

Claim Administration Audit

HEALTH REIMBURSEMENT ARRANGEMENT

**State of Nevada Public Employees' Benefits Program Health
Reimbursement Arrangement Plan
Administered by Via Benefits from Willis Towers Watson**

**Audit Period: July 1, 2020 through June 30, 2021
Plan Year 2021**

Presented to

State of Nevada Public Employees' Benefits Program

**November 19, 2021
*Revised as of December 17, 2021***



**CLAIM TECHNOLOGIES
INCORPORATED**

Proprietary and Confidential

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EXECUTIVE SUMMARY

This Comprehensive Audit Report is a compilation of the detailed information, findings, and conclusions drawn from Claim Technologies Incorporated's (CTI's) audit of Via Benefits from Willis Towers Watson's (Via Benefits) administration of the State of Nevada Public Employees' Benefits Program (PEBP) Medicare Exchange Health Reimbursement Arrangement (HRA) plan.

Scope

CTI performed an audit of Via Benefits' administration of the PEBP HRA for the period of July 1, 2020 through June 30, 2021 (plan year 2021). The population of claims and amount paid during the audit period was taken from the paid claim file provided by Via Benefits.

Total Paid Amount	\$22,779,809.76
Total Number of Claims Paid/Denied/Adjusted	257,365

The audit included the following components which are described in more detail in the following pages.

- Operational Review
- Random Sample Audit
- Eligibility Verification

Auditor's Opinion

Based on these findings, and in our opinion:

1. Via Benefits provided good service to PEBP's members by exceeding its performance guarantee for all four quarters for the Customer Satisfaction Quarter Review goal. Via Benefits exceeded the goal by more than 11% each quarter during plan year 2021.
2. Via Benefits should:
 - Track the reasons for overpayments to understand why overpayments occur and prevent them going forward.
 - Coordinate with LifeWorks to update eligibility information in a timelier manner to prevent negative account balances going forward.
 - Provide examiners with additional coaching on the processing errors identified during the audit.

Summary of Via Benefits Guarantee Measurements

Based on CTI's Random Sample Audit results, Via Benefits met two of its three claims processing measurements for the PEBP.

Metric	Met/Not Met	Penalty
Claim Processing Turnaround Time Annual Review	Met	NA
Claim Processing Payment Precision Annual Review	Not Met	\$10,000
Claim Financial Payment Precision Annual Review	Met	NA

In addition, CTI validated that Via Benefits missed the following measurements:

- Customer Service Abandonment Rate – \$7,500 penalty waived at 03/25/21 PEBP Board Meeting.
- Customer Speed to Answer Q2 PY 2021 – \$2,000 penalty waived at 03/25/21 PEBP Board Meeting.
- Customer Speed to Answer Q3 PY 2021 – \$2,000 penalty paid by check on 06/01/21.

OPERATIONAL REVIEW

Objectives

CTI's Operational Review evaluates Via Benefits' claims system, staffing, and procedures related to administration including enrollment, customer service, and overpayment recovery. We also used the Operational Review to verify compliance with contract terms and in support of our Random Sample Audit activities.

Scope

The scope of our review included:

1. Claim administrator information
 - Insurance and bonding
 - Conflicts of interest
 - Performance standards
 - Business continuity planning
 - System software
 - Offsite claim administration
2. Claim funding:
 - Claim funding mechanism
 - Check processing and security
3. Claim adjudication, customer service, and eligibility maintenance procedures:
 - Contributions and rollovers
 - Claim processing
 - Customer service call and inquiry handling
 - Overpayment and adjustments
 - System security
4. Privacy and security compliance

Methodology

CTI used an Operational Review Questionnaire to gather information from Via Benefits. We reviewed Via Benefits' responses and any supporting documentation supplied to gain an understanding of the procedures, staffing, and systems used to administer the PEBP's HRA plan. This allowed us to conduct the audit more effectively.

