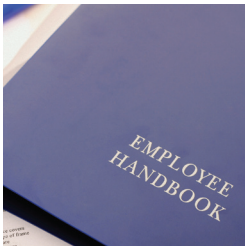

The ROI for Medical Claims Auditing

A medical claims audit is a review of an employer or plan sponsor's self-funded benefits plan to verify that the claims administrator is performing at the highest level and administering the benefits plan properly.

Plan sponsors that forego regular claims audits could end up spending even more in the long run by leaving errors or overpayments undiscovered.

The return on investment (ROI) for medical claims audits is well worthwhile with dollars recovered and, more significantly, savings from errors averted moving forward.

Overall ROI of 2:1 from 2017 to 2022 for AIM clients

1 in 5 audits achieves ROI of 5:1 or more

KEY BENEFITS OF A CLAIMS AUDIT CONDUCTED BY AIM:

- Statistically valid auditing
- Claim timeliness analysis
- Administrator operations assessments
- Comparison against industry standards and vetting against Performance Guarantees
- Validation of adherence to benefit plan provisions
- Assistance in the recovery of incorrect claim payments
- Detailed recommendations

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EMPLOYEE BENEFITS AUDIT AND COMPLIANCE SOLUTIONS

Case Study

After AIM conducted a medical claims audit for a large bus company, the company was able to avoid an estimated $500,000 in inappropriate claim payments every year.

THE PROJECT

A regional public transportation system had been using the same medical claims administrator for its self-funded employee medical plan for many years. To ensure the administrator was performing at industry standards, the company engaged AIM to do a comprehensive audit of its financial accuracy and claims processing accuracy, as well as a focused audit of a sample of claims identified as potential duplicates.

THE FINDINGS

While the AIM claims audit found the claims administrator was meeting industry benchmarks for claims processing accuracy and financial accuracy, it discovered a number of serious errors in claims adjudications:

- About $50,000 in contingency fees that were precluded in the service agreement were incorrectly charged to the bus company during the audit period.
- Pension Group members were incorrectly coded as "active employees" in the administrator's system, causing issues with coordination of benefits when the early-retiree members aged into Medicare. The financial impact was estimated at $1.4 million unnecessarily paid by the plan.
- The focused audit of potential duplicates found five confirmed duplicates among the sample of 25 claims, with overpayments ranging from $350 to $2,800.

THE RESULTS

As a result of AIM's detailed review, the claims administrator returned $50,000 in improper contingency fees to the bus company. The claims administrator's systems were corrected to account for pensioners aging into Medicare, avoiding an estimated $500,000 in inappropriate claim payments every year. Finally, additional examiner training was provided, and system edits were installed to prevent future duplicate claims.

AIM continues to work with the claims administrator to improve the quality of claims administration provided to the regional public transportation system.

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