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Correspondence Memorandum

Date: November 17, 2016
To: Audit Committee Members
From: Yikchau Sze, Director
Office of Internal Audit
Subject: Third Party Audit of WPS Health Insurance

This report is for Audit Committee review and discussion. No action is required.

Wisconsin Physicians Service Insurance Corporation (WPS) administers the self-insured health plans for the State of Wisconsin employees, annuitants, and their eligible dependents. This administrative service performed by WPS is under an agreement between the State of Wisconsin, Department of Employee Trust Funds (ETF), the Group Insurance Board and WPS. The current contract term is through December 31, 2017.

ETF retained Claim Technologies Incorporated (CTI) to conduct the audit of WPS's administration of the self-insured plans for the State from August 1, 2013 to December 31, 2015. The attached audit findings were presented to the Group Insurance Board at the August 16, 2016 meeting.

Eileen Mallow, Deputy Director of the Office of Strategic Health Policy, will be at the Audit Committee meeting to discuss actions that management has taken or will take to improve WPS's administration of the self-insured health plans for ETF.

Attachment A: GIB memo dated July 22, 2016
Attachment B: CTI Executive Summary
Attachment C: WPS Response

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 11/30/16

Board	Mtg Date	Item #
AUD	12.15.16	4



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Correspondence Memorandum

Date: July 22, 2016
To: Group Insurance Board
From: Shayna Schomber, Self-Insured Health Plans Manager
Office of Strategic Health Policy
Subject: Third Party Audit of WPS Health Insurance

This memo is for informational purposes only. No Board action is required.

The Department of Employee Trust Funds retained Claim Technologies Incorporated (CTI) to conduct the periodic audit of the Wisconsin Physicians Service Insurance Corporation's (WPS) administration of the self-insured plans for August 1, 2013 through December 31, 2015. The Group Insurance Board (Board) may recall that a WPS system conversion prevented WPS from providing data for the last five months of 2013 during the previous audit. CTI completed its audit and the findings are summarized in the attached Executive Summary report (Attachment A). Additional detailed reports developed by CTI are available to the Board upon request.

The response from WPS regarding CTI's audit findings is also attached (Attachment B). WPS has reviewed the identified opportunities for improvement and is working with ETF and CTI to implement changes as recommended.

CTI developed key performance indicators to measure and monitor both claims payment accuracy and administrative process quality (see page 3 of the Executive Summary). WPS performed proficiently in the Medicare Plus plan; however, its performance in some areas of the Standard and SMP plans has dropped from previous audit periods.

Areas of Opportunity

CTI identified areas for improvement regarding excluded services, multiple surgical reductions, provider discounts and fees, timely filing restrictions, and duplicate payments (see page 2 of Attachment A). Potential savings for these items total

Reviewed and approved by Lisa Ellinger, Director, Office of
Strategic Health Policy

Electronically Signed 8/12/16

Board	Mtg Date	Item #
GIB	8.16.16	7B

approximately \$238,000 and represent less than 0.27% of the \$89 million in paid claims for the audit period.

1. **Excluded Services** – CTI identified \$106,509 in potential savings for paid services under all plans that were provided outside of the program benefit during the audited period. These include claims for automated laboratory, hearing aids, vision refractions, educational therapy services, and breast reductions.

ETF continues to work with WPS on these issues. WPS agreed that claims were paid in error in the amount of \$79,982.50, or 75% of CTI's identified potential savings. WPS will attempt to recover incorrect payments for automated laboratory, hearing aids, and educational therapy.

2. **Multiple Surgical Procedures without Reductions** – CTI identified \$93,984 in potential savings for multiple surgical reductions during the audited period. It is standard practice to pay a smaller percentage for subsequent procedures performed in the same surgical instance. For example, 100% payment for the first procedure performed and 50% for all subsequent procedures.

WPS agrees that claims totaling \$4,190 were paid incorrectly, but feels that the remaining claims were paid correctly. WPS is working with ETF to find the cause of this inconsistency and address the issue for future payments.

3. **Provider Discounts and Fees** – CTI identified \$26,508 in potential savings related to provider discounts during the audited period. WPS agreed with this finding and adjusted its processing system effective March 2016 to prevent claims from being paid as billed.
4. **Timely Filing Limitation** – CTI identified \$6,580 in claims paid outside of the timely filing requirements. WPS agrees that 9 claims totaling \$1,131 were paid incorrectly as a result of Medicare's late claim submissions. The remaining 24 claims were verified as processed in WPS's legacy processing system, but were transferred to the new processing system showing no payment.
5. **Duplicate Payments** – CTI identified duplicate payments totaling \$5,039. WPS agrees with CTI and has recovered \$4882.50 of the duplicate charges; WPS is continuing to pursue the remaining balance.

WPS identified the cause of the duplicate payments and is working to strengthen the claims processing system to avoid this issue in the future.

WPS Performance Guarantees

CTI used the field audit outcomes to calculate the performance of WPS in accordance with the performance guarantees found in the contract with ETF. The results are found on pages 5 and 6 of the Executive Summary.

The chart below shows the performance guarantee measures as reported by WPS and as calculated by CTI. The WPS Guarantee sets WPS performance requirements for each plan year, which allows ETF to evaluate WPS claims processing performance. The difference in performance results likely stems from the use of different audit techniques and standards.

ETF noted an inconsistency in the rounding methods used by WPS beginning in 2013. Previously, WPS reported measures to the tenth of a percent. In the 2013 annual performance report to ETF, WPS began dropping the decimal place and using whole percentages.

