample audit reports.

PROPOSED TIMELINE

TASK	DATE/TIME
Release Date	October 2020
Submission Deadline	November 2020
Evaluation Period	November 2020
Contract Negotiations	December 2020
PEBP Board Ratification of Contract	January 2021
Anticipated BOE Approval	February 2021
Contract Start Date (contingent upon BOE approval)	March 2021