



**Medical Administration Audit  
of Blue Cross Blue Shield of Kansas  
(BCBSKS) – Calendar Year 2024**

***Summary Report***

**August 15, 2025**

**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 medical claims processing services provided on behalf of the SEHP by Blue Cross Blue Shield of Kansas (BCBSKS) for calendar year 2024.

The State Employee Health Plan (SEHP) currently offers four self-insured medical plan designs, Plan A, Plan C, Plan J, and Plan N administered by Blue Cross Blue Shield of Kansas (BCBSKS) and Aetna. The plans cover more than 81,000 active participants, early retirees and their dependents.

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

In addition to a stratified random statistical sample to verify administrative accuracy, Sagebrush conducted electronic tests, focused on specific benefits, exclusions, and potential types of error:

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

The findings were reviewed by Sagebrush during the remote review and 50 findings were provided to BCBSKS for review.

Sagebrush conducted the review of claims remotely, starting on May 12, 2025. During this review, the audit team tested a statistical sample of 250 medical claims for financial and processing accuracy. Each claim was tested for eligibility, timeliness, payment accuracy, and adherence to plan benefits and administration procedures. The samples were selected from the population of 946,830 SEHP medical claims, totaling \$330,277,366.28 in paid amounts, processed between January 1 and December 31, 2024. Sagebrush accounts for claim adjustments and uses only the final outcome of each claim when selecting the random sample.

Based on Sagebrush's review of the claims data, contracts, and other documents and information provided for audit, BCBSKS administered the medical benefits within the scope of the contract with SEHP during the 2024 calendar year. 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 Statistical Sample Review Results**

The statistical sample review did not identify any errors during the review.

No errors were identified in the statistical sample, yielding an overall financial accuracy rate of 100% for the claims administered by BCBSKS in 2024. The performance guarantee for financial accuracy is 99.25%. The calculated payment or dollar accuracy from the audit is also 100.00%, compared to the BCBSKS performance guarantee of 98.00%. The calculated procedural accuracy is 100.00%, compared to the BCBSKS performance guarantee of 97.00%.

The statistics above show that BCBSKS has met contractual performance guarantee as stated in the administrative services contract with SEHP for calendar year 2024.

**Summary of Focused Electronic Testing Results**

In addition to the statistical claim review, Sagebrush electronically tested 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 1: ELECTRONIC TESTING SUMMARY

Test	Description	Findings	Net Amount of Error Corrected/To Be Corrected
<i>Clinical Edits</i>			
Assistant Surgeon Not Allowed	Identified claims that payment was made to an assistant surgeon for a procedure that the American Medical Association states an assistant at surgery is not necessary or recommended	●	\$0.00
Visits in the Global Surgical Period	Identified instances in which a provider billed an evaluation and management service during the all-inclusive 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

Test	Description	Findings	Net Amount of Error Corrected/To Be Corrected
Multiple Procedure Reduction (MR)	Identify claims with multiple surgical procedures by the same physician on the same date of service that do not appear to have MPR applied.	●	\$2,965.80
<b>Benefit Provisions</b>			
Deductible – Coinsurance test	Identified the participants that appear to have incorrect deductible and coinsurance amounts applied	●	\$0.00
<b>Benefit Limitations/Exclusions</b>			
Cosmetic Procedures	Identified claims for surgical procedures that could be considered cosmetic and not medically necessary, such as routine mammoplasty	●	\$0.00
Bariatric Services	Identified claims for bariatric services that do not meet the criteria outlined by the plan for medical necessity.	●	\$0.00
TMJ	Medical, surgical or dental treatment or services related to the treatment of temporomandibular joint (jaw hinge) disease (TMJ) are not covered.	●	\$132.03
Routine Foot Care	Routine footcare 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
Routine Hearing Test	Routine hearing test is covered once per plan year. Identified hearing tests at a frequency greater than allowed by the plan.	●	\$0.00
Acupuncture	Identified acupuncture services and associated expenses that are not covered, including, but not limited to, the treatment of certain painful conditions or for anesthesia purposes.	●	\$0.00
Dental Services	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
Chiropractic – limited to 30 visits per year	Identify all participants with chiropractic spinal manipulation services exceeding the 30-visit per year limitation.	●	\$0.00

