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For Self-Insured Employers, Renegotiating Health Care Audit Rights at Benefits Renewal Time Can Lead to Big Savings

[Staff Report From Metro Atlanta CEO](#)

Monday, October 21st, 2019

Not wanting to rock the boat at contract renewal time, benefits managers can sometimes miss “big picture” savings that can come from renegotiating their company’s healthcare plan audit rights. By blindly agreeing to standard language in their services agreements, companies are often limited to random sample audits, which only allow for a random selection of sample of claims to examine. When errors, overpayments, fraud and abuse appear outside the random sample, the employer loses out on dollars that can be recovered and returned to stakeholders. Additionally, these errors often cannot be refunded after the two-year “no recovery” period that is also part of most standards contracts.

“With an error rate of 1 to 3 percent of annual medical spend, a cost that self-insured employers must cover out of their own pockets, companies simply cannot afford to give up their rights to audit every claim in the name of maintaining the status quo with the payer,” said Randy King, president of Healthcare Horizons Consulting Group, Inc.

The BenefitsPro article, [5 Misconceptions Employers Have About Their Benefits Plans](#), lists the No. 1 misconception as “the insurer has my best interests in mind.” In fact, the insurer is not financially incentivized to save the self-funded customer money, but a comprehensive audit can. Agreeing to random sample audits instead of a targeted, comprehensive audit can cost employers hundreds of thousands of dollars each year.

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