

Minutes

Insurance Audit Committee
October 5, 2023
1:00 P.M. (CST)

The State, Local Education, and Local Government Insurance Audit Committee met on October 5, 2023 at 1:00 p.m., in Conference Room E, Third Floor, William R. Snodgrass Tennessee Tower, Nashville, TN and via Cisco WebEx.

Treasurer David Lillard, Chair for the Insurance Audit Committee, had his delegate, Rick DuBray, conduct this meeting in his absence.

Insurance Audit Committee Members:

Present:

- Rick DuBray, Chair
- Maryanne Durski, Local Education Insurance Committee representative
- Kevin Krushenski, Local Government Insurance Committee representative
- Holly Girgies, State Insurance Committee representative

Rick DuBray, Chair, called the meeting to order at 1:00 p.m. (CST) and a quorum was established. All members were present in the conference room.

Agenda Item #1 – Public Comment

Per Public Chapter 300 of 2023, this item is reserved for persons who want to provide public comment on a relevant agenda topic.

The Chair asked if anyone present, either in person or joined by Cisco WebEx, wished to speak on any of the agenda items. No one requested to speak either in advance of the meeting or during the Audit Committee meeting.

Agenda Item #2 – [Action] Approval of Minutes of January 23, 2023

Chairman DuBray called for a motion for the approval of the Minutes of the January 23, 2023, Audit Committee meeting and a second. Mr. Krushenski made a motion for approval of the minutes and Ms. Durski seconded the motion. The Chair asked if there was any further discussion on this. The Minutes passed with a unanimous voice vote.

Agenda Item #3 – [Information Only] Review of Plan Year 2023 Pre-Implementation Audits by Aon Consulting

Christa Martin, Director of Financial Management and Program Integrity, Benefits Administration, advised the committee that BA had engaged Aon Consulting to perform 2023 pre-implementation audits of Blue Cross Blue Shield of Tennessee (BCBST), Cigna, OPTUM, and Caremark. Ms. Martin introduced

Anne Fulton, Senior Vice President; Renita Banks, Assistant Vice President; Derek Frye, Vice President; and Colleen Huber, Senior Vice President.

BCBST, Cigna, and OPTUM Pre-Implementation Audits

Ms. Fulton and Ms. Banks presented the pre-implementation audits for BCBST, Cigna and OPTUM.

Ms. Fulton explained that scope of Aon's pre-implementation audits were to:

- Validate benefit changes for the State of Tennessee (SOT) 2023 plan year are programmed correctly,
- Verify the major features of the SOT plans have been correctly programmed for 2023.
- Clarify the intent of any potentially ambiguous plan provisions,
- Observe the degree of manual intervention necessary to adjudicate claims for the SOT plans, and
- Document claim adjudication protocols and edits issued by the system based on claims testing.

Ms. Fulton discussed the testing process for pre-implementation audits:

- The testing process includes over 75 claim scenarios per plan (Premier, Standard, Limited, and Consumer Driven Health Plan) designed to test SOT's plan provisions,
- The test claims are "dummy" claims created to validate system output against 2023 plan provisions, benefit grids, etc.,
- A comprehensive assessment of staffing, systems, and procedures in place to operate the State's plans, and
- Testing of the deductible and out-of-pocket (OOP) accumulators on the plans.

Ms. Fulton explained that discrepancies were documented and that all the programming changes and necessary corrective actions were completed. The audit confirmed that the coded processes are as the State intended.

Chairman DuBray asked if the testing was applied to the production environment to ensure accuracy.

Ms. Fulton stated that the second phase of auditing is the statistical audit using real member claims that tests in the production environment after the pre-implementation audit is concluded. These audits are in progress.