Staff discussed these issues with WPS and CTI, and came to an agreement regarding audit standards and rounding measures for future performance reporting.

Performance Measure	WPS Guarantee	WPS Reported 2014	CTI Calculated 2014	WPS Reported 2015	CTI Calculated 2015
Financial Accuracy	99%	99%	99.54%	99%	98.49%
Payment Accuracy	97%	99%	97.72%	97%	95.77%
Processing Accuracy	97%	99%	97.72%	97%	95.31%
Turnaround Time	95% paid within 30 days of receipt	99%	99% paid within 7 days of receipt	99%	99% paid within 5 days of receipt

Recommendations and Next Steps

CTI’s recommendations for change appear on page 5 of the Executive Summary (Attachment A) and are detailed in the following exhibits:

- a. Exhibit A is detail behind performance measure benchmarking. This back-up information provides a graphic representation of how the audited plans rank against 100 other plans CTI audited.
- b. Exhibit B, the Process Improvement Opportunities, provides high-level information about the categories where errors were found during the field audit. Note: The charts on Page 13 for the Standard/SMP Plans represent eight payment errors, and six payment errors for the Medicare Plus plan.
- c. Exhibit C is the Prioritized Table of Opportunities for Improvement, providing detail for the findings described briefly on page 2 of the Executive Summary.

Third Party Audit of WPS Health Insurance

July 22, 2016

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ETF has 10 additional hours available for CTI to conduct post-audit follow-up services on issues identified in the audit. ETF is working with CTI to determine the most effective use of the available time to address the issues outlined on pages 2 and 5 of Attachment A. ETF is also working with WPS to resolve identified issues that do not require additional support from CTI.

Staff will be at the Board meeting to answer any questions.

Attachment A: CTI Executive Summary

Attachment B: WPS Response to CTI Audit

DRAFT as of April 29, 2016

Comprehensive Claim Administration Audit

EXECUTIVE SUMMARY

**State of Wisconsin, Department of Employee Trust Funds Medical Plans
Administered by Wisconsin Physicians Service Insurance Corporation**

Audit Period: August 1, 2013 through December 31, 2015

Presented to

State of Wisconsin, Department of Employee Trust Funds

April 29, 2016

Presented by



**CLAIM TECHNOLOGIES
INCORPORATED**

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SUMMARY OF CLAIMS ADMINISTRATION AUDIT FINDINGS

This Executive Summary presents the key findings and recommendations from Claim Technologies Incorporated's (CTI's) comprehensive audits of Wisconsin Physicians Service Insurance Corporation's (WPS) claim administration of the State of Wisconsin, Department of Employee Trust Funds (ETF) self-funded plans. An independent claim administration audit firm, CTI performed the audits in the first quarter of 2016. The purpose of the audits was to assess the quality of claim administration provided by WPS during the period of August 1, 2013 through December 31, 2015.

Using data provided by WPS, CTI analyzed \$55,253,505 in claims payments made by the Medicare Plus plan and \$34,136,596 in claims payments made by the Standard and State Maintenance Plans (SMP). Overall the results of the audits indicate that for the audit period, the claim administration provided by WPS was proficient for the Medicare Plus plan and needs improvement on the Standard and SMP plans. When compared to approximately 100 other plans most recently audited by CTI, the Medicare Plus plan's performance was above average in five of the six Key Performance Indicator benchmarks that were developed to measure and monitor claims payment accuracy and administrative process quality. The Standard and SMP plans performance was above average in three of the six Key Performance Indicator benchmarks that were developed to measure and monitor claims payment accuracy and administrative process quality. An additional Key Performance Indicator, turnaround time, is evaluated by looking at the distribution of turnaround times for claims in the audit sample; through this evaluation WPS claim turnaround time was optimal speed.

Based on CTI's audit results, WPS exceeded all performance standards in place in its administrative agreement for 2014, but did not meet the performance goal for any of the claim accuracy measurements for 2015. CTI's proprietary electronic screening system found that most provisions of the Standard and SMP plans as well as the Medicare Plus plan were administered in accordance with contract terms. However, we identified some plan exclusions that may have been administered inconsistent with ETF's intent. Areas for improvement are identified on the following pages and have been discussed with WPS and authorized representatives of the ETF.

AUDIT APPROACH

Our audit system is designed to measure and facilitate continuous quality improvement in claim administration processes. This system views administrative processes through the lens of our proprietary 100% Electronic Screening and Analysis with Targeted Samples (ESAS®) system and statistically through a stratified Random Sample Audit. The following table shows the specific benefits of each of these two techniques.

ESAS®	Random Sample Audit
Electronic Screening and Analysis of 100% of Paid Claims Data	Stratified Sample of Paid Claims Confidence Level 3% (+/- 95%)
Benefits include: <ul style="list-style-type: none"> • Focus on known high control risk categories: Exclusions/Limitations/Duplicate Payments • Identify potential overpayments for recovery 	Sample designed to: <ul style="list-style-type: none"> • Benchmark performance • Quantify financial impact • Prioritize issues













AUDIT FINDINGS/OPPORTUNITIES FOR SAVINGS AND IMPROVEMENT





The areas demonstrated by ESAS to have opportunity for improvement in the claim administration processes used by WPS represent financial savings or improved customer service for ETF follow. For prioritization, refer to Exhibit C – Prioritized Improvement/ Recovery Opportunities.

