



A LARGE LOCAL HEALTHCARE SYSTEM

THE PROJECT

Our client, a large local healthcare system, requested that AIM perform a baseline claims audit of its TPA, which had been administering medical claims on behalf of the client's self-funded employee medical plan for many years. AIM performed an operational review, a statistically valid, random sample claim audit, and a focused audit of large dollar claim payments.

THE FINDINGS

The AIM claims audit revealed that the administrator was meeting both the industry standard and the administrative services agreement performance standard for financial accuracy and claims processing accuracy.

However, the audit did reveal a number of significant issues in claim processing, including:

- For the most recent two plan years, the TPA had been incorrectly administering the plan's out-of-pocket maximum, leading to overpayments on numerous claimants.
- Overpayments of network rates were found on several claims, suggesting incorrect rate loading.
- A number of errors were found with regard to the administration of required preauthorizations.
- The TPA was administering the plan with a carryover deductible, although a carryover deductible was not actually a feature of the plan.

In addition to these claims processing errors, AIM discovered a number of operations review findings, including:

- The TPA had not been correctly calculating financial accuracy on its processing of the client's claims, reporting more favorable results against its performance guarantees than it was actually achieving.
- The administrative services agreement was written without a performance guarantee for claims processing accuracy, leaving the client without a standard against which to measure the TPA's performance in this critical measure.
- The TPA was unable to meet the performance guarantee for average speed to answer or abandonment rate in multiple calendar quarters in the past year.

THE RESULT

As a result of AIM's detailed review of the TPA's claims processing performance and operational efficiency and effectiveness, a comprehensive quality improvement program was initiated specifically for the client. It addressed both the claims processing failings and the operational inefficiencies. AIM continues to work with the TPA to improve the quality of claims administration provided to the client.

CONTACT US

For more information contact your AIM representative at 1-866-284-4995.