



Dental Administration Audit of Delta Dental

Final Report

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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 2023.

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 19, 2023. 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 166,908 SEHP dental claims, totaling \$27,412,961.34, processed between January 1, 2023 and December 31, 2023.

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 2023 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 2023 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 2023 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 Conducted	Description of Test	Total Potential Overpaid Amount	Rating *
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.	\$59.00	●
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	\$0.00	●
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.	\$0.00	●

Test Conducted	Description of Test	Total Potential Overpaid Amount	Rating *
Claims Paid for Ineligible Members	Electronically compare claims data to eligibility data to identify claims payments on behalf of ineligible participants	\$640.00	●
Duplicate Payments	Electronically test claims data for duplicate payments for the same service for the same participant	\$1,137.60	●
TOTALS		\$1,836.60	

Sagebrush reviewed the electronic results and provided Delta Dental with a file 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 was one (1) claim included in the file of 50 claims sent to Delta Dental, with a potential net overpayment of \$59.00.

- Delta Dental agreed with the error. The error was addressed with the processor with additional training. A Guarantee of Service Payment will be made to the group in the amount of \$59.00.

One-surface Filling vs. Two-surface Filling

Sagebrush did not identify any 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.

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

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.

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 twenty (20) members with paid claims totaling \$4,963.10 in the 50 potential exceptions sent to Delta Dental resulting from electronic focused testing.

- Delta Dental agreed with four (4) members with claims totaling \$640.00. The errors were addressed with the processors and a Guarantee of Service Payment will be made to the Group in the amount of \$640.00.
- Claims for two (2) members, with a total paid amount of \$558.00 were identified through an automated process when retro terminations are received. A refund request was initiated and repayment was received prior to the audit.
- Fourteen (14) members with claims totaling \$3,765.10 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.

Duplicate Payments

Duplicate payments - Sagebrush's review of the potential duplicate payments identified 29 possible errors resulting in an overpaid amount of \$2,132.30.

- Delta Dental agreed to 22 of the errors totaling \$1,137.60. 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 \$1,137.60.
- Delta Dental disagreed with three (3) of the claims, totaling \$117.00. The claimant was seen by two providers of different specialties on the date of service. These claims are not duplicate payments. Sagebrush agrees with this assessment.

- Delta Dental disagreed with one (1) claim stating that a corrected claim was received to add an additional unit for CDT D9243. This is not a duplicate as the code is allowed up to three (3) times on the same date as surgical extractions. The paid amount on this claim was \$84.80. Sagebrush agrees with this assessment.
- One (1) claim was previously identified as an overpayment by Delta Dental and the net overpayment of \$466.20 was requested from the provider and repayment received prior to the audit.
- Delta Dental disagreed with two (2) claims with a total paid amount of \$326.70 stating that were identified by Delta Dental prior to the audit. The overpayments were requested, but are still outstanding.

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 95.00% of all clean claims within 14 business days, excluding adjustments. The performance guarantee between Delta Dental and SEHP is to process 95.00% of all claims within fourteen (14) business days and 99.00% 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, 2023 through December 31, 2023.

Table 2: Claim Population Turnaround Time for Calendar Year 2023

Business Days	Number of Claims	Percentage of Population	Cumulative Calendar Days	Cumulative Number of Claims
0 - 10 days	155,019	92.88%	155,019	92.88%
11 - 14 days	8,390	5.03%	163,409	97.90%
15 - 30 days	2,904	1.74%	166,313	99.64%
> 30 days	595	0.36%	166,908	100.00%
Total	166,908	100.00%		

The analysis indicates that Delta Dental processed 97.90% of all claims within 14 business days of receipt and 99.64% 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.

Overall Findings and Resolutions

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.

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 was one (1) claim included in the file of 50 claims sent to Delta Dental, with a potential net overpayment of \$59.00.

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Conclusion

Delta Dental agrees with the findings as outlined in the report and will issue a Guarantee of Service Payment for \$1,836.60 to SEHP.