Categories	Potential Recovery/Savings
Excluded Service: Automated Laboratory, Hearing Aids, Vision Refractions, Educational Therapy, Breast Reduction	\$61,190 Retiree \$45,319 Standard and SMP
Other Categories: Multiple Surgical Reductions \$93,984, Provider Discounts and Fees \$26,508, Timely Filing Limitation \$6,580	\$127,072 Retiree
Duplicate Payments	\$5,039 Retiree

PERFORMANCE BENCHMARKING

CTI's Random Sample Audit enables us to compare claim administration process performance between administrators and plans to benchmarks we have created and maintained. The following table demonstrates that WPS performed proficiently on the Medicare Plus Plan and needed improvement on the Standard and SMP Plans when compared to approximately 100 plans most recently audited by CTI.

Key Performance Indicators	Administrative Performance			
	Medicare Plus Plan		Standard and SMP Plans	
Documentation Accuracy – Financial compares the number of dollars processed with documentation adequate to substantiate payment or denial of the total number of dollars processed in the audit sample.		100%		100%
Documentation Accuracy – Frequency compares the number of claims processed with the documentation adequate to substantiate payment or denial to the total number of claims processed in the audit sample.		100%		100%
Financial Accuracy Rate compares the total correct claim payments that were made to the total dollars of correct claim payments that should have been made for the audit sample. The formula for the measure is: Total correct payments (claims paid in the sample minus overpayments plus underpayments) minus the absolute variance (overpayments plus underpayments), divided by total correct payments.		97.61%		99.14%
Accurate Payment Frequency compares the number of bills paid correctly to the total number of bills paid for the audit period.		97.22%		96.30%
Adjudication Proficiency compares the number of correct adjudication decisions made to the total number of adjudication decisions required for the claims in the audit sample.		99.68%		99.57%
Accurate Processing Frequency compares the number of bills processed without errors to the total number of bills processed in the audit sample.		97.22%		95.83%

Key	Quartile 1	Quartile 2	Quartile 3	Quartile 4
				
	<i>Lowest Performance</i>  <i>Highest Performance</i>			

PERFORMANCE GUARANTEES

ETF has performance standards in place in its administrative agreement with WPS. In the two following tables, we show the Random Sample Audit results side-by-side with the audit results reported by WPS for the same time period. This is done to allow comparison of CTI's outcomes using its operational definitions against audit outcomes using the operational definitions of WPS. This comparison can be used to facilitate discussion regarding the differences in operational definitions and methodology for construction of audit samples. Differences in audit outcomes will also result from different audit techniques and standards for what constitutes an error. Based on CTI's audit results, WPS exceeded all performance standards in place in its administrative agreement for 2014, but did not meet any of the claim accuracy measurements for 2015.

2014 Performance Guarantees

2014 Performance Measure	WPS Guarantee	WPS Reported Performance Whole Group	Performance Using CTI Formula
Financial Accuracy	99%	99%	99.54%
Payment Accuracy	97%	99%	97.72%
Processing Accuracy	97%	99%	97.72%
Turnaround Time (Measured in Calendar Days)	95% paid within 30 days of receipt	99% paid within 30 days of receipt	7

2015 Performance Guarantees

2015 Performance Measure	WPS Guarantee	WPS Reported Performance Whole Group	Performance Using CTI Formula
Financial Accuracy	99%	99%	98.49%
Payment Accuracy	97%	97%	95.77%
Processing Accuracy	97%	97%	95.31%
Turnaround Time (Measured in Calendar Days)	95% paid within 30 days of receipt	99% paid within 30 days of receipt	5

ADDITIONAL AREA OF REVIEW

Pricing

CTI reviewed the pricing on all claims in the Random Sample Audit for the Standard and SMP plans. Pricing was verified on claims against the fee schedules loaded into the WPS system; provider contracts were not reviewed. The following items were observed:

1. Fee schedules were updated accurately.
2. Multiple units were handled and priced correctly.
3. When the fee schedule allowance was greater than billed charge, billed charge was allowed.
4. The fee schedules were detailed and accurate. WPS performed random audits on fee schedule updates.

COMPREHENSIVE CLAIM ADMINISTRATION AUDIT RECOMMENDATIONS

We understand that ETF will review these recommendations to determine which should be the subject of immediate action. Where ETF determines that our assistance would be beneficial in implementing or performing any of the required tasks, we will be pleased to provide estimates of the cost of these services on an hourly or fixed-fee project basis. Included in our Comprehensive Audit specifications are 10 hours for post-audit follow-up activities on issues identified by the audit.

1. Have WPS prepare a report for ETF showing the cause and remedy to avoid future errors. Reference the charts in Exhibit B to determine the prioritization of errors by type and frequency as seen in the Random Sample Audit.
2. Working from the most material categories of issues identified by ESAS, develop an action plan and timeline for WPS to allow for remedial action planning preventing future errors and recovery of agreed upon over-payments.
3. Have discussions with WPS to understand what criterion is used for investigating accidental injuries and possible third party liability cases. Review the investigation process to determine how to increase subrogation recoveries through increased investigations.
4. Provide CTI with a full eligibility file replacement to prevent false-positives due to missing records.
5. Conduct sequential audits to systematically monitor performance to determine if WPS has made improvements.

WPS cooperated with this audit and made every effort to provide us with the data and documentation we requested.

We have considered it a privilege to have worked for, and with, your staff in these important endeavors and would welcome any opportunity to assist you in achieving your future objectives. Thank you again for choosing CTI.