Test	Description	Findings	Net Amount of Error Corrected/To Be Corrected
<i>Other</i>			
Claims Paid for Ineligibles	Electronically compare claims data to eligibility data to identify claims payments on behalf of ineligible participants	●	\$45,215.71
Duplicate Payments	Electronically test claims data for duplicate payments for the same service for the same participant	●	
<b>TOTALS</b>			<b>\$50,920.12</b>

*Exhibit 2 Key:*

- BCBSKS 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

*The totals reflected in the chart above are for the claims that BCBSKS either agrees that there is an error in processing or the claim was adjusted prior to the audit due to an error in processing.*

The findings shown in the chart above are detailed below.

- **TMJ** – Sagebrush identified two (2) claims totaling \$174.22 paid with a primary diagnosis of temporomandibular joint disorder (TMJ). Services for the treatment of TMJ are not covered by the plan of benefits. BCBSKS disagreed with one (1) claim, totaling \$42.19, stating the claim was identified in the 2023 audit. The claim was adjusted in 2024 due to an exception from SEHP. BCBSKS agrees with the other claim for \$132.03. **The \$132.03 will be included in the settlement check at the conclusion of the audit from BCBSKS to SEHP.**
- **Assistant Surgeon Not Allowed** – Sagebrush identified three (3) claims with a potential overpaid amount of \$5,935.69. BCBSKS disagreed with one (1) claim, totaling \$71.93, stating that the procedure code 15769 is not on their internal list of procedure codes for which an assistant is not medically necessary.

The other two (2) claims with a potential total error of \$5,863.76 were submitted with the primary surgeon procedure code 59510 and the assistant surgeon procedure code 59514-80 on the same claim. Typically, the surgeon and assistant surgeon submit separate claims. Further review of the claims data shows that each line was processed and paid correctly.

- **Multiple Procedure Reduction** – There were five (5) claims for multiple-procedure surgeries included in the 50-claim electronic testing sample provided to BCBSKS for review. These claims had a potential overpaid amount of \$4,364.85. BCBSKS disagreed with two (2) of the claims, totaling \$1,399.05, stating that the multiple procedure reduction was correctly applied. **BCBSKS agreed with three (3) claims, with a total overpaid amount of \$2,965.80, and**

will include this amount in the settlement check at the conclusion of the audit to SEHP.

- Duplicate payments** - Sagebrush’s review of the 2024 paid claims data identified duplicate claim payments totaling \$50,800.02. BCBSKS disagreed with \$5,584.31, stating further review determined that the claims were for different services on the same date or different providers treating the patient on the same day. Based on the information provided, Sagebrush agrees that the claims for \$5,584.31 are not duplicate payments. **BCBSKS agreed with duplicate payment errors totaling \$45,215.71. This amount will be included in the settlement check from BCBSKS to SEHP at the conclusion of the audit.**
- Ineligible Participants** – Sagebrush compared the eligibility file that was received from the State of Kansas to the paid claims data provided by BCBSKS to identify claims paid for participants that were no longer eligible for coverage. Sagebrush included ten (10) participants with paid claims totaling \$7,455.69 in the 50-claim electronic testing sample sent to BCBSKS.

BCBSKS agreed to recover the payments for two (2) of the participants, with claims totaling \$2,606.58, stating the claims were processed correctly at the time of payment, however the participants were retroactively cancelled in the system. **The \$2,606.58 will be included in the settlement check from BCBSKS to SEHP at the conclusion of the.**

For three (3) participants, with claims totaling \$1,255.54, BCBSKS disagreed with the potential errors as the participant still had active coverage on the dates of service in question.

Five (5) participants had erroneous claims totaling \$3,593.57 that had been adjusted and recovered prior to the 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 ASO population of medical claims processed by BCBSKS in 2024.

