

What the broker needs to know before submitting an RFP!

Second only to payroll, healthcare expenditures constitute the largest line item expense to companies. Performing an annual healthcare claims audit can assist your clients in saving thousands, possibly millions, of dollars. Choosing the right audit firm and working with the right people can make all the difference. Here are a few tips to help guide brokers through the Request for Proposal (RFP) process so clients can make informed decisions.

Know the Clients' Audit Rights

Helping your clients understand their audit rights and negotiating the best possible agreement benefits everyone.

Comprehensive versus random sample audits? Many times, an RFP will request a full 100% comprehensive audit, yet the clients' Administrative Services Agreement (ASA) specifies only a statistically-valid, random-sample audit will be allowed. Random-sample audits are better than not performing an audit at all; however, systemic errors can be difficult to find through a random-sample audit. Random-sample audits can leave thousands of dollars behind. Brokers should work with clients to renegotiate their audit rights to provide the best value.

Contingency versus fixed-fee pricing? Low Risk – High Return! Are contingency priced audits allowed? Many audit firms will not perform contingency priced audits. The bottom line is, these audits are **risk-free** to the client. If recoveries are not made back to the plan, then the client does not pay. Check the ASA to determine if the client is restricted to fixed-fee audits. Healthcare Horizons would love to dispel the fears of a contingency audit for you...just ask us!

How many claims can be reviewed during the on-site visit? The number of claims the audit firm can review on site at the third-party administrator are often spelled out in the ASA. This is helpful information to provide to the bidding audit firms.

What audit period is allowed? Does the TPA allow for an annual audit? Why is this important? Because Healthcare Horizons wants to help clients avoid the two-year 'no-recovery' trap. Most ASAs will not allow recoveries on claims that are two years old - monies lost!

What the broker needs to know before choosing an audit partner!

Know Your Auditor – Asking the Right Questions

What is the level of expertise and experience of the claims audit firm with the TPA? Audits are not a software solution alone. If they were, then the same logic would be built into claims systems to stop overpayments from happening in the first place. Your auditor should have many years of industry experience, auditing a wide variety of payers. Auditors should perform an on-site visit to work individually through each selected claim.

Does the claims audit firm identify systemic errors and make root-cause recommendations to keep costs down? This is tricky, because random-sample audits limit the ability of an auditor to identify systemic errors. When performing a 100% comprehensive audit, it is a different story. Healthcare Horizons' comprehensive, expert data review triggers the creation of custom queries for the "best probable error" selection.

What are the HIPAA practices and compliance of the claims auditing firm? Using a HIPAA compliant audit firm to perform the claims audit will ensure that the confidentiality, integrity, and accessibility of protected health information (PHI) is consistent with the requirements of the HIPAA policies.

What is the expected timeline of the project? Realistically, an audit takes anywhere from 4-6 months to complete. The upside is that it does not require much time from the broker or the client; unless, of course, they wish to be more involved. Several factors can affect the audit timing, such as: TPA requirement of a 30-45 day notice of audit, a 30-45 day preparation time for the audit after receiving the sample selection, and a 14-28 day response time to submit comments on the audit findings identified in the preliminary audit report.

What categories does the audit firm review? Your auditor should be testing, at a minimum, eligibility, medical coding accuracy, benefit maximums, excluded services, inpatient re-admissions, patient responsibility, duplicate billing, contracted rates, coordination of benefits, abusive billing/fraud, and more.

Who decides which claims get recovered? Because some recoveries may have member impact, a good audit firm recognizes that claims recovery decisions should be determined by the client.

Who monitors collections? The audit firm you choose should work with the TPA to monitor the recovery and collection process, and report results to the broker and client.

Does the claims audit firm negotiate direct credits or settlements from the TPA for your client? Some claims may fall outside of the allowed recovery period; however, a skilled audit firm will assist in negotiating direct credits on your clients' behalf.

How do you put the final report to use for the client? Understanding the final audit report and taking next steps are critical in benefitting the most from the claims audit. Audit firms should make recommendations and indicate next steps in the process.



What the claims audit firm needs to know to provide the best RFP response!

Providing the Right Information – Communication is Key

Does the client have realistic timeline expectations for the RFP process and project completion? Establishing a clear understanding of projected timelines will ensure a more successful audit and satisfied client.

What paid claims audit period will be reviewed? Administrative Services Agreements and provider contracts may place restrictions on how often audits may be performed, as well as restrictions on the claims recovery period. Therefore, Healthcare Horizons recommends annual audits.

How many benefit plan options does the client have? How many covered lives are included in the claims data? What is the annual medical expense? Providing information about benefit plan options, size of the data set, and annual medical spend assist the audit firm in providing the best possible pricing for the client and broker. Healthcare Horizons customizes benefit testing for our clients to accommodate plan options.

Who is the TPA? Identifying the TPA in the RFP process is helpful to audit firms who have vast industry experience with various national and regional payers. They know exactly what to expect and can price accordingly. Audits should be a positive process between the audit firm, the client, and the administrator. Given the experience Healthcare Horizons has with all national payers, we will bring our knowledge of specifics, such as: sample size, site-visit expectations, and areas of increased audit interest. We take pride in the excellent working relationships we have developed with third-party administrators and our clients.

Are there known issues, problems, or concerns? Comprehensive audits can identify systemic errors which not only lead to recovered claims, but future savings. Misinterpretation of benefits can also be brought to light in performing a claims audit – Healthcare Horizons helps resolve these issues. Listening to the concerns of the client up front allows Healthcare Horizons to increase emphasis in these areas.

