



Dental Administration Audit of Delta Dental of Kansas

Summary of Audit

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

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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 dental claims processing services provided on behalf of the SEHP employee benefit plan by Delta Dental of Kansas for calendar year 2021.

SEHP directed Sagebrush to conduct an audit of the administration of the dental benefits to determine overall claims processing accuracy and efficiency, and to identify opportunities for improved administration.

In addition to conducting a statistical audit to verify administrative accuracy, Sagebrush conducted the following tests:

- Review of a sample of dental claims to the corresponding provider contracts;
- Determine the value, if any, of claims paid for ineligible participants;
- Interrogate the claims data electronically for clinical edits (procedure codes), duplicate payments and specific plan provisions and exclusions; and
- Verify the payments to providers and corresponding draw from the SEHP funds.

Sagebrush conducted the review of claims remotely starting on April 30, 2022 and ending on May 13, 2022. During this review, the audit team tested a statistical sample of 250 dental 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 163,484 SEHP dental claims, totaling \$25,986,037.87, processed between January 1, 2021 and December 31, 2021.

Based on Sagebrush's review of the claims data, contracts, and other documents and information provided for audit, Delta Dental administered the dental benefits within the scope of the contract with SEHP during the 2021 calendar year. The following summary provides an overview of the audit findings along with Sagebrush's observations and recommendations. The complete audit results are discussed in the body of the report.

Summary of Findings

Dental Statistical Sample Review

The statistical review of 250 sampled claims did not identify any errors.

The overall financial accuracy of the claims administered by Delta Dental in 2021 is 100%. The performance guarantee for financial accuracy is 99.25%. The calculated payment or dollar accuracy from the audit is 100%. The calculated procedural accuracy is 100.00%, compared to the Delta Dental performance guarantee of 97.00%.

Delta Dental met both the financial accuracy and processing accuracy performance guarantees for the 2021 audit period.

Focused Review Results

In addition to the statistical claim review, Sagebrush electronically tested the claims data to identify potential duplicate claim payments, analyzed dental 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.

Table 1: Electronic Testing Summary

Test	Description	Purpose
Frequency edits, e.g., more than 2 prophylaxes in a year.	Identify members with services that exceed the frequency limit per plan year, e.g. more than 2 prophylaxes in a year.	Ensure that Delta Dental has the plan benefits configured correctly in the claim system.
Billing more than one one-surface filling on a tooth (instead of using the code for 2 surfaces).	Identify claims where a provider billed for 2 one-surface fillings on the same tooth on the same date	Ensure Delta Dental is applying clinical editing software to the SEHP claims in accordance with Delta Dental policies and within industry norms.
Provider billed for excessive number of patients seen in one day.	Electronically identify providers that appear to have treated an excessive number of patients (more than 12) in one day.	To test for fraudulent billing activity by a provider.
Claims Paid for Ineligible Members	Electronically compare claims data to eligibility data to identify claims payments on behalf of ineligible participants	<ul style="list-style-type: none"> • Verify system edits for eligibility • Identify opportunities to improve eligibility process for SEHP and Delta Dental • Identify claims to be recovered
Duplicate Payments	Electronically test claims data for duplicate payments for the same service for the same participant	<ul style="list-style-type: none"> • Verify system edits for duplicates • Identify claims to be recovered

Sagebrush reviewed the electronic results and provided Delta Dental with a file of 50 potentially erroneous claims. Delta Dental reviewed the claims and provided a response with additional documentation to support each position.

Exceeds Frequency Limitations

Sagebrush electronically tested the paid claims data to identify any members that had more than two (2) dental cleanings or periodontal maintenance services in the plan year. There were four (4) claims included in the file of 50 claims sent to Delta Dental, with a potential net overpayment of \$344.00.

- Delta Dental agreed with all four (4) stating the claims were paid in error. The error was addressed with the processor with additional training. A Guarantee of Service Payment for \$344.00 will be made to SEHP.

One-surface Filling vs. Two-surface Filling

Sagebrush identified sixteen (16) claims in the review where it appeared that the provider had billed for more than one one-surface filling for the same tooth on the same date of service.

Delta Dental policy states that the buccal or lingual surface is considered a separate restoration when submitted as a one surface filling when it does not connect to the other filling being completed on the same day. When the Client contract is silent, DDKS follows Delta Dental Plans Association processing policy which states "A separate benefit may be allowed for a non-contiguous restoration on the buccal or lingual surface of the same tooth."