EXHIBIT 2: TURNAROUND TIME– ASO ONLY

<b>Business Days</b>	<b># of Claims</b>	<b>% of Claim Population</b>	<b>Cumulative # of Claims</b>	<b>Cumulative % of Population</b>
0 - 10 days	871,206	91.85%	871,206	91.85%
11 - 14 days	45,880	4.84%	917,086	96.69%
15 - 30 days	29,783	3.14%	946,869	99.83%
> 30 days	1,638	0.17%	948,507	100.00%
<b>Total</b>	948,507	100.00%		

Based on the analysis of the ASO business data, BCBSKS met the performance guarantee for

claim processing turn-around-time (TAT) of 95.00% of claims within 14 days and 99.00% of claims within 30 days for calendar year 2024.

Sagebrush uses the original processing of the claim to determine the turnaround time. Claim adjustments are not included in the analysis.

The total number of claims used to determine the turn-around-time will differ from the total number of claims in the claims population used to select the claim sample. Claims with a negative paid amount that do not have a related positive payment are removed from the claims count prior to the sample selection. For example, a claim that was originally processed and paid in the prior calendar year that was reversed in the current calendar year is included in turnaround time but excluded from sample selection.

**Customer Service**

BCBSKS has a service unit separate from claims processing to handle participant service phone calls. The average speed to answer overall for the SEHP, was 9 seconds for calendar year 2024. The average speed to answer performance guarantee between BCBSKS and SEHP is 90% of calls within 30 seconds. BCBSKS reports they have met the performance guarantee for the average speed to answer for calendar year 2024.

Calls are routed through a system called Avaya. The average call time with a customer service representative is 747 seconds or 12.45 minutes.

All claims office personnel, including the customer service representatives have access to claim processing, inquiry and maintenance functions. Accordingly, all medical and dental claim history and financial history are immediately updated and available on-line as soon as the claim is accepted by a processor.

Customer service representatives take on average, 24 calls per day.

BCBSKS states that the quarterly performance guarantees for Written Correspondence (5-day TAT), and Written Correspondence (10-day TAT), which are 98% and 100%, respectively, were not met for the third quarter in 2024. The penalty owed to SEHP is shown below.

**EXHIBIT 3: BCBSKS CUSTOMER SERVICE CY2024 REPORTED PENALTIES**

Quarter	Performance Guarantee	Target Goal	BCBSKS Reported	Penalty Assessed	Penalty Paid
3rd					
	Written Correspondence (5-day TAT)	98%	96.00%	\$2,500.00	Payment was included in check #804719, issued to SEHP on 11/20/2024 and cashed 11/22/2024.
	Written Correspondence (10-day TAT)	100%	98.00%	\$2,500.00	Payment was included in check #804719, issued to SEHP on 11/20/2024 and cashed 11/22/2024.
<b>TOTAL</b>				<b>\$5,000.00</b>	

## Overall Findings & Actions

The statistical results indicate that BCBSKS's overall accuracy for 2024 was 100.00%.

Sagebrush's observations during the claim reviews and the analysis of the administrative questionnaire are that BCBSKS appears to have adequate system edits and controls in place. The claims operation effectively utilizes technological solutions as evidenced by the largely paperless environment and efficient claims processing system.

The following information provides a summary of Sagebrush's general observations and recommendations relative to the claims and operational review and electronic testing.

### Random Sample

The audit of the 250-claim statistical sample did not identify any errors or exceptions.

- **Financial Accuracy** – BCBSKS reports that the financial accuracy for Q1 of 2024 was 98%. This measure falls below the 99% contractual obligation between SEHP and BCBSKS. A penalty of \$2,500.00 is owed to SEHP for this measure.

**Action:** BCBSKS issued check number 802641, dated 5-3-2024 in the amount of \$2,500.00. No further action is required.

- **Turnaround Time** – Sagebrush tested the turnaround time for calendar year 2024 and compared it to the contracted performance guarantee between SEHP and BCBSKS.

**Finding:** BCBSKS has met the performance guarantee for claim processing turn-around-time (TAT) of 95.00% of claims within 14 days and 99.00% of claims within 30 days for calendar year 2024.