Findings

In our review of we observed the following:

- Via Benefits provided the following insurance coverage information:

Coverage	Amount
Errors and Omissions	\$5,000,000 Aggregate Limit
Crime	\$1,000,000
Cyber Liability	\$5,000,000

- Willis Towers Watson indicated it had been audited by KPMG LLP, for compliance with the standards of the American Institute of Certified Public Accountants through the issuance of a Service Organization Controls (SOC) 1 Report. Exceptions were noted and a copy of the report has been provided to PEBP.
- Compliance with Performance Guarantees

Metric	Guarantee Measurement	Actual	Met/ Not Met
Claim Processing Turnaround Time Annual Review	Processing will average two business days. Additionally, 98% of claims will be processed within five business days.	1.18 days 100% processed within five business days	Met Met
Claim Processing Payment Precision Annual Review	Processing average precision will be at least 98% or better.	97.00%	Not Met
Claim Financial Payment Precision Annual Review	Financial Accuracy will be 98% or better.	98.53%	Met
Reports Annual Review	Reports provided within 15 days.	Reports available on first day of every month	Met
HRA Web Services Annual Review	99% availability of web services for benefit information and HRA information exclusive of scheduled maintenance.	99.92%	Met
Customer Service Abandon Rate Annual Review	The percentage of incoming calls abandoned by participants be 5% or less.	9%	Not Met
Customer Service Speed to Answer Quarter Review	Incoming telephone calls answered in less than or equal to: Ninety seconds in Q1 PY 2021 Five minutes in Q2 PY 2021 Two minutes in Q3 PY 2021 Ninety seconds in Q4 PY 2021	Q1 PY 2021 – 0:37 Q2 PY 2021 – 8:49 Q3 PY 2021 – 2:28 Q4 PY 2021 – 0:10	Met – Q1 PY 2021 Not Met – Q2 PY 2021 Not Met – Q3 PY 2021 Met – Q4 PY 2021
Customer Satisfaction Quarter Review	At least 80% of participants surveyed will be satisfied with services.	Q1 PY 2021 – 93.38% Q2 PY 2021 – 91.93% Q3 PY 2021 – 92.95% Q4 PY 2021 – 94.94%	Met
Disclosure of Subcontractors Per Violation	Additional subcontractors shall not be engaged, unless at least 60 days prior to the engagement is given.	Individual Marketplace Subcontractor list dated April 15, 2021	Met
Unauthorized Transfer of Data Per Violation	All data will be stored, processed, and maintained on designated servers. Any changes must have 60 days notification.	No changes reported	Met

- For the second quarter of plan year 2021, Via Benefits missed its Customer Service Speed to Answer performance guarantee and reported the PEPB waived the \$2,000 penalty at its March 25, 2021, Board meeting.
- For the third quarter of plan year 2021, Via Benefits missed its Customer Service Speed to Answer performance guarantee. Via Benefits issued a check for \$2,000 to PEBP on June 10, 2021.

- For the Customer Service Abandon Rate Annual Review missed performance guarantee, PEPB waived the \$7,500 penalty at its March 25, 2021, Board meeting.
- Via Benefits reported using the Acclaim system, an in-house application that was developed for claim adjudication and payment purposes. The Acclaim system has been used for 20 years.
- The business continuity plan provided by Via Benefits included two approaches to data protection, 1) continuous off-site replication to a second, geographically distant location and 2) the use of daily backups of files and databases.
- Via Benefits indicated no claim processing functions are outsourced.
- All reimbursements are paid directly from PEPB's bank account; there is a custom process developed for HRA reimbursements to be paid directly to the participant.
- Via Benefits reported the preferred method of refunds is for it to be forwarded directly to PEPB. Via Benefits receives a log of all repayments and adjusts records as needed.
- Via Benefits reported stale checks are voided after 18 months. The amount of the check will be credited back to the individual's HRA account.
- Via Benefits indicated PEPB provided the allocation amount that participants were eligible for. Effective May 31, 2021, however, PEPB implemented an \$8,000 cap on the available balance.
- Via Benefits provided an overpayment report for plan year 2021, that showed:
 - Overpayment Total: \$57,714.39
 - Recovered Total: \$41,210.68
 - Unrecovered Total: \$16,503.71
- Via Benefits did not provide the reason for overpayments on the report; however, it did indicate lost eligibility was the biggest reason for recovering medical expenses.
- Via Benefits reported 146 members with a negative account balance totaling \$67,561.82.
- Customer service operations were available via phone Monday through Friday from 5:00 AM to 6:00 PM PST.
- The member online portal allows claims submission, help tickets, participant balances, and direct deposit information.
- Via Benefits communicated with account holders via mail or email. It provided newsletters twice a year, a one-time enrollment guide mailing when a participant aged into Medicare, and one-time HRA welcome packet mailing upon initial qualification.
- Via Benefits reported it used secure system passwords and system authorization, as well as separation of duties. It also limited access to eligibility maintenance and claim adjudication.
- Via Benefits' internal system control document provided a thorough overview including detail on data entry logic, duplicate logic, and overpayment logic as examples.
- Web-based security and compliance training was provided by Via Benefits annually.
- Via Benefits reported that there were no privacy or security breaches identified during the audit period.

