



# **Medical Administration Audit of Aetna**

## *Executive Summary*

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**Prepared for  
The State Employee Health Plan  
State of Kansas**

*Submitted by:*

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## Table of Contents

Executive Summary .....	1
Summary of Statistical Sample Review Results .....	3
Conclusion .....	4
Summary of Focused Electronic Testing Results .....	5
Conclusion .....	6
Summary of Turnaround Time Testing Results.....	7
Conclusion .....	7
Recommendations.....	7
Eligibility Processing .....	7
Findings.....	8

## Exhibits

Exhibit 1: Summary of Audit Findings.....	2
Exhibit 2: Summary of Statistical Sample Errors .....	3
Exhibit 3: Number of Statistical Errors by Root Cause Type.....	4
Exhibit 4: Value of Statistical Errors by Root Cause Type .....	4
Exhibit 5: Electronic Testing Summary.....	5
Exhibit 6: Turnaround Time .....	7

# *Summary of Audit*

## **Executive Summary**

Sagebrush Analytic Solutions LLC (Sagebrush) was engaged by The State Employee Health Plan (SEHP), State of Kansas (SOK), to review and evaluate the medical claims processing services provided on behalf of the SEHP employee benefit plan by Aetna for calendar year 2020.

The State Employee Health Plan (SEHP) currently offers five self-insured medical plan designs, Plan A, Plan C, Plan J, Plan N, and Plan Q, administered by Aetna and Blue Cross Blue Shield of Kansas (BCBSKS). The plans cover more than 83,000 active participants, early retirees, and their dependents.

The purpose of the audit is to verify that Aetna is administering the benefit provisions as intended. The audit is designed to evaluate overall claims processing accuracy and efficiency and identify opportunities for improved administration.

In addition to conducting a statistical audit to verify administrative accuracy, SEHP engaged Sagebrush to:

- o Electronically compare claims to eligibility data to identify any payment for ineligible participants; and
- o Interrogate 100% of the claims data electronically for potential errors, such as duplicate payments and clinical edits.
- o Interrogate 100% of the claims data electronically to verify that plan provisions were administered properly. Tests would include deductible, copayments, and plan limitations and exclusions.

Due to COVID19, Sagebrush conducted the review of claims remotely starting on May 3, 2021 and ending on May 7, 2021. During this review, the audit team tested a statistical sample of 250 medical claims for financial and processing accuracy. The claims were tested for eligibility, timeliness, payment accuracy and adherence to plan benefits and administration procedures. The sample was selected from the population of 59,789 SEHP medical claims, totaling \$14,578,992.73. processed between January 1, 2020 and December 31, 2020.

Based on Sagebrush's review of the claims data, contracts, and other documents and information provided for audit, Aetna administered the medical benefits within the scope of the contract with SEHP during the 2020 calendar year. However, the audit revealed opportunities for improved administration of eligibility updates, coordination of benefits processes, and processing time that Aetna and SEHP, collaboratively, have resolved. The following summary provides an overview of the audit findings, including both statistical and focused electronic testing. The detailed audit results are discussed in the body of the report.

# Summary of Audit

Exhibit 1: Summary of Audit Findings

Finding	Description	Impact
Statistical Audit	The statistical sample revealed \$130,239.20 in overpayments in the sample of 250 claims tested.	<ul style="list-style-type: none"> <li>• Aetna disagrees with one overpayment, in the amount of \$12.09. SEHP has reviewed Aetna’s explanation and accepted their position. This amount is not shown in the \$130,239.20 total.</li> <li>• The total overpayments of \$130,239.20 does not include four underpayments identified in the sample, totaling (\$1,057.15).</li> <li>• Aetna previously recovered and credited SEHP \$113,737.71.</li> <li>• Aetna is in process of recovering the remaining amounts that will be paid to SEHP via check.</li> </ul>
Focused Electronic Testing	The electronic testing identified \$35,715.46 in overpayments.	<ul style="list-style-type: none"> <li>• Aetna previously recovered and credited SEHP for \$29,064.07.</li> <li>• \$167.01 of the remaining balance cannot be recovered because of the age of the claim or because the amount is under the threshold for recovery.</li> <li>• Aetna is in process of recovering the remaining amounts that will be paid to SEHP via check.</li> </ul>
<b>TOTAL IMPACT</b>		<ul style="list-style-type: none"> <li>• Total overpayments paid/to be paid to SEHP: \$165,954.66</li> <li>• Less total overpayments previously credited to SEHP: \$142,801.78</li> <li>• Equals total remaining overpayments to be recovered and paid to SEHP less \$167.01 uncollectible: \$22,985.87</li> </ul>

## Summary of Audit

### Summary of Statistical Sample Review Results

The statistical sample review identified seventeen (17) errors. Aetna agreed with all errors, except one, for which Sagebrush and Aetna agree to disagree. There were sixteen (16) payment errors with a net overpayment amount of \$129,194.14 and one (1) processing or non-payment error.