**Action:** No further action is required.

### Focused Review Findings

- **TMJ** – Sagebrush identified two (2) claims totaling \$174.22 paid with a primary diagnosis of temporomandibular joint disorder (TMJ). Services for the treatment of TMJ are not covered. BCBSKS disagreed with one (1) totaling \$42.19 stating the claim was identified in the 2023 audit. The claim was adjusted in 2024 due to an exception from SEHP. BCBSKS agrees with the other claim for \$132.03. **The \$132.03 will be included in the settlement check at the end of the audit.**
- **Assistant Surgeon Not Allowed** – Sagebrush identified three (3) claims with a potential overpaid amount of \$5,935.69. BCBSKS disagreed with one (1) claim, totaling \$71.93, stating

that the CPT code 15769 is not on the BCBSKS internal list of CPT codes lacking medical necessity for an assistant at surgery.

The other two (2) claims with a potential error of \$5,863.76 were submitted with the primary surgeon CPT code 59510 and the assistant surgeon CPT code 59514-80 on the same claim. Further review of the claims data shows that each line was processed and paid correctly.

- **Multiple Procedure Reduction** – There were five (5) claims included in the 50-claim electronic testing sample provided to BCBSKS for review. These claims had a potential overpaid amount of \$4,364.85. BCBSKS disagreed with two (2) of the claims totaling \$1,399.05, stating that the multiple procedure reduction was correctly applied. **BCBSKS agreed with three (3) claims, with a total overpaid amount of \$2,965.80, and will include this amount in the settlement check to SEHP at the conclusion of the audit.**
- **Duplicate payments** - Sagebrush’s review of the 2024 paid claims data identified duplicate claim payments totaling \$50,800.02. BCBSKS disagreed with \$5,584.31 stating further review determined that the claims were for different services on the same date or different providers treating the patient on the same day. Based on the statements provided, Sagebrush agrees that the \$5,584.31 are not duplicate payments. **BCBSKS agreed with errors totaling \$45,215.71. This amount will be included in the settlement check from BCBSKS to SEHP at the conclusion of the audit.**
- **Ineligible Participants** – Sagebrush compared the eligibility file that was received from the State of Kansas to the paid claims data provided by BCBSKS to identify claims paid for participants that were no longer eligible for coverage. Sagebrush included ten (10) participants with paid claims totaling \$7,455.69 in the 50 electronic testing sample sent to BCBSKS.

BCBSKS agreed to recover the payments for two (2) of the participants with claims totaling \$2,606.58, stating the claims were processed correctly at the time of payment, however the participants were retroactively cancelled in the system. **The payment of \$2,606.58 will be included in the settlement check from BCBSKS to SEHP at the conclusion of the audit.**

For three (3) participants, with claims totaling \$1,255.54, BCBSKS disagreed as the participant still had active coverage on the Dates of service in question. The BCBSKS membership team is following up with SEHP on the discrepancy.

Five (5) participants had claims totaling \$3,593.57 that had been adjusted and recovered prior to the audit.

### **Other Findings Identified During Audit**

- **Customer Service** - BCBSKS states that the quarterly performance guarantees for Written Correspondence (5-day TAT), and Written Correspondence (10-day TAT), which are 98% and 100%, respectively, were not met for the third quarter in 2024. The penalty owed to SEHP is \$2,500.00 [per incidence or \$5,000.00 total.

**Overall Conclusions**

Sagebrush’s review of the BCBSKS systems encompassed the remote on-line testing of each claim in the statistical sample using system screen prints of how a BCBSKS examiner would have paid the claim using the BCBSKS system. The auditors’ review did not include the application of BCBSKS systems to functions beyond the scope of claims processing, such as participant services, utilization management or general financial functions.

Based on the responses provided in the questionnaire, Sagebrush’s understanding of BCBSKS operations, and the testing of claims in the statistical claim audit, Sagebrush concludes that BCBSKS has appropriate and adequate system, controls, guidelines, and processes.

BCBSKS will pay SEHP a total of \$50,920.12 for the agreed upon claim errors identified the electronic focused review.

BCBSKS states that payment of the missed Customer Service performance guarantees for the Q3 Written Correspondence (5-day TAT), and Written Correspondence (10-day TAT), was included in check #804719, issued to SEHP on 11/20/2024 and cashed 11/22/2024. The penalty is \$2,500.00 per incidence or \$5,000.00 total.

**BCBSKS Response: BCBSKS is in agreeance to refund SEHP \$50,920.12 for the findings from the audit and will provide the check information once available.**