EXHIBITS

- A. Performance Measurements and Benchmarking**
- B. Process Improvement Opportunities**
- C. Opportunity for Improvement and Possible Recovery**

EXHIBIT A – PERFORMANCE MEASUREMENT AND BENCHMARKING

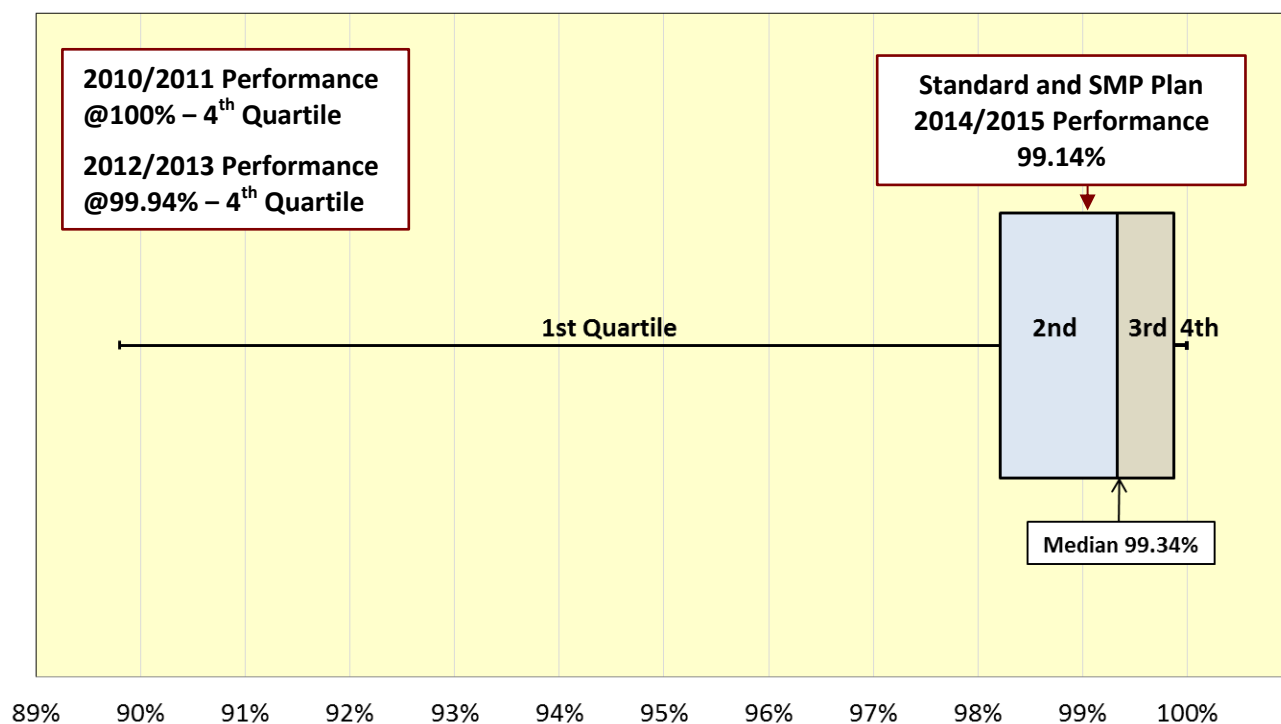
The following box and whisker charts are based on the 100 most recent claim administration audits performed by CTI. The charts are used to demonstrate the claim administration performance of WPS when compared to the other plans against each of our seven Key Performance Indicators.

Each chart contains the following information:

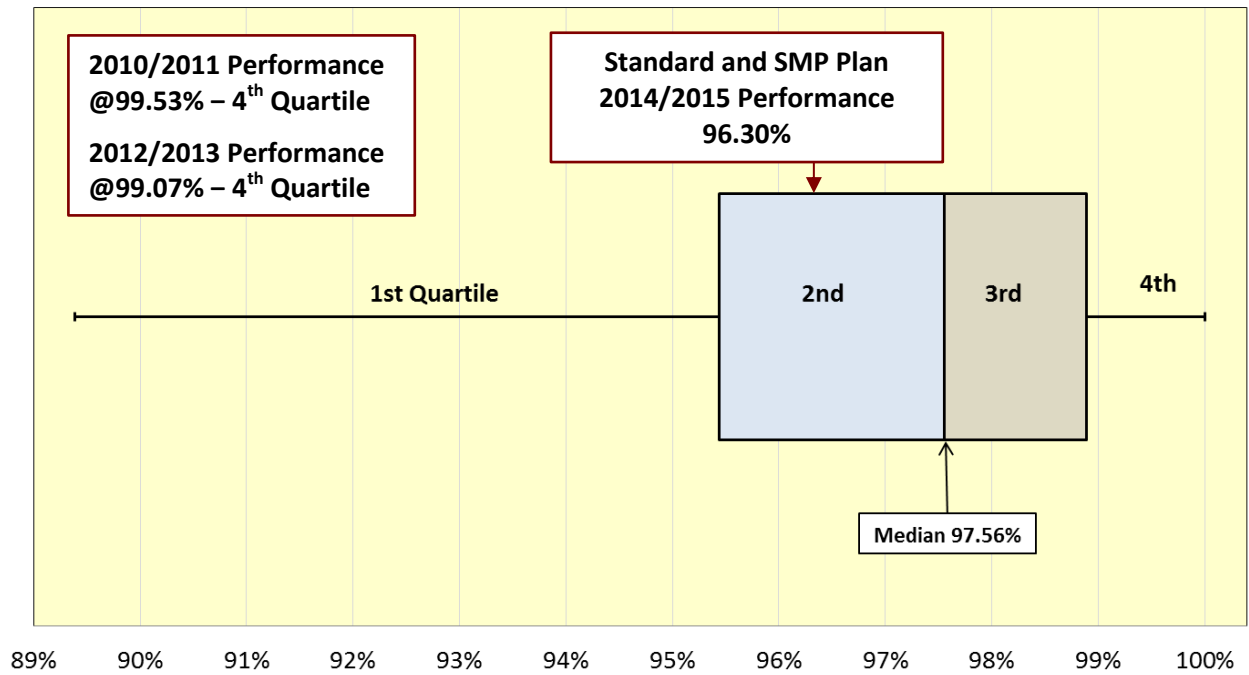
- Benchmark performance
- Lowest performance
- Performance levels by quartile – with the 4th quartile representing the highest 25 performing plans and the 1st quartile representing the lowest 25 plans
- Performance level relative to the Median – or the level at which 50 of the plans audited were higher and 50 were reported to be lower