The occlusal, buccal, and lingual surfaces do not touch but they do butt up against each other. In order for a buccal or lingual restoration to communicate with the occlusal surface it must follow the buccal or lingual grooves in the tooth. If this occurs the two surfaces (and therefore the resulting restorations) are no longer non-contiguous. They are considered one continuous filling. The same logic applies to the facial and incisal surfaces in anterior teeth.

According to the Delta Dental policy, there are no exceptions for multiple one-surface fillings.

Based on the explanation from Delta Dental, Sagebrush agrees that the claims in question were processed accurately.

Provider Billing for Excessive Patients Seen in One Day

Sagebrush tested the paid claims data to identify possible provider fraud where the provider appeared to have treated an excessive number of patients in one day.

Based on the review, Sagebrush did not identify any instances of provider billing fraud. A dental hygienist usually sees the patients for cleanings, while the services, such as fillings, root canals, etc. are performed by the Dentist.

Claims Paid for Ineligible Members

Sagebrush ran the eligibility file that was received from the State of Kansas against the paid claims data provided by Delta Dental to identify claims paid for members that were no longer eligible for coverage. Sagebrush included nineteen (19) members with paid claims totaling \$3,941.53 in the 50 potential exceptions sent to Delta Dental resulting from electronic focused testing.

- Three (3) claims with a total paid amount of \$265.50 were recovered prior to the audit.
- Six (6) members with claims totaling \$1,337.70 were previously covered under their spouse but now have their own policy. These claims appeared to have been paid prior to

the effective date of coverage, but were actually covered under the spouse's policy.

- Seven (7) members with claims totaling \$1,288.53 show active coverage on the dates of service. Delta Dental states that the electronic eligibility files have the member's coverage terminating after the dates of service in question.
- One (1) member with claims totaling \$616.20 was enrolled in COBRA (Consolidated Omnibus Budget Reconciliation Act) for calendar year 2021.
- There was one (1) member whose coverage was terminated effective 7-31-2018 per an email received by Delta Dental on 8-10-2018 from SEHP. However, the electronic eligibility file received by Delta Dental on 8-12-2018 indicated to reinstate the member under the retiree group. SEHP notified Delta Dental on 12-8-2021 to terminate the member retroactively back to 8-1-2018. The claim was for date of service 5-20-2021, and therefore, paid correctly at the time of processing.
- Delta Dental agreed with one (1) member with claims totaling \$267.60, stating the system shows that the member was active on COBRA from 12/01/2019 through 1/01/2021. An Electronic eligibility file received on 1/27/2021 included a termination date of 1/1/2021. A Guarantee of Service Payment will be made to the group in the amount of \$267.60.

Duplicate Payments

Duplicate payments - Sagebrush's review of the potential duplicate payments identified twelve (12) possible errors resulting in an overpaid amount of \$728.20.

- Delta Dental agreed to seven (7) of the errors totaling \$329.40. Delta Dental states the claims were paid in error. The errors were addressed with the processors with additional training. A Guarantee of Service Payment will be made to the group in the amount of \$329.40.
- Delta Dental disagreed with three (3) of the claims, totaling \$170.00. The claimant was seen by two providers of different specialties on the date of service. These claims are not duplicate payments.
- Two (2) claims were previously identified as overpayments by Delta Dental and the net overpayment of \$228.80 has been requested from the providers of service. Once the money is returned, the SOK account will be credited for the overpaid amount.

Claim Turnaround Time

The following table represents the TAT statistics for the Delta Dental claim population for claims incurred and processed during the period January 1, 2021 through December 31, 2021.

Table 2: Claim Population Turnaround Time for Calendar Year 2021

Business Days	Number of Claims	Percentage of Population	Cumulative Calendar Days	Cumulative Number of Claims
0 - 10 days	154,463	94.48%	154,463	94.48%
11 - 14 days	5,502	3.37%	159,965	97.85%
15 - 30 days	2,785	1.7%	162,750	99.55%
> 30 days	734	0.45%	163,484	100%
Total	163,484	100%		

The analysis indicates that Delta Dental processed 97.85% of all claims within 14 business days of receipt and 99.55% of claims within thirty (30) days. The calculation is based on business days, Monday through Friday. Sagebrush did not remove any holidays.

Conclusion

The project results indicate that Delta Dental's performance relative to claims accuracy and timeliness and operational efficiency is within acceptable standards and guidelines. Sagebrush's overall conclusion based on the results of the claim reviews, the observations during the onsite review and the analysis of the administrative questionnaire is that Delta Dental claims operations appear to be appropriate and efficient.

Delta Dental agrees with the findings as outlined in the report and will issue a Guarantee of Service Payment for \$941.00 to SEHP upon approval from Sagebrush and SEHP.