



Is a Claim Audit in Order? AIM Can Help

AIM provides a range of claims audits and related services to help you manage your employee benefits plans, as well as meet welfare plan ERISA fiduciary requirements and Sarbanes-Oxley financial reporting requirements.

Whether you are responsible for your company's health plans or involved in managing the health plans of multiple companies, AIM can help. With over 25 years of experience in ERISA welfare plans and claim administration, AIM has the expertise and resources to assist you in meeting your obligation to regularly and proactively monitor the performance of your claims administrator to verify that your benefit plan is being properly administered.

AIM's Medical Claims Audit Practice is made up of professionals who have significant practical experience in evaluating the quality and effectiveness of benefit plan administration. The majority of our work is done for clients with self-funded medical plans who wish to evaluate their current claims administrator. We also assist clients that are seeking to compare and select a new claims administrator from among multiple candidates. AIM's audit practitioners are intimately familiar with industry standards and best practices and will tailor an approach that addresses specific project goals. While the majority of our claims audits address medical plans, we also audit other health plans such as dental and vision.

AIM knows that the scope of an audit will vary depending on the client's goals. Therefore, we tailor the audit project approach and methodology to ensure that the client's objectives are met. The first step we recommend in any audit process is an in-depth discussion to obtain historical perspective, specific concerns and desired outcomes. Based on this discussion, we will implement the best approach for the client. To follow are some examples of successful approaches AIM has employed for clients:

CLAIMS AUDIT

While there is no "standard" audit, the review of a random, stratified claims sample that permits a statistically valid estimate of performance across the entire claims population is the most common claims audit



approach. The in-depth analysis afforded by a random sample audit allows AIM to identify the “root cause” of errors. AIM’s approach is not simply to identify errors and calculate results, but, more importantly, to identify the causes of errors and develop recommendations for ongoing error prevention and overall quality improvement. The financial benefits of an effective quality improvement plan are long-term and typically much more significant than “one-time” recoveries.

The random sample approach also facilitates comparison of audit results to industry and/or contractual performance standards. In addition, a claims administrator will give more credence to the findings from a statistically valid audit as this approach mirrors its own process for internal auditing; the credibility of the similar approach can lead to an effective quality improvement plan developed by the administrator to address the audit findings.

OPERATIONS REVIEW OF CLAIMS ADMINISTRATOR

An “Operations Review” entails an evaluation of the controls employed by the claims administrator to ensure quality claims administration and customer service. Areas reviewed include: internal audit, system capabilities, workflow, performance standards and overall quality assurance. Findings are compared to industry best practices. The Operations Review is sometimes performed in conjunction with a random sample audit and can also be a key component in the evaluation of a potential new claims administrator.

PRE-IMPLEMENTATION AUDIT

A “Pre-implementation Audit” determines whether the claims administrator has accurately loaded the client’s benefit plan design into the claims processing system. This type of audit measures the claims administrator’s understanding of the plan design and its readiness to go “live” with claims processing. As the rate of claim auto-adjudication rises in the industry, the financial impact of incorrectly loaded plan benefits will also increase. The Pre-implementation Audit is typically conducted shortly before or immediately after the effective date of a new plan or the installation of a new claims administrator. (The Pre-implementation Audit can also be called a plan “installation audit.”)

FOCUSED CLAIMS AUDIT OF HIGH-DOLLAR CLAIMS

The review of a sample of “high-dollar” claims focuses on the claims administrator’s performance on claims where the plan’s liability is greatest. This approach will not permit a statistically valid estimate of performance for the entire claims population. However, there is typically a greater opportunity for short-term financial recovery with a high dollar sample. The high dollar sample also permits a great deal of flexibility in sample size and thus, audit cost.

CONTACT US

For more information regarding a claims audit and other consulting resources available from AIM, please contact us at 1-866-284-4995.