Standard and SMP Plans

Financial Accuracy Rate – Performance vs. Other Plans Audited by Quartile

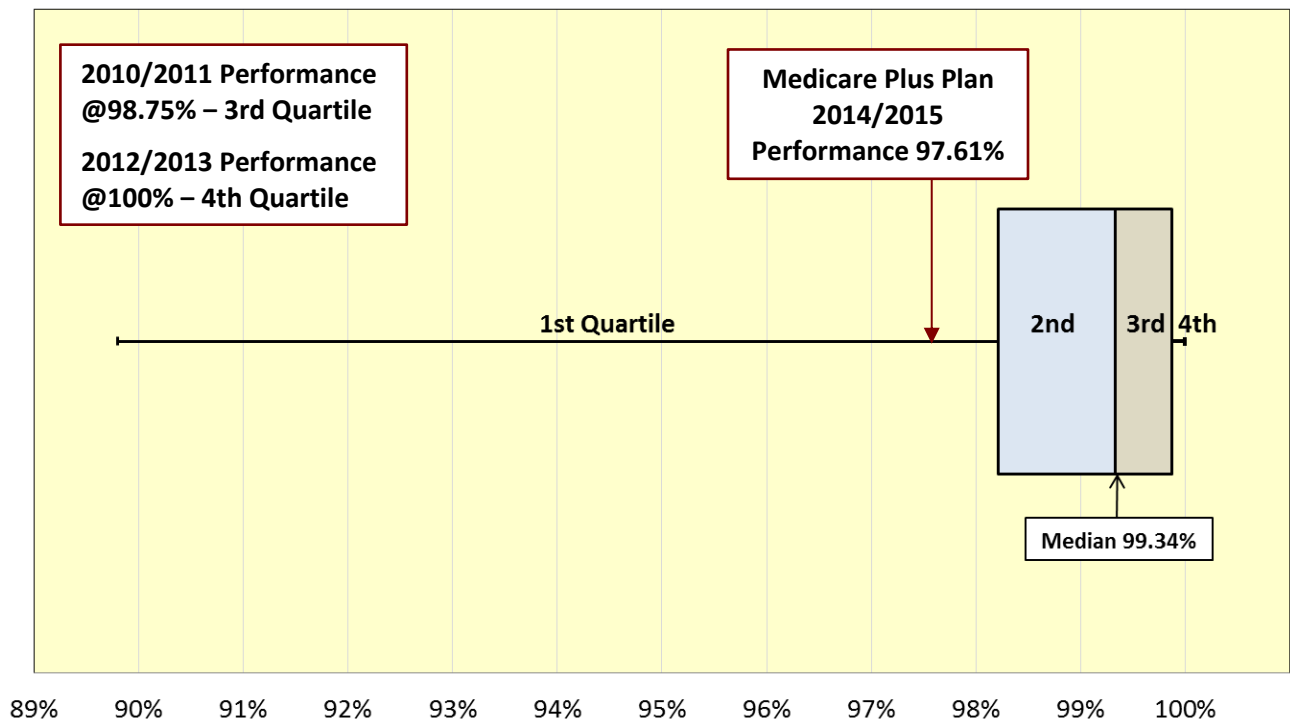


Accurate Payment Frequency – Performance vs. Other Plans Audited



Medicare Plus Plans

Financial Accuracy Rate – Performance vs. Other Plans Audited by Quartile



Accurate Payment Frequency – Performance vs. Other Plans Audited

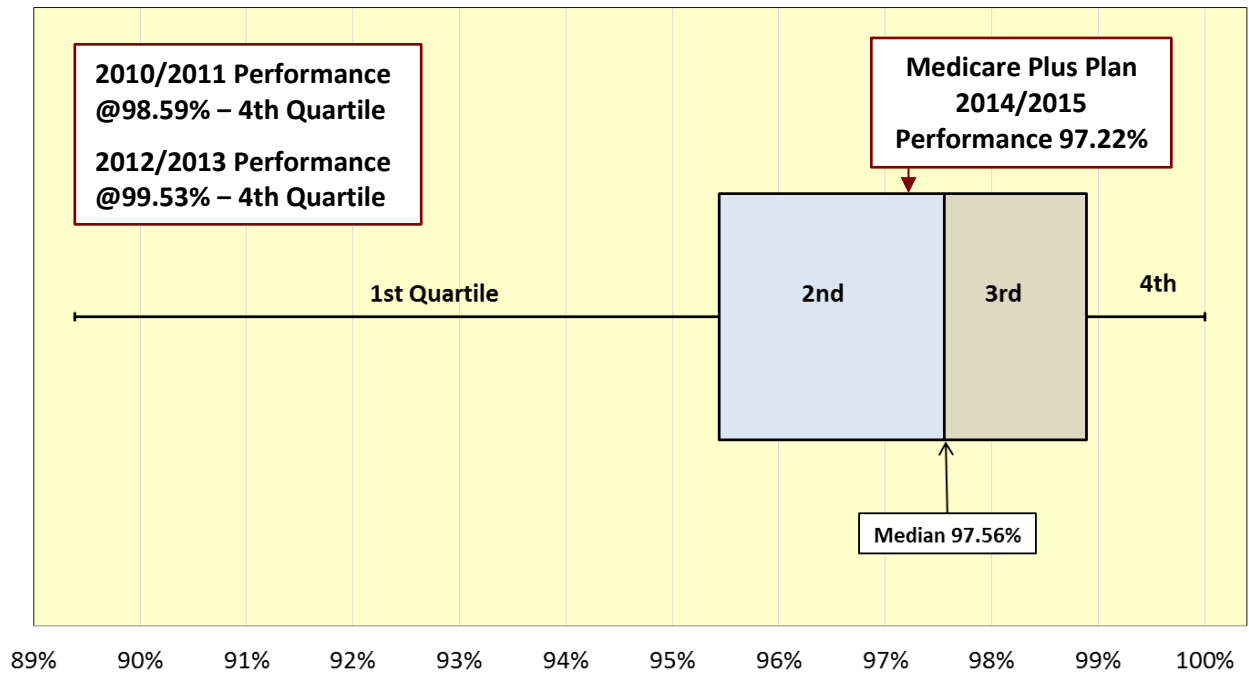


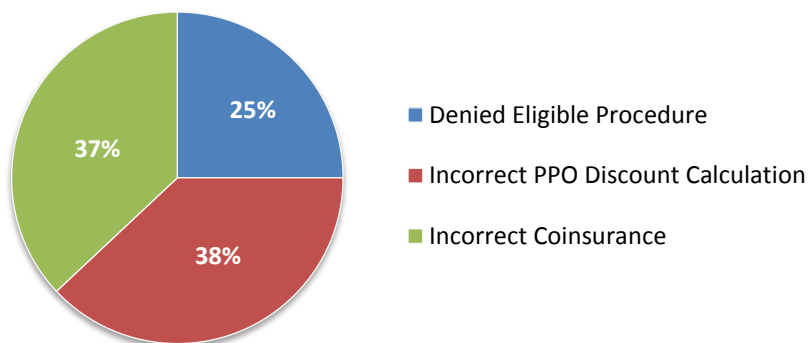
EXHIBIT B – PROCESS IMPROVEMENT OPPORTUNITIES

Derived from the Random Sample Audit data, the following charts provide statistically based insight to assist in prioritizing improvement and/or recovery opportunities based on savings and service impact – and in pinpointing problem causes. The charts show the frequency of financial errors by type so that remedial actions can be taken to prevent their recurrence in the future.

Standard and SMP Plans

As illustrated in the chart below, eight payment errors were cited; three for incorrect PPO schedule used, three for incorrect coinsurance, and two for denied eligible expenses.

Frequency of Financial Errors by Type Based on Random Sample Audit



Medicare Plus Plan

As illustrated in the chart below, six payment errors were cited; three for incorrect coordination of benefits (COB) with Medicare, and three for denied eligible expenses.

