

Audit & Reconciliation

Exhibit 12: Audit & Reconciliation

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Exhibit 12: Audit & Reconciliation

Overview

Each Plan vendor audits their information against the Eligibility and Enrollment System (EES) and reconciles billing against COBRA Administration and Billing System (CABS) and /or Third Party Administrator (TPA). It is recommended that each vendor designate a person to monitor these activities and ensure key dates are met each comparison cycle. The Plan will monitor and track each step from a bird's eye view. There are three goals to this process:

Consistency – With multiple vendors, EDI is very complex and auditing across vendors becomes more difficult as well. This process will achieve the same completion times, discrepancy rate, and comparison process across all vendors.

Timeliness – This process will achieve full completion of every audit and reconciliation within every month. This will ensure we are providing the correct benefits for members before the effective date and that we are billing the appropriate rates before invoices are created.

Efficiency – With over 700,000 members, even a 1% discrepancy rate is too high for any vendor to manually update in time to make an impact on invoices or coverage. The Plan has strategically streamlined the process and updates at each vendor in this document.

Scope

The current audit and reconciliation schedule is reviewed by all vendors on an annual basis.

All vendors will meet:

- Extraction of Vendor's files being delivered must have been extracted within 12 hours
- Processing of Vendor's files being received must be an automated compare within a consecutive 24-hour window
- 2 business day turnaround time.
- Due dates are based upon receipt date of file,
- For example:
 - A file delivered at 5:00pm EST on the 28th will be due back at 5:00pm EST on the 30th
 - A file delivered at 8:00 am EST on the 28th will be due back at 8:00 am EST on the 30th

Current Audits

Audit refers to the comparing of enrollment information only.

- The audit results will be returned in 2 business days, after delivery of file, per vendor.
- The yearly audit schedule will be determined by the Plan during Open Enrollment (OE) each year.

Below is a list of current audits:

- Cost Factor, Direct Bill Flag, Date of Death

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- Monthly between EES and Retirement System Division (RSD)
 - Monthly between EES and CABS
- Plan Enrollment
 - Monthly between EES and TPA
 - Monthly between EES and CABS
- Pharmacy enrollment
 - Monthly between EES and PBM
- Direct Bill enrollment
 - Monthly between EES and CABS
- MAPDP Enrollment
 - Monthly between EES and MAPDP
 -

Current Reconciliations

Reconciliation refers to the comparing of premium information only.

- The audit results will be returned in 2 business days, after delivery of file, per vendor.
- The yearly audit schedule will be determined by the Plan during Open Enrollment (OE) each year.

Below is a list of current reconciliations:

- RSD Invoice and Monthly Error Report
 - RSD and CABS
- Employing unit payment status
 - Monthly between TPA and CABS

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Fields to Compare

Listed are the fields to be compared by vendor:

	CABS	MAPD	TPA	PBM
SSN	Yes	Yes	Yes	Yes
First name	Yes	Yes	Yes	Yes
Last name	Yes	Yes	Yes	Yes
Date of birth	Yes	Yes	Yes	Yes
Gender	Yes	Yes	Yes	Yes
Relationship (person type)	Yes	No	No	No
Mailing address	Yes	Yes	Yes	Yes
Physical address	No	No	Yes	No
Vendor specific IDs	Yes	Yes	Yes	Yes
Cost factor	Yes	Yes	No	No
Direct bill	Yes	No	No	No
Plan effective date	Yes	Yes	Yes	Yes
Plan termination date	Yes	Yes	Yes	Yes
PWC	Yes	No	No	No
Plan	Yes	Yes	Yes	Yes
Coverage level	Yes	No	Yes	No
Rate	Yes	No	No	No
Medicare ID	No	Yes	Yes	Yes
Entitlement reason	Yes	Yes	Yes	Yes
Part A effective date	No	Yes	Yes	Yes
Part A termination date	No	Yes	Yes	Yes
Part B effective date	No	Yes	Yes	Yes
Part B termination date	No	Yes	Yes	Yes
Medicare eligibility effective date	No	Yes	Yes	Yes
Medicare eligibility termination date	No	Yes	Yes No	Yes
Medicare primacy effective date	Yes	Yes	Yes	Yes
Medicare primacy termination date	Yes	Yes	Yes	Yes
Phantom A effective date	No	No	Yes	Yes
Phantom A termination date	No	No	Yes	Yes
Phantom B effective date	No	No	Yes	Yes
Phantom A termination date	No	No	Yes	Yes
Employment Status category	Yes	No	No	No
Active or nonactive indicator	No	No	Yes	No
Entity (Department of State Treasurer, Wake County Public Schools, Town of Broadway etc...	Yes	Yes	Yes	Yes

Demographics: Demographic information has various input methods, Payroll files/Key Entry, Members, CABS, and MAPDP. Currently demographic changes made at CMS (via MAPDP), CABS, and by groups (via payroll file or member update) are being sent to EES for updating.

