

CLIENT ADVISORY

Health Benefits Audits: The Right Prescription for a Benefit Professional's Tool Kit

The interaction between a benefit professional and his or her customer who is looking for affordable health care benefits is often focused on the negative. With prices rising, the annual renewal exercise can become a matter of picking over the least-worst options to find something that will work. Cost containment typically results in skimpier coverage. Passing the pocketbook pain on to the workforce saps morale and erodes employee retention.

With so much bad news on the agenda, the benefit professional who can produce a silver lining will stand out from competitors, burnish his credentials as a savvy consultant worth returning to, and more often than not, open the door to cross-selling opportunities. An effective health benefits audit that helps a business reduce costly billing errors that drive up the price of health insurance can be that silver lining.

THE PROBLEM

Millions of dollars are wasted each year due to erroneous healthcare claims that occur because of faulty technology systems, human error or misunderstood benefit rules. For example, auditors nationwide have found that 3 to 5 percent of pharmacy benefit claims are processed incorrectly. AmWINS auditing firm Benefit Watch reports that 7.6 percent of plan expenditures can be saved based on examination of billings across 12 review categories.

Errors are also prevalent in billings for medical procedures and hospitalization. *The Washington Post* quoted one medical billing reviewer as saying that she finds multiple errors in 8 out of every 10 hospital bills reviewed. *Consumer Reports* surveyed 11,000 people and found that 5 percent discovered major mistakes after examining their bills.

What kinds of errors can be uncovered? Some samples:

- A person who appeared to have had six colonoscopies within one week, based on the procedure codes charged by multiple physicians. The reality: one colonoscopy and follow-up reviews by five consulting physicians – a far less expensive medical event than the billings indicated.
- A 700 percent markup of dispensing fees for regular drugs, like Motrin, because the pharmacy had been set up as a specialty-drug company.
- An improper technology system that resulted in on co-payments being charged. For those claims, the plan overpaid an average of 50 percent on the prescriptions.

Medical Billing Advocates of America, an advocacy organization, has estimated that these kinds of mistakes may account for more than \$10 billion of the \$50 billion-plus that experts believe is wasted annually on medical billing fraud and errors.

THE SOLUTION

A company may believe it has no stake in finding errors because overcharges surely will be caught by the insurance company. But insurers deal with such large volume of claims that they may put more effort into bargaining for steep discounts than in finding errors. Since healthcare premiums are linked to claim trends and loss records, it is critical for companies to keep payouts as low as possible. That means monitoring billings.

An automated software tool that scans records to find anomalies and identify suspicious trends can be invaluable.

To learn more about how AmWINS can help your clients with an effective benefits audit, reach out to your AmWINS contact, or e-mail marketing@amwins.com.

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A pharmacy auditing program can check a long list of categories, including pricing, dispensing fees, claims basis, claims summary, drug cost, administrative fees, co-payments, exclusions, eligibility, prescriptions filled too soon, unsupported therapy and the maximum daily dose.

Similarly, medical auditing programs can examine elements such as mechanical duplicates, clinical duplicates, assistant surgeon overpayment, multiple conditions, mutually exclusive codes, non-specific codes, paid-in-excess-of charges and prepaid leakage.

Several different scenarios demonstrate when auditing can be particularly helpful. For example, when carriers delay paying providers on a timely basis, there is the opportunity for multiple billings that may lead to expensive duplicate payments. When patients are seen by an individual doctor in a physicians' group, billing may be inadvertently submitted under both the doctor's ID code and the group code – also making duplicate payments more likely.

Another practice that increases the potential for incorrect billing is the growing trend for doctors to use specialized assistants to deliver care. While medically appropriate for providing services, the charges for physician assistants vs. full-fledged doctors should not be the same.

Audits can also be used to catch service levels that have risen beyond the norm. While lab testing is justified for many conditions, there is the question of how frequently tests should be repeated. Companies want their employees to receive high-quality care, but reasonable limits that support cost containment goals are also important.

When our well-designed audit tool is used, an agent can help his customers identify plausible issues, support a refund negotiation process and assist in preventing future mistakes.

THE BENEFIT PROFESSIONAL'S OPPORTUNITY

Not merely a method of checking billings, these types of audit programs can also provide a clear view of how well contract terms are being implemented. When a benefit professional recommends an audit tool to a customer or potential customer, the payoff comes in several ways:

- **Value-added service.** By offering an audit option, an agent demonstrates his involvement in managing healthcare vendor relationships and helping customers meet requirements, such as the reviews mandated by Medicare Part D and ERISA plans.
- **Winning new customers.** By illustrating effective strategies to save costs, an agent can show potential customers that he is more capable than his competitors in keeping healthcare premiums at a manageable level.
- **Cross-selling opportunity.** When an audit reveals current vendors are lax about overseeing benefit restrictions and requirements, an agent has the chance to provide alternative services and products.

From eliminating fraud and waste to ensuring faster, more accurate claims processing, automated auditing software is a tool that every agent should have in his portfolio. Audits are not only a way for customers to save money, but also give agents an opportunity to shine and rise above a gloomy environment of rising costs and competitive pressures.