



CITY OF BOSTON

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Medical Claims Audits

Introduction

- City of Boston engaged the Healthcare Analytics division of Gallagher Benefit Services, Inc. (“GBS”) to conduct two (2) independent assessments of the medical plan claims administration services provided by Blue Cross Blue Shield of Massachusetts (BCBSMA) and Harvard Pilgrim in order to determine if the quality of the administrative services were at an optimal level.
- GBS reviewed all claims processed by both administrators between January 1, 2019 and December 31, 2019.
- This presentation contains the findings and recommendations of the assessments.



Evaluation Overview

- GBS analyzed the total claims processed by both claim administrators for CY 2019.

Medical Claims Administrator	Total Number of Claims	Paid Amount (\$) (rounded)
BCBSMA	66,477	\$ 29,950,499
Harvard Pilgrim	676,328	\$ 205,733,385

- For each audit, 225 sample claims (total 450 sample claims) were selected and reviewed.
- Both audits were conducted virtually (online) in June 2020.



Sample Selection

Stratification of Audit Population and Sample Selection

STRATUM	Lower Boundary	Upper Boundary	BCBSMA			Harvard Pilgrim		
			Total Claims	Total Paid	SAMPLE SIZE	Total Claims	Total Paid	SAMPLE SIZE
1	0	0	5,182	\$ -	6	79,119	\$ -	5
2	1	200	41,558	\$ 3,742,091.96	35	411,508	\$ 29,246,009.52	24
3	201	500	12,429	\$ 3,715,774.08	30	128,042	\$ 38,021,348.29	25
4	501	1,000	3,418	\$ 2,357,894.87	30	30,411	\$ 20,760,687.86	25
5	1,001	5,000	3,023	\$ 6,036,584.48	30	22,452	\$ 42,974,749.39	30
6	5,001	10,000	431	\$ 2,907,591.29	30	2,496	\$ 17,664,181.95	30
7	10,001	50,000	404	\$ 8,434,838.18	32	2,133	\$ 41,594,817.24	30
8	50,001	100,000	24	\$ 1,604,429.00	24	132	\$ 8,724,835.91	25
9	100,001	200,000	7	\$ 899,456.82	7	29	\$ 3,671,630.90	25
10	200,001	300,000	1	\$ 251,113.51	1	6	\$ 3,067,988.85	6
Total			66,477	\$ 29,949,774.19	225	676,328	\$ 205,726,249.91	225



Medical Claims Audit Findings

- **Key measures** in the medical claims audit:

Medical Claims Administrator	Financial Accuracy Rate	Administrative Error Rate	Claims Processing Accuracy Rate
BCBSMA	99.50%	0.00%	99.68%
Harvard Pilgrim	100.00%	0.44%	99.89%
<i>Industry Standard (Benchmark)</i>	<i>99.00%</i>	<i>5.00%</i>	<i>97.00%</i>

- **Turnaround Time:**

Medical Claims Administrator	Turnaround Time			
	Calendar Days		Business Days	
	Average (days)	% processed within 30 days	Average (days)	% processed within 30 days
BCBSMA	7.0	100.00%	6.3	100.00%
Harvard Pilgrim	11.3	98.00%	8.7	99.00%



Medical Claims Audit Findings

BCBSMA

- The medical claims audit resulted in two (2) errors, one (1) overpayment and one (1) underpayment, totaling an underpayment of \$115.85. One (1) error resulted from auto-adjudication and the other resulted from manual processing.
- BCBSMA has conducted and completed the impact analyses for these two (2) errors resulting in a total net overpayment of \$9,321.04.
 - HCA identified that the sample claim, the member copay was not applied to the office visit, therefore, resulting in a \$30 overpayment by the plan. The error was as a result of a system issue. Impact analysis reported that 139 members were affected (340 medical claims) resulting in an overpayment of \$10,208.86.
 - HCA identified that the sample claim was applied an incorrect surgical allowance and was underpaid by \$145.85. As of February 1, 2020 this issue was resolved and the error will not recur. This claim processed manually. Impact analysis and reported that nine (9) members (nine (9) claims) were impacted resulting in an underpayment of \$887.82.



Medical Claims Audit Findings

Harvard Pilgrim

- The medical claims audit resulted in one (1) error with no financial impact and one (1) potential issue.
 - GBS identified a sample claim, whereby the eligibility information in Harvard Pilgrim's system detailed that the member's eligibility terminated as of December 31, 2018. This was an administrative error and the termination date should have been entered as of the date of death, April 14, 2019.
 - GBS identified a potential issue which assessed whether the hospitalization of a Medicare-eligible member is adjudicated at the plan copay amount. This issue was resolved after the final report was completed.