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- TPA maintains the address provided by EES.
- PBM maintains the address provided by EES unless mail order is requested.
- EES maintains the address provided by MAPDP, the groups, and/or member input.
- MAPDP maintains the one address provided by CMS, interpreted as the physical address. If EES sends a separate mailing address this will be maintained at MAPDP as well.
- CABS maintains the address provided by EES and a separate billing address for COBRA members.

EES will continue to provide full files for audits and vendors will audit on the fields provided in the respective BRDs. Vendors may choose to compare on and update additional demographic fields in their system. For example, TPA may decide to do a full comparison on addresses before sending out ID cards for the new plan year.

Medicare: The only Entitlement reason that has any bearing on Medicare primacy is ESRD. At this time, every vendor should be managing ESRD entitlements manually to accommodate the 30 or 33 month coordination period. Outside of ESRD, the working status of the member dictates the primacy of Medicare regardless of the entitlement. CMS is the system of record for Medicare data and EES is the system of record for Medicare primacy. Any vendors receiving updates from CMS, directly or indirectly, are responsible for ensuring that information is updated within EES for the accurate calculation of primacy.

- TPA provides Medicare updates via the daily file to the EES
- MAPDP provides Medicare updates via the weekly discrepancy file

Performing the Compares

To maintain consistency across vendors and varying comparisons, the Plan has outlined the expected methodology for audits and reconciliations. Each vendor should match on what creates a unique member in their system; for example, EES might use UPID (unique person ID)

EES provides what coverage the member has in their system for a specified plan year, at the time of the audit. For further details, see solutions document for each specific vendor.

Audit files will also contain terminated members processed since the last audit extract. It is imperative that this population is audited, there is an array of updates made on terminated members in eBenefits that may not send to all vendors. Audits where termed members appear, the terms will be included on the audit for the full plan period

Comparisons performed by:

- EES and RSD: *EES*
- EES and TPA: *TPA*
- EES and MAPDP: *MAPDP*
- EES and PBM: *PBM*
- EES and CABS: *CABS*
- CABS and MAPDP: *MAPDP*

System of Record

Fields

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TPA	PCP Association Changes,
EES	Name, Address(es) DOB, Gender, SSN, Incentives, Benefit Elections, Coverage Election, Effective Date, Expiration Date, Primacy, PCP, UPID, Phantom Processing
CMS (via TPA, MAPDP)	Medicare Identifier, Part A Eff Date, Part A Exp Date, Part B Eff Date, Part B Exp Date
RSD	Cost Factor, Cost Factor effective date Direct Bill Flag, Direct Bill effective date

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The automatic comparison referenced above should include the below steps:

If the comparison yields more than 1% of the total in discrepancies, the comparison should not continue. At that point an email needs to be sent notifying the Plan and any affected vendors that additional research into the file is needed due to the number of discrepancies.

Report Out

Each report out on discrepancies should include the following counts, as soon as the comparison is complete:

Audits		Recons
Demographics	Name, DOB, Gender, SSN, Member Identifier	Cost Factor, Cost factor effective date, Direct Bill Flag, Direct bill effective date
Coverage	In one system but not the other, Effective/Term date mismatches	In one system but not the other
Elections	Benefit Elections, Coverage Election, PCP	Premium wellness credits (PWC) Rates
Medicare	MBI, Part A eligibility date, Part A effective date, Part A expiration date, Part B eligibility date, Part B effective date, Part B expiration date, primacy, primacy effective date, primacy expiration date, phantom A effective date, Phantom A termination date, phantom B effective date, Phantom B termination date	Primacy

Once the comparison is complete and automation has been run, results should be shared with The Plan and the appropriate vendors.

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Automation of updates

Automation is required for any data that needs to be updated in the receiving vendor’s system(s).

Retirement Members

The audit/recon cycle will be kicked off every month with the Cost Factor, Direct Bill and date of death (DOD) comparison and will end with the reconciliation. Dates may vary due to weekends and/or holidays for each step below. When the due date is on a weekend or holiday; file will be delivered the next business day.