RANDOM SAMPLE AUDIT

Objective

The objective of the Random Sample Audit was to identify any administrative process deficiencies in PEBP’s health reimbursement arrangement claims.

Scope

The scope of our Random Sample Audit for the PEBP included a review of a random sample of HRA claims paid by Via Benefits during the period of July 1, 2020 through June 30, 2021. The random sample included 200. Performance was measured for the following key performance categories:

- Financial Accuracy
- Payment Accuracy
- Claim Turnaround Time

Methodology

The Random Sample Audit was conducted remotely at CTI’s Des Moines, Iowa office. Each claim was reviewed by a CTI auditor to determine if it was paid or processed correctly based on member eligibility or plan provisions as defined in the plan documents or amendments.

CTI cited errors when a sampled claim was determined to have been paid or processed incorrectly. Payment errors were observed based on how the selected claim was paid and the information Via Benefits had at the time the transaction was processed.

Findings

CTI defines financial accuracy as the total correct claim payments made compared to the total dollars of correct claim payments that should have been made for the audit sample. The sampled claims were selected from the PEBP HRA claims. Note: procedural accuracy includes both financial and procedural errors. A summary of each finding follows the chart below.

Performance Measure	Claims Sampled		Sampled Claims with Errors		Results
	Claims	Dollars Paid	Claims	Dollars Paid	
Financial Accuracy	200	\$17,145.03	2	\$252.50	98.53%
Procedural Accuracy	200		6		97.00%
Claim Turnaround Time	Guarantee – 98% of claims reimbursed within 5 business days				100%

Audit Number	CTI’s Observation	Via Benefits Response	CTI’s Conclusion
Financial Errors			
1016	Not processed: Date of service (DOS) 06/11/20 \$91.15 and \$1.33. DOS 07/16/20 \$38.43 (entered as \$37.40). Underpayment: \$93.51	Agree.	Error and \$27.50 underpayment remain. Charges were overlooked and date of service was entered incorrectly.
1110	Claim paid without description of service. Claim was adjusted to pay monthly premium of \$45.00	Agree.	Error and \$225.00 overpayment remain. Paid incorrect premium amount.

Audit Number	CTI's Observation	Via Benefits Response	CTI's Conclusion
	(total bi-annual premium of \$270.00). Overpayment of \$225.00.		
2	Financial Errors		
Procedural Errors			
1051	Rollout was done for another plan year which delayed the payment for two months.	Agree.	Procedural error remains. Payment delayed for 60 days due to rollout.
1082	\$57.80 Income-Related Monthly Adjustment Amount (IRMAA) and \$144.40 for Part B Premium should have been paid in separate payments and were processed as one. Also, the premium for September should have been paid and not held for monthly release.	Agree.	Procedural error remains. Payment should be split in two transactions for duplicate purposes. Monthly payment should have been held and paid upon receipt.
1134	Incorrect date of service. The requested amount was for the quarterly premium and the examiner entered the full amount under October 2020.	Agree.	Procedural error remains. Incorrect date of service was used to process claim.
1162	The examiner selected the incorrect coverage type. Benefit selected was for Medicare Part B premium and should have been for pharmacy. This claim was adjusted to apply the correct coverage type.	Agree.	Procedural error remains. Payment allowed under the incorrect benefit type.
4	Procedural Errors		
6	TOTAL ERRORS		

Additional Observations

During the Random Sample Audit, our auditor observed the following procedures or situations that may not have caused an error on the sampled claim but may impact future claims or overall quality of service.