Caremark Pre-Implementation Audit

Mr. Frye presented the pre-implementation audit for Caremark, the State's contracted Pharmacy Benefit Manager. Mr. Frye explained that the same general methodology was used for the pharmacy claims as was for the medical claims. The testing began in the third quarter of 2022 and 206 "dummy" claims were tested rather than the normal scenario of 125 claims. The number of claims was expanded to accommodate all the changes and related coding in Caremark's adjudication system. Mr. Frye explained that discrepancies were documented and that all the programming changes and necessary corrective actions were completed before 2023 "Go-Live". The audit confirmed that the coded processes are as the State intended.

Agenda Item #4 – [Information Only] Ongoing Audits/Engagements

Ms. Martin provided updates for ongoing audits and engagements being conducted by the Comptroller's Office, Aon Consulting, and the Centers for Medicare & Medicaid Services. Aon Consulting is in the process of conducting statistical random sample audits for BCBST, Cigna, and OPTUM and conducting a targeted audit of BCBST and Cigna adjudication systems. The targeted audit of BCBST and Cigna adjudication systems is related to non-covered services that were found during the HealthCare Horizons audits.

The Comptroller's Office, Division of State Audit, is performing financial audits of FY 2023 State, Local Education, and Local Government Plans. In addition, it is conducting testwork related to the ARPA funding the Local Government Plan received as part its Single Audit. The Centers for Medicare & Medicaid Services (CMS) are performing a Federal Targeted Desk Market Conduct Examination for both BCBST and Cigna.

Agenda Item #5 – [Information Only] Shared Accumulator Follow-up

Ms. Martin reminded the committee members when the Audit Committee met on January 23, 2023, the members requested more information on the Third Party Administrators (TPA) process claims, shared accumulators and reconciliation process to ensure members do not pay more than their appropriate cost sharing. Ms. Martin explained the processing procedures of both BCBST and Cigna in calculating the shared accumulator, how that accumulator is communicated back to OPTUM and Caremark. In addition, Ms. Martin discussed the reconciliation process BCBST and Cigna do to ensure the shared accumulators are correct.

Mr. Krushenski asked how a member is notified they are due a refund if they paid over their correct member cost sharing amount. Ms. Martin said the refund will come from the provider since that is who the member paid. The member would receive an Explanation of Benefits (EOB) from their TPA showing the amount that the member's cost sharing responsibility. Mr. Krushenski asked if the TPA followed-up to ensure the member was reimbursed. Ms. Martin replied that the TPA doesn't have knowledge of the payments made by the member to the provider and therefore would not know the amount the member had overpaid the provider. Ms. Martin stated that staff would follow-up with more details at the next meeting.

Agenda Item #6 – [Information Only] Financial Activity Report Review

Ms. Martin presented on this topic. The financial activity report covers July 2023 through August 2023. At this time, all the plans show expenditures exceeding revenues, except the Other Post Employment Benefits (OPEB) due to the approval of spend down mode by the Insurance Committee. All plans still have excess reserves and are in a healthy financial position.

Agenda Item #7 – [Information Only] Management's Communication to Employees Concerning Fraud and Internal Controls

Ms. Martin discussed the memorandum sent to all F&A employees by Eugene Neubert, F&A's Deputy Commissioner. This memorandum was sent in April 2023 and discussed identifying fraud in the

workplace using the “six red flags” of fraud, the employee’s responsibility for reporting suspected fraud, and how to report suspected fraud.


Agenda Item #8– [Information Only] Review of Pharmacy Benefit Management Audit and Monitoring Report

Ms. Martin reminded the committee members that F&A is required to submit by July 1st of each year the Pharmacy Benefit Management Audit and Monitoring Report to the Lieutenant Governor, the Speaker of the House of Representatives, and the Fiscal Review Committee.

Ms. Martin highlighted areas of the report and discussed areas that Benefits Administration monitors, such as eligibility of plan members and drug classes that could be abused. There were no substantial findings in this year’s report.

There being no further business for the public meeting, the Audit Committee adjourned to enter into an Executive Session pursuant to T.C.A. § 4-35-108.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee". The signature is written in a cursive, flowing style.

Laurie S. Lee