

Attachment A

Contract Compliance audit of the State Income Continuation Insurance Program, administered by The Hartford, to begin in March 2021 and cover calendar years 2018, 2019 and 2020.

A. Statement of Work

The Income Continuation Insurance (ICI) compliance audit will include the following procedures:

1. Internal Controls – Limit internal control/process review to:
 - Training of call center staff in regard to intake of State of Wisconsin claims
2. Required Reports Testing (*See Attachment A of the contract with The Hartford*)
 - Review monthly Funding Reports (invoices and claim files) for accuracy
 - Review the Claims Financial Statistics Reports for accuracy and compare it to the “Active Claim Summary” in the ICI Annual Report for consistency
 - Review Deductions Report for completeness and accuracy
 - Test the source data for these three reports
3. Enrollment Testing
 - Test to ensure applications are complete and processed consistently according to ETF’s defined procedures
 - Population for testing: new enrollees during the years covered by the audit; new enrollees could be new hires or employees that enrolled through deferred enrollment or Evidence of Insurability (EOI).
4. Paid Claims Testing (all components: intake, case management, recordkeeping, closure)
 - Test to ensure that claims are properly approved and adequately documented, benefits are properly calculated and paid, offsets properly applied (including instructing members to apply for WRS disability and SSDI and completing the required follow-ups) referrals made for overpayment calculations (if applicable), on-going medical information is obtained throughout the life of the claim (as needed) and claim determinations are communicated to the participants in a timely manner.
5. Denied Claims Testing (all components: intake, case management, recordkeeping, closure)
 - Test to ensure that claims are denied for valid reasons, adequately documented and properly communicated to the participant in a timely manner.
6. Calculation of overpayments and initiation of recovery from existing ICI benefits (if applicable)
 - Verify that the calculations have been audited by a 2nd TPA staff member
7. The Contractor will develop statistically significant sample sizes for the items below which must be approved by the Department prior to the start of the audit.
 - Enrollments (with a separate sample size for EOI applications)
 - Paid Claims
 - Denied Claims
 - Overpayment calculations

Eighty percent (80%) of the total sample size for each category should consist of State ICI claims, and the remaining twenty percent (20%) should be Local ICI claims.