Frequency of Financial Errors by Type Based on Random Sample Audit

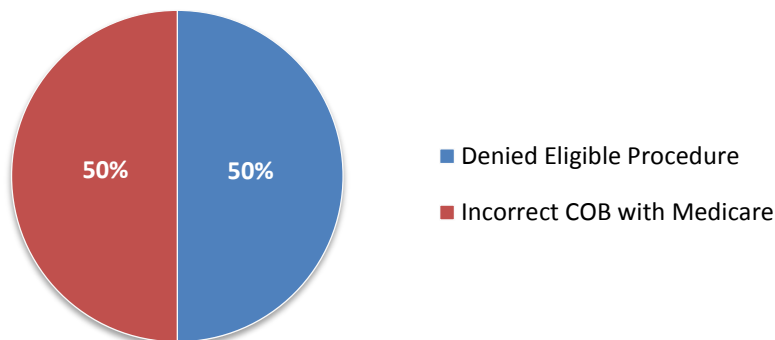


EXHIBIT C –OPPORTUNITY FOR IMPROVEMENT AND POSSIBLE RECOVERY

Prioritized areas needing further discussion based upon electronic screening results include:

1. Multiple surgical procedures without reductions
2. In-network claims paid above UCR set at the 80th percentile
3. Excluded Services
4. Timely Filing of Claims
5. Duplicate payments



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June 10, 2016

Ms. Shayna Schomber
Manager of Self-Insured Benefit Plans
State of Wisconsin Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

RE: The State of Wisconsin Department of Employee Trust Funds (ETF) health insurance audit engagement performed by Claims Technologies Incorporated (CTI) of the self-funded medical benefit plans administered by Wisconsin Physicians Service Insurance Corporation in the plan years of 2013-2015.

Dear Ms. Schomber,

This letter represents Wisconsin Physicians Service Insurance Corporation (WPS) response to the Claim Technologies Incorporated (CTI) Executive Summary of Comprehensive Audit Results for the auditing period of August 1, 2013 through December 31, 2015. We appreciate the opportunity to engage in and respond to CTI's audit observations and results.