Observation	Audit Number
A portion of the documents submitted for this out-of-sample claim were not processed resulting in an underpayment of \$66.00.	1016
Payment on this out-of-sample claim should be for date of service 04/22/21 but it was processed as 04/23/21.	1035
An incorrect date of service was used on this out-of-sample claim. Payment was made on the account with a negative balance resulting in a \$69.00 overpayment.	1042
This out-of-sample claim was incorrectly denied which resulted in a \$5,678.11 underpayment.	1081
Monthly premium came through with a different amount on the data file. Best practice would be for Via Benefits to have a check and balance procedure in place.	1090
This out-of-sample claim was incorrectly denied which resulted in a \$3,670.18 underpayment.	1120
One payment in full was requested on this premium but a reoccurring monthly payment was set up in the claim system. Overpaid \$1,663.50.	1055

ELIGIBILITY VERIFICATION

Our electronic comparison of dates of service to PEBP’s eligibility file revealed some services were paid during the audit period for potentially ineligible claimants. At this time, potentially overpaid amounts have been flagged into one of the following categories:

Description	Line Count	Claimant Count	Paid Amount
Not on File	729	67	\$134,686.89
Incurred After Benefit End Date	766	241	\$125,258.02
Incurred Prior to Benefit Begin Date	706	144	\$121,431.35
TOTALS	2,201	452	\$381,376.26

**CTI notes that 1.67% of PEBP’s total medical spend processed by Via Benefits was identified as paid for members who may not have been eligible for coverage. These results are higher than the less than 1% CTI generally reports.*

In our experience, there are occasionally eligibility data issues that affect screening quality and reliability. CTI has provided LifeWorks with detail reports listing individuals with flagged claims to validate eligibility data provided for this screening was correct and did not generate false positives.

RECOMMENDATIONS

Based on the findings of our annual audit of Via Benefits, CTI recommends the following:

1. The overpayment report provided by Via Benefits’ should specify the reason for overpayments. If the reasons are not currently captured and tracked, CTI recommends doing so. Tracking the reason for overpayments will allow both the PEBP and Via Benefits to understand why overpayments occur and help determine the steps necessary to prevent them going forward.
2. Via Benefits and LifeWorks need to work together to determine how to best update eligibility in a timely manner. Via Benefits reported 146 members with a negative account balance for a total of \$67,561.82.
3. Via Benefits should coach examiners on the claim processing errors identified during the audit:
 - Overlooked charges in claim file
 - Incorrect amount entered
 - Incorrect date of service entered
 - Allowed payment under incorrect benefit type
4. Via Benefits should develop a process to track claim turnaround time.
5. Performance Guarantee Metrics included in PEBP’s contract with Via Benefits should be measurable to allow for outside validation of the metric being met.
6. PEBP should verify that missed performance goals have been credited back to the plan.

CONCLUSION

We consider it a privilege to have worked for, and with, your staff and administrator. Thank you for choosing CTI.



APPENDIX – ADMINISTRATOR RESPONSE TO DRAFT REPORT

Your administrator's response to the draft report follows.

November 17, 2021

To whom it may concern:

Below is the Willis Towers Watson response to the Audit of the State of Nevada Public Employees' Benefits Program Health Reimbursement Arrangement for the period of July 2020-June 2021:

- Claim Technologies Incorporated noted that of the 200 claims reviewed there were two financial errors. **WTW agrees to these findings.**
- Claim Technologies Incorporated noted that of the 200 claims reviewed there were six procedural errors. **WTW agrees to these findings.**
- WTW questioned the sampling methodology as 75% of the claims were manual claims and 25% were pass thru claims. Considering the number of participants that have enrolled in automatic reimbursement, we would expect to see a higher number of pass thru claims represented in the sample. **Claim Technologies confirmed that the sample was selected randomly and this was just a coincidence.**
- WTW suggests that future audits be conducted in person at our Tampa, FL location.

We appreciate the partnership with Claim Technologies Incorporated and look forward to working with them in the future.

Sincerely,

Cara Smouse

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Senior Associate

cc: Phillip Massey
Brian Caldwell



**CLAIM TECHNOLOGIES
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