



Dental Administration Audit of Delta Dental

Summary Report

Final

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

Submitted by:
Sagebrush Analytic Solutions
5015 Addison Circle #208
Addison, TX 75001

(214) 273-4300 Main
(214) 273-4310 Fax
www.eSagebrush.com

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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 2022.

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 May 29, 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 162,514 SEHP dental claims, totaling \$26,163,470.20, processed between January 1, 2022 and December 31, 2022.

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 2022 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 2022 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 2022 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 49 potentially erroneous claims. Delta Dental reviewed the claims and provided a response with additional documentation to support each position.

Overall Findings and Resolutions

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 remote review and the analysis of the administrative questionnaire is that Delta Dental claims operations appear to be appropriate and efficient.

The following information provides a summary of Sagebrush’s general observations and recommendations relative to the claims and operational review and electronic testing. Additional information is provided in the corresponding sections of this report.

Random Sample

Sagebrush did not identify any erroneous claim payments in the 250-claim random sample.

Claims Paid for Ineligible Members

Sagebrush ran the eligibility file that Sagebrush 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 eleven (11) members with paid claims totaling \$3,865.30 in the 49 potential exceptions sent to Delta Dental resulting from electronic focused testing.

- Delta Dental agreed with four (4) members with claims totaling \$502.00.
 - One member was covered under an individual plan on the date of service but the claim totaling \$72.00 was paid under SEHP in error. **A Guarantee of Service Payment will be made to the group in the amount of \$72.00.**
 - Three (3) claims that were paid in error were identified through an automated process when retro terminations are received. The processor failed to request a refund. The errors were addressed with the processor and additional training conducted. **A Guarantee of Service Payment will be made to the group in the amount of \$430.00.**
- Claims for two (2) members, with a total paid amount of \$287.00 were identified through an automated process when retro terminations are received. A refund request was initiated and repayment was received prior to the audit.
- Two (2) members with claims totaling \$971.60 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.
- Delta Dental disagreed with three (3) members with claims totaling \$2,104.70, stating that the bridge and/or crown was prepped prior to the termination date and seated within 30 days of the termination date per policy. Therefore, these are covered services.

Duplicate Payments

Duplicate payments - Sagebrush's review of the potential duplicate payments identified 33 possible errors resulting in an overpaid amount of \$1,539.90.

- Delta Dental agreed to 23 of the errors totaling \$1,072.90. 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 \$1,072.90.**
- Delta Dental disagreed with eight (8) of the claims, totaling \$251.00. The claimant was seen by two providers of different specialties on the date of service. These claims are not

duplicate payments.

- One (1) claim was previously identified as an overpayment by Delta Dental and the net overpayment of \$72.00 was requested from the provider and repayment received prior to the audit.
- Delta Dental disagreed with one (1) claim with a paid amount of \$144.00 stating that an additional unit of anesthesia was approved by DDKS' Dental Director based on documentation received for clinical review.

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 five (5) claims included in the file of 49 claims sent to Delta Dental, with a potential net overpayment of \$435.00.

- Delta Dental agreed with two (2) stating the claims were paid in error. The errors were addressed with the processor with additional training. **A Guarantee of Service Payment for \$179.00 will be made to SEHP from Delta Dental.**
- Delta Dental disagreed with one (1) claim totaling \$116.00 stating that in response to an appeal received in 2015 and State of Kansas guidance, the member is eligible for cleanings every 3 months.
- The remaining two (2) claims that Delta Dental disagreed with, had a totaled paid of \$140.00. These claims had been previously identified as errors and the refund collected prior to the audit.

Turnaround Time

Turnaround time (TAT) is defined as the total number of days needed to process a claim. The calculation covers the period from the day the claim is received to the day the claim payment is processed, suspended, or denied.

Turnaround time is significant from several perspectives. Claims that do not receive prompt consideration when they are submitted can potentially cause participant and provider relation difficulties. Secondly, when claim adjudication does not occur promptly, claims are re-submitted by claimants and providers, increasing claim volume as well as the probability that duplicate claim payments will occur. In addition, delays in processing claims can have an adverse impact on Incurred-but-Not-Reported (IBNR) claims calculations, experience rating and projected loss ratios.

Most claim administrators strive to process 85.00% - 90.00% of all claims within 14 calendar days and 99.00% within 30 calendar days. The reported Delta Dental office target for TAT is 90.00% of all clean claims within 10 business days, excluding adjustments and 95.00% within 30 business days. The performance guarantee between Delta Dental and SEHP is to process 95.00% of all claims within fourteen (14) business days and 95.00% of all claims within thirty (30) business days, with an amount of \$500.00 at risk, per quarter, if this metric is not met.

The following table represents the TAT statistics for the Delta Dental claim population for claims incurred and processed during the period January 1, 2022 through December 31, 2022.

Table 2: Claim Population Turnaround Time for Calendar Year 2022

Business Days	Number of Claims	Percentage of Population	Cumulative Calendar Days	Cumulative Number of Claims
0 - 10 days	150,869	92.83%	150,869	92.83%
11 - 14 days	8,066	4.96%	158,935	97.80%
15 - 30 days	2,819	1.73%	161,754	99.53%
> 30 days	760	0.47%	1625,14	100.00%
Total	162,514	100.00%		

The analysis indicates that Delta Dental processed 97.80% of all claims within 14 business days of receipt and 99.53% of claims within thirty (30) days. The calculation is based on business days, Monday through Friday. Sagebrush did not remove any holidays.

The analysis shows that Delta Dental met both the performance guarantee of 95.00% of all claims within fourteen (14) business days and the performance guarantee of 99.00% of claims within thirty (30) business days.

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 will issue a Guarantee of Service Payment for \$1,753.90 to SEHP upon approval from Sagebrush and SEHP.