WPS is proud to serve the State of Wisconsin Department of Employee Trust Funds (ETF). WPS strives to achieve the highest performance and continues to deliver on the set performance guarantees. Prior engagements conducted by CTI also reflect WPS' success against the set goals.

Overall, the results of the random audit sample involving 432 claims indicates WPS was proficient on the Medicare Plus Plan (above average in five of the six Key Performance Indicator Benchmarks) and needs improvement on the Standard and SMP plans (above average in three of the six Key Performance Indicators) when compared to 100 other plans CTI recently audited. Please note, the audit period CTI reviewed consisted of 30 months of claims and eligibility data and spanned 3 calendar years. (August 1, 2013 through December 31, 2015). Our typical audit engagement involves 24 months of claims and eligibility data and spans 2 calendar years. It is unknown to WPS whether the same 30 month audit cycle and sample size was used when CTI compared WPS results against other plans.

With respect to the results from the random sampling audit on the Medicare Plus Plan, there were a total of 6 claims out of the 216 claims sampled that contained underpayments. Four out of the six were a result of a single event triggered by an upgrade to the Facet's adjudication system in the fall of 2015. When production data was validated following the upgrade, the Medicare allowed amount and the Medicare paid amount that mapped into our adjudication system were the same value. This caused claims to not pay the Medicare coinsurance and deductible when in fact it should have. A change was quickly deployed to the Facets system and impacted claims were immediately reprocessed. The remaining two underpaid claims were a result of manual processing errors and feedback has been provided to staff. In the absence of the 4 claim payment errors cited above; the Financial Accuracy would be 99.74% exceeding the 99% performance guarantee and overall administrative performance would be within Quartile 4.

With respect to the results from the random sampling audit on the Standard and SMP Plan, the Financial Accuracy Rate for the claims sampled for this audit period was 99.82% and on a weighted, adjusted basis for the audit universe it was 99.14%. The Median for this performance indicator is 99.34% causing WPS to fall within Quartile 2 using CTI's weighted methodology. When comparing this audit period (2013-2015) to performance results of WPS in the past two cycles, (2010/2011 performance @ 100% and 2012/2013 performance at 99.94%) WPS met and continues to meet the contractual requirement. With respect to the performance standards in place in the administrative agreement and the side by side comparison on page 4 of the Executive Summary, we concur with CTI's comments that differences in audit outcomes will result from different audit techniques and different standards for what constitutes an error. WPS pulls a random sample using a stratified sampling methodology involving 11 strata's in order to obtain a thorough representation of claims processed. Total claims audited each quarter on average equate to 250 claims or 1000 claims annually. The CTI random sample involves 3 strata's and their sample size resulted in 432 claims spanning over 2 calendar years. Therefore, comparisons between audit outcomes is difficult due to:

- Operational definitions for what constitutes an error;
- Sample size used;
- Formula for calculating and reporting results.

WPS is not debating whether CTI's or WPS' auditing methodology is right, but that they are different and thus may not be comparable.

Responses to CTI's ESAS Potential Findings (Exhibit A); Observations (Exhibit B) and Operational Review (Exhibit C) are attached.

WPS is proud to serve the State of Wisconsin Department of Employee Trust Funds (ETF). WPS is committed to providing a high level of service. Keeping our claim adjudication system current with new releases will allow us to achieve automation and administrative efficiency and effectiveness. We would be pleased to meet with CTI and ETF with an agenda focusing on the observations and recommendations. Please feel free to contact me at 608-226-8041, if you have any questions.

Sincerely,



Ann Olson
Vice President, Operations

Enclosure: Exhibit A, Exhibit B, and Exhibit C

<p>CTI's proprietary screening software, ESAS, produced reports of claims that have a higher risk of payment error. Comments related to CTI's potential findings that are documented in the Executive Summary Report dated April 29, 2016. WPS responses are below.</p>	
CATEGORIES	WPS RESPONSE
<p>Educational Therapy: 7 potential claims in the amount of \$7,408</p>	<p>WPS agrees that 3 of the 7 claims were processed improperly in the amount of \$427.50. The other 4 claims were paid correctly due to the submitted diagnosis and Medicare's primary payment on the claims. WPS will discuss with ETF whether ETF wants WPS to pursue the member if the collection efforts with the provider are unsuccessful.</p>
<p>Vision Refractions: 253 potential claims in the amount of \$8,564</p>	<p>WPS's disagrees this is a non-covered service. Our position on this issue centers from the lack of specific contract language that would support the denial of this diagnostic service. CPT code 92015 is to determine the refractive state of the member. This is a diagnostic service that does not fit any of the defined services in the plan exclusions. If it is ETF's intent to exclude this service, we would need clarification in writing with the understanding that the member will be balanced billed.</p>
<p>Multiple Surgery Reductions: 80 potential claims in the amount of \$93,984.</p>	<p>WPS agreed that two claims in the amount of \$4,190 were improperly paid due to inaccurate data capturing and a manual pricing error. The remaining 78 claims were paid correctly. WPS will discuss with ETF whether ETF wants WPS to pursue the member if the collection efforts with the provider are unsuccessful.</p>
<p>Breast Reductions: 3 potential claims in the amount of \$15,506</p>	<p>WPS agreed to one claim in the amount of \$6,216 that was paid improperly. This was an isolated situation involving a member having multiple surgical procedures performed on the same day. One procedure was covered and the other service was for the breast reduction and should have been denied. WPS received a refund in the full amount.</p>
<p>Duplicates: 4 potential errors in the amount of \$5,039</p>	<p>WPS agrees that 4 claims in the amount of \$5,039 were improperly paid and \$4,882.50 has been recovered. The remaining balance has been requested. WPS isolated the root case for the duplicate payment and we are in the process of strengthening our duplicate logic to address this situation.</p>



