

Case Study – Claims & Dependent Eligibility Audits

Business Situation

As a cost-containment best practice, our client engaged our firm to validate its TPA's compliance with the Administrator Services Only (ASO) agreement and Summary Plan Description (SPD) for its self-insured plans. Our client was also seeking a firm to audit its employee's 8,600 covered dependents to ensure they were eligible for benefits according to plan language. Our client had a strong preference to engage a firm capable of conducting both audits simultaneously.

Solutions

BMI customized an audit plan to meet the following audit objectives for both audits:

- ✓ Analyze 100% of claims including testing against SPDs and enrollment records.
- ✓ Audit a sample of claims on-site at the administrator's payment facility.
- ✓ Identify areas of potential fraud, waste and abuse.
- ✓ Customize and communicate the purpose of dependent audit, deadlines and compliance requirements to all audit participants.
- ✓ Provide a bi-lingual customer service department with phone, email, fax and web support to participants.
- ✓ Identify and address discrepancies in eligibility requirements among plans with different carriers.

Audit Findings

While on-site for the claims audit, auditors confirmed payment errors on 3 different plans including but not limited to the following:

- 771 minutes for anesthesia were charged during a procedure that lasted only 58 minutes.
- Payments were made for TMJ appliances, hearing aids, and vision hardware excluded by the plan.
- ER co-pays were incorrectly applied.
- Routine follow-up care included with surgical charges was charged separately.

At the conclusion of the dependent eligibility audit lasting 12 weeks, 105 dependents (1.22% of total) failed to meet the required eligibility criteria.

Audit Outcomes

The combined savings on conducting both the claims and dependent eligibility audits amounted to over \$500,000 just in the first year alone. This resulted in an over 2,000% ROI, far exceeding the costs of having BMI conduct both audits.

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