Considering the sixteen (16) payment errors identified in the sample, the overall financial accuracy of the claims administered by Aetna in 2020 is 95.14%. The calculated payment or dollar accuracy from the audit is 99.37%. The calculated procedural accuracy is 98.15%.

The following exhibits summarizes the 17 errors identified in the 250-claim statistical sample by root cause and error amount.

Exhibit 2: Summary of Statistical Sample Errors

Root Cause Type	Description	# of Errors	Net Amount of Error Corrected/To Be Corrected <sup>1</sup>
Coordination of Benefits	Claim did not coordinate benefits with the primary insurance	4	\$10,388.00
Ineligible Participant	Services were paid after the participant's termination date. (Aetna subsequently reversed these claims after the study period, in 2021).	7	\$113,732.71
Incorrect Fee Allowed	The allowed fees were calculated incorrectly.	3	(\$1,029.77)
Benefits Applied Incorrectly <sup>1</sup>	Deductibles and/or coinsurance not applied correctly to claim. Aetna disagrees with one of the errors, totaling \$12.09 (Not included in To Be Corrected).	2	(\$27.38)
Clinical Edits Not Applied	When a surgery includes multiple operative procedures, the primary procedure is allowed 100% of the fee for that procedure and the allowed amounts for other secondary and tertiary procedures are reduced per American Medical Association guidelines and Aetna policy. Procedures were not reduced.	1	\$6,118.49
<b>Total Net</b>		<b>17</b>	<b>\$129,206.23</b>

<sup>1</sup> Excludes overpaid amount of \$12.09 on Sample 59 to which Aetna disagreed. The SEHP reviewed Aetna's explanation of the claim handling and accepted Aetna's explanation.

## Summary of Audit

Exhibit 3: Number of Statistical Errors by Root Cause Type

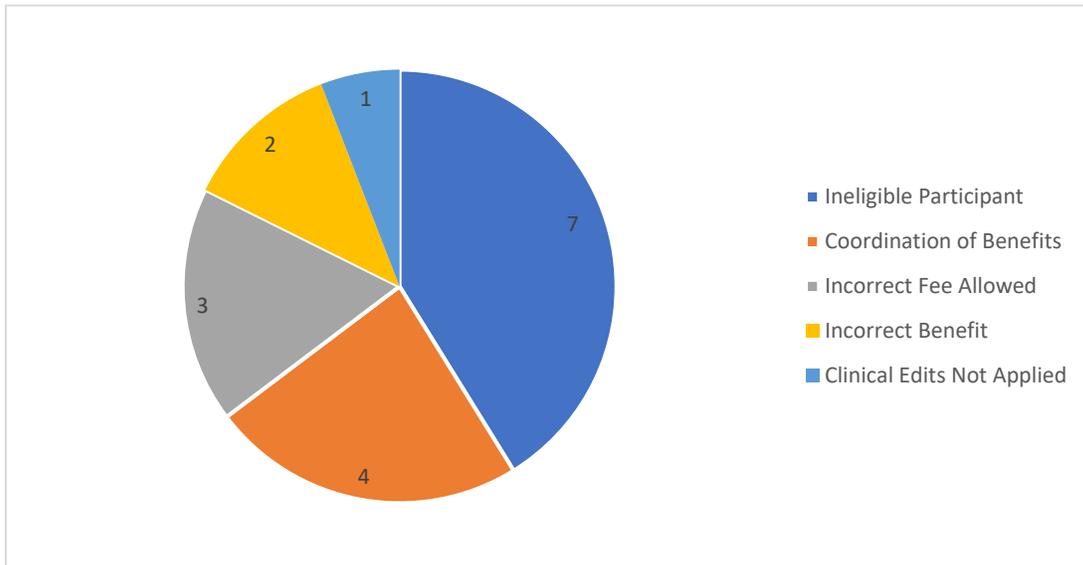
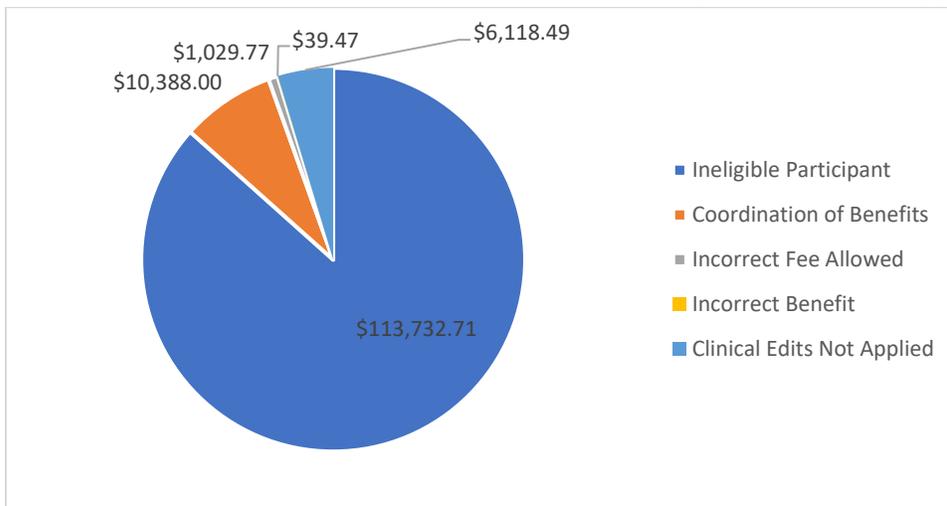


