



## Claims Audits

Combining advanced technology with time-tested audit methodologies, BMI Audit Services, LLC (“BMI”) has developed an innovative approach to assessing health care claims administration effectiveness.

Industry experts in Human Resources along with Internal Audit executives commonly recommend that all sponsors of health care benefit plans periodically audit their third-party claims administrators as a best practice. In recent years, the American Medical Association has reported an increasing inaccuracy in claims processing errors, despite the advances made in automated claims processing. Each of our clients receives an independent and objective assessment of how accurately their administrator is paying its claims. Through our claims auditing services, our clients are able to:

- Confirm payment accuracy.
- Ensure systems and processes are in place that will optimize claim paying performance.
- Execute due diligence and fiduciary responsibility.
- Identify human misinterpretation of plan language while enhancing the claim administrator’s understanding of the plan.
- Confirm internal administrator’s policies do not prevail over the client’s plan language.
- Create a sentinel effect.

### **Our Corrective Action Philosophy**

BMI’s corrective action approach exposes not only large errant claims, but the most common errors. Because a typical recovery audit focuses on those claims that only exceed \$1,000 (sometimes even \$5,000 or above), the chance to properly identify the majority of errors is minimized. What tends to get overlooked are the frequent low cost errant claims under \$500, which may represent 75-90% of the total errors.

Proper assessment of overall administrative effectiveness requires an in-depth analysis of the plan language. Low-cost errors directly impact client costs over time due to their higher frequency. Large claim errors occur less frequently and generally are the easiest to uncover. All errant processes, however, require some kind of corrective action and BMI assists in evaluating and implementing meaningful change. An important distinction between a corrective action approach and a pure recovery audit is that the recovery-focused auditor limits themselves to only high dollar claims and is not motivated to assist in process improvement.

BMI offers comprehensive claims audit solutions for medical, prescription drug, dental and vision plans.

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