- RSD delivers CF, DB, and DOD file to EES:
- Monthly RSD Audit with EES for MAPDP and TPA to begin as soon as the RSD audit is complete.
- These RSD audits should be complete in CABS in time for the Direct Bill ACH and invoices. (Last updates through the file that will be applied before ACH triggers)
- The deduction file will be generated and sent and the invoices for RSD will be generated.
- The payroll deduction error/void file should be received, and deduction errors worked before paper invoices are created.
- The RSD recon with CABS for MAPDP should begin the day after the invoices are generated.
- CABS will evaluate each member invoiced individually (to account for splits) and provide feedback to MAPDP/TPA
- The reconciliation should be complete by end of the month, to restart the cycle.

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All Members

These audits are done prospectively to ensure the future month has the correct enrollment. The audit/recon cycle will begin the process and will end with the invoices generating.

- EES deliver audit file to TPA, CAB, and PBM per agreed upon schedule.
- All discrepancies should be completed per agreed upon schedule.

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Ongoing Monitoring and Review

Each audit and reconciliation will be tracked to ensure we are meeting our consistency, timeliness, and efficiency goals. Every year the audit process will be reviewed to ensure the best practices are in place.

The receiving vendor will apply all updates in their system(s) and will report out to the Plan and any other affected vendors the results of the audit. The below metrics will be calculated as part of this compare based on the data provided each month:

	Measured	Calculation
Discrepancy rate	By Category	impacted members/number of possible impacted members
Automation rate	Overall	number of automatic updates/total number of discrepancies
% change	By Category	(Current month total – last month total)/last month total
Discrepancy rate vs accuracy rate	By Category	100 - (Accuracy rate + Discrepancy rate)
Average Completion Time	By Vendor	Day work began – Day work completed
Repetition of Discrepancy	By Member	Count of how many members had a discrepancy over multiple months in the same category
Repetition of Member	By Member	Count of how many members had a discrepancy one month and appeared on other vendors compare the next month

Root cause analysis will need to be performed on each discrepant record

Root Cause Analysis Example

A Root Cause Analysis email should contain the following details:

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- Issue Name for Future Reference: *Short Title for Issue*
- Description of Issue: *Explanation of what is occurring*
- Immediate Symptoms: *What’s the immediate effect of the issue?*
- Immediate Solution: *Is there a stop gap that can be put in place to limit impact?*
- Immediate Impact: *Number of people currently impacted; gained via analyzing the entire Plan population against criteria that fit the issue.*
- Downstream Impact: *What else can be affected due to this issue? What may occur if this issue isn’t resolved within a specific time frame?*
- Long Term Impact: *Number of people potentially impacted in the future?*
- Root Cause: *Beyond the items listed above what is the reason the issue exists? The “5 Why” method works well to get to the bottom of the cause list.*
- Failure Point: *Person, Process, or Technology?*

Special Audits

The below audits are performed less frequently and will have specific dates assigned as the audits approach.

CMS Query File

Quarterly, or as directed by the Plan, TPA sends a list of all Medicare enrollments to CMS. Then CMS responds to TPA confirming the details for the Medicare eligible members. TPA compares the list to what is in their system at the time of the file and automates any updates.

- TPA compares Medicare values to values within their system
- Mismatches are categorized and provided to SHP and EES for review
- TPA scripts updates
- EES receives Medicare updates from TPA
- Auto enrollment updates primacy in EES
- Updated coverage is sent to applicable vendors

Yearly Rate Configuration Audit

Vendors must audit the billing rates in CABS and EES

- Vendors will provide results of their audit to the Plan
- Updates must be made prior to first billing cycle.

Version History

Version	Date	Author	Overview of Changes
1.0	2/1/2018	Martina Jones, Plan Integration Team	Created Initial Plan
2.0	3/12/18	Martina Jones, Plan Integration Team	Incorporated updates specific to CABS systems and fields compared. Added CABS and TPA Direct Bill (COBRA) audit. Included vendor responsibility in example timeline
3.0	12/4/20	Plan integration	Replaced UHC with MAPDP
4.0	9/22/2021	Plan Integration	Restructure, wording, and current year updates
5.0	5/27/22	Plan Integration	Removed outdated recon references, reworked for premium billing to be handled by CABS
6.0	1/19/2023	Plan Integration	Updated for TPA implementation