Exhibit 4: Value of Statistical Errors by Root Cause Type



### Conclusion

The sample revealed errors resulting from manual processes and manual overrides of system edits for coordination of benefits, pricing, and clinical edits. Additionally, the sample findings were impacted significantly by the payment of seven sampled claims for termed participants.

## Summary of Audit

### Summary of Focused Electronic Testing Results

In addition to the statistical claim review, Sagebrush electronically tested 100% of the claims data to identify potential duplicate claim payments, analyzed medical claim payments utilizing clinical editing software, identified participants with claim payments after coverage terminated, and tested specific benefit provisions and exclusions. The chart below is a summary of the testing that was completed.

Exhibit 5: Electronic Testing Summary

Test	Description	Findings	Net Amount of Error Corrected/To Be Corrected
<b><i>Clinical Edits</i></b>			
<b>Multiple Procedures, Incidental, and Mutually Exclusive Procedures</b>	Electronically apply clinical edits to claims data to identify claims where unbundling edits have not been applied	●	\$0.00
<b>Assistant Surgeon Not Allowed</b>	Identify claims where payment was made on a procedure that the American Medical Association states an assistant at surgery is not necessary or recommended	●	\$0.00
<b>Visits in the Global Surgical Period</b>	Identify instances where a provider billed an evaluation and management service during the global post-operative period. When the diagnosis submitted on these claims is the same or related to the diagnosis submitted for the operative procedure, the services are considered post-op visits and should be included in the fee that was paid for the surgery and not separately reimbursed.	●	\$0.00
<b><i>Benefit Provisions</i></b>			
<b>Deductible – Coinsurance test</b>	Identify the participants that appear to have incorrect deductible and coinsurance amounts applied	●	\$0.00
<b><i>Benefit Limitations/Exclusions</i></b>			
<b>Cosmetic Procedures</b>	Identify claims for surgical procedures that could be considered cosmetic and not medically necessary.	●	\$0.00
<b>Bariatric Services</b>	Identify claims for Bariatric services that do not meet the criteria outlined by the plan.	●	\$0.00
<b>TMJ</b>	Medical, surgical or dental treatment or services related to the treatment of temporomandibular joint (jaw hinge) disease (TMJ) is not covered.	●	\$0.00
<b>Routine Foot Care</b>	Is not a covered service unless Medically Necessary for the treatment of a person who, due to a demonstrated medical condition, is unable to perform such activity, and except as specifically provided for a diabetic Participant	●	\$0.00
<b>Massage Therapy</b>	General exclusion per the summary of plan description.	●	\$0.00
<b>Routine Hearing Test</b>	Routine hearing test is covered once per plan year	●	\$0.00