<p>CTI's proprietary screening software, ESAS, produced reports of claims that have a higher risk of payment error. Comments related to CTI's potential findings that are documented in the Executive Summary Report dated April 29, 2016. WPS responses are below.</p>	
CATEGORIES	WPS RESPONSE
<p>Timely Filing: 33 potential claims in the amount of \$6,580</p>	<p>WPS agrees that 9 out of the 33 claims in the amount of \$1,131 were improperly paid after the timely filing period. This was due to late claim submissions on behalf of the provider when Medicare is primary. Re-education has been conducted. The remaining 24 claims in the amount of \$5,449 were originally processed within our Legacy system and "migrated" to our Facet's system resulting in no payment; or, were processed within the timely filing period. WPS will discuss with ETF whether ETF wants WPS to pursue the member if the collection efforts with the provider are unsuccessful.</p>
<p>Hearing Aids: 21 potential claims in the amount of \$26,532.</p>	<p>WPS identified 17 claims out of 21 that were paid improperly in the amount of \$21,650. As a result of this observation, CPT codes identified as hearing aids and supplies have been configured to auto deny. WPS will discuss with ETF whether ETF wants WPS to pursue the member if the collection efforts with the provider are unsuccessful.</p>
<p>Provider Discounts and Fees: 206 potential claims in the amount of \$26,508</p>	<p>WPS agrees that the claims identified were paid at the billed charge rather than applying the maximum allowable expense on providers that "opt" out of Medicare and bill WPS directly. An adjustment to our system was put in place in March, 2016 to prevent claims from paying as billed. WPS will discuss with ETF whether ETF wants WPS to pursue the member if the collection efforts with the provider are unsuccessful.</p>
<p>Automated Labs: 203 potential claims in the amount of \$47,499.</p>	<p>WPS agrees that claims were paid on automated labs improperly. As a result of this observation, CPT codes identified as an automated lab service will be auto denied. WPS will discuss with ETF whether ETF wants WPS to pursue the member if the collection efforts with the provider are unsuccessful.</p>



Additional Finding and Observations. Comments related to CTI's Additional Observations that are documented in the Specific Finding Report dated April 29, 2016. WPS responses are below.

OBSERVATION	WPS RESPONSE
Enteral Feeding Supply Kit	CTI observed that a food supplement and infusion pump were denied correctly, however the Enteral Feeding Supply Kit was allowed as a covered service. It is WPS understanding that it is ETF's intent to allow the supplies. If it is ETF's intent to exclude these supplies, the contract language should be modified to include supplies in the plan exclusion.
Allowed Amount Based on Percentage of Billed	CTI observed that ETF should discuss with WPS how the reasonableness on a percent of bill charge is verified. WPS has clauses within our contracts utilizing the Consumer Price Index language to protect WPS from providers escalating their prices above normal standards. Reviews are completed on a quarterly basis to verify if reimbursements based on percentage of billed are aligned with our contracted discounts. If variances are identified, our contracting team addresses this with the provider.
EOB	CTI observed that WPS has an opportunity for the EOB to be clearer as it relates to claim denials. WPS is currently working on an EOB redesign, with an implementation in 4th Quarter 2016 to address this.
Infertility	CTI observed WPS paid one claim for an infertility service in the amount of \$371.20. Based on a review of ETF's paid claims, this is an isolated issue and all other claims for this type of service were adjudicated correctly.
External Pricing	CTI commented on the length of WPS's cycle time to receive pricing data from our External Pricing vendor. WPS made changes to our third party pricing claim flow to streamline processing and improve cycle times. Since July 2015, our third party priced claims improved from a cycle time of 23.39 days to 12.52 days in May of 2016.



Operational Review. Comments related to CTI Operational Review that are documented in the Specific Finding Report dated April 29, 2016. WPS responses are below.	
CATEGORY	WPS RESPONSE
COB	In response to the comment reflecting a 58% difference in COB savings between 2014 and 2015 reported in the Active Specific Finding Report, one member represented 51% of the total COB savings in 2014. This member termed in March of 2015.
Offsetting	CTI observed that the administrator does not have the ability to automatically offset overpaid claims from provider payments. WPS does have the ability within our Facet system to offset and we are currently in negotiations with our providers to agree to offsetting claims.
Subrogation	When data was originally sent to CTI, it reflected cases that has a date of loss between 8/1/13-12/31/15. A Corrected report was sent to CTI on 6/7/16, showing closed cases of \$89,817.67 and open cases of \$880,675.33. These recovery dollars are aligned with other groups of this size. A monthly subrogation report will be generated and sent to ETF.
Rounding and Reporting Whole Percentages Performance Guarantees	WPS began reporting performance guarantees using standard rounding principles in 2014 following verbal agreement between representatives of ETF and WPS. Both parties are no longer with each respective organization. It was unknown to current leadership at the State of Wisconsin that this decision was made. However, ETF leaders agreed on June 7, 2016 on the principle of rounding.
Error Detail Report	The Error Detail Report incorrectly reflected audit number 2165 as denied for eligible expenses. This error should be listed as a COB adjudication error.
Eligibility	CTI recommended that ETF provide a full eligibility replacement file to them in order to prevent false-positives due to missing records. WPS will cooperate with ETF and CTI on a resolution.