## Summary of Audit

Test	Description	Findings	Net Amount of Error Corrected/To Be Corrected
<b>Acupuncture</b>	Those acupuncture services and associated expenses that include, but are not limited to, the treatment of certain painful conditions or for anesthesia purposes are not covered.	●	\$0.00
<b>Dental Services</b>	Treatment of teeth or supporting structures is not covered, except as specified in the Dental Services and the Transplant within the Covered Service Section provided under the terms of the Plan.	●	\$0.00
<b>Other</b>			
<b>Claims Paid for Ineligibles<sup>2</sup></b>	Electronically compare claims data to eligibility data to identify claims payments on behalf of ineligible participants	●	\$35,604.88
<b>Duplicate Payments</b>	Electronically test claims data for duplicate payments for the same service for the same participant	●	\$37.04

### Exhibit 2 Key:

- Aetna has adequate system edits/controls in place for this test.
- Opportunities for improvement exist for System edits and/or processes for this test.
- Less than satisfactory, needs immediate action

### Conclusion

Aetna's systems are accurately programmed for the State's benefit plans and include adequate controls for clinical edits and duplicate payments. Sagebrush notes, as revealed in the statistic sample, that system edits may be manually overridden.

The audit revealed opportunities to improve processes for intake and implementation of eligibility information for terminated participants. Aetna and SEHP, collaboratively, have resolved these issues.

<sup>2</sup> Exhibit 5 is the total findings identified by Sagebrush. When Sagebrush provided Aetna the list of claims paid to ineligible, Aetna identified an additional overpayment of \$72.54, resulting in total overpayments for ineligibles and duplicate payments combined of \$35,715.46.

## Summary of Audit

### Summary of Turnaround Time Testing Results

The following exhibit presents the findings of turnaround time, or time taken to process each claim, for the entire population of medical claims processed by Aetna in 2020.

Exhibit 6: Turnaround Time

Business Days	# of Claims	% of Claim Population	Cumulative # of Claims	Cumulative % of Population
0 - 10 days	51,071	94.6%	51,071	94.6%
11 - 14 days	436	0.8%	51,507	95.4%
15 - 30 days	514	1.0%	52,021	96.4%
> 30 days	1,948	3.6%	53,969	100.0%
Total	53,969	100.0%		

The findings are that Aetna processed 95.4% of all claims within 14 business days of receipt and 96.4% of claims within thirty (30) days. Aetna strives to process 95% of claims within fourteen (14) and 99% within thirty (30) business days.

#### Conclusion

Aetna processed 95.0% of all claims in fourteen days but did not process 99.0% within 30 days.

### Recommendations

#### Eligibility Processing

Aetna receives five files daily from SEHP, one for each plan, containing eligibility changes that are worked daily by Aetna. Also, Aetna receives a full eligibility file from SEHP on a monthly basis, used to create an exceptions report that is worked collaboratively by Aetna and SEHP.

The monthly report was not retrieved by Aetna from the SOK FTP site for a number of months in 2020. Aetna and SEHP collaborated and determined that there had been a change to the naming convention for the monthly file and, as a result, the Aetna program for downloading the monthly file was not sweeping the monthly file to the Aetna servers. SOK reports communicating the file name change; Aetna did not track or report whether the name change was initially not updated or, perhaps, not updated correctly. Without the monthly file, the exceptions report was not generated and eligibility process errors were not corrected on a timely basis in 2020. The program has been

## *Summary of Audit*

corrected, and the monthly file is being retrieved, and the monthly exceptions report work has resumed.

Multiple reasons exist for errors in the processing of the daily files that create the exceptions identified through the monthly reporting process. The reasons include daily files that are intended for Aetna but not received/retrieved and, previously, were assumed to indicate that there were no changes that day for one or more of the five plans.

Through the process of correcting the sweep for the monthly file, Aetna and SEHP implemented a process to ensure all intended daily files are received by Aetna. A daily courtesy email is sent to the Eligibility Analyst and the Account Manager listing the files transmitted that day. The Analyst and Manager compare the list to files and contact SEHP to correct for any missing files.

These corrections and enhancements to the controls on the processing of eligibility updates were completed in February 2021.

### **Findings**

The statistical sample revealed \$130,239.20 in overpayments. Of this amount, Aetna previously recovered, prior to the preparation of this report, \$113,737.71; these amounts were previously credited to SEHP. Aetna is in process of recovering the remaining amounts that will be paid to SEHP via check.

The electronic testing identified \$35,715.46 in overpayments. Aetna previously recovered, prior to the preparation of this report, \$29,064.07; these amounts were previously credited to SEHP. \$167.01 of the remaining balance cannot be recovered because of the age of the claim or because the amount is under the threshold for recovery. Aetna is in process of recovering the remaining amounts that will be paid to SEHP via check.