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Correspondence Memorandum

Date: October 12, 2023

To: Group Insurance Board

From: Tom Rasmussen, Life Insurance and Dental Plans Manager
 Office of Strategic Health Policy

Subject: Uniform Dental Benefit Audit

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

Background

The Department of Employee Trust Funds (ETF) retained Claim Technologies Incorporated (CTI) to conduct a comprehensive, biennial audit of the administration of the Uniform Dental Benefit (UDB) Program by Delta Dental of Wisconsin (Delta) for the period of January 1, 2021, through December 31, 2022. The total amount paid during this period was \$116,702,126 and the total number of claims that were paid, denied, and adjusted during this period was 830,638.

CTI conducted the audit according to the accepted standards and procedures for claim audits in the health insurance industry. They based the audit findings on the data and information provided by ETF and Delta. CTI planned and performed the audit based on the scope of work agreed upon by ETF and CTI. Although CTI identified a small number of claim issues, explained later in this memo, no systematic issues with Delta's administration of the UDB were noted. CTI considers this to be a favorable audit.

Uniform Dental Background

On January 1, 2016, the UDB Program began for members who were enrolled in the State Group Health Insurance Program (GHIP). A member must have medical coverage under the GHIP to have the UDB. Members are automatically enrolled in the UDB and must opt out of the program to not have coverage. ETF gathers information of all active employees who have enrolled in the GHIP and not opted out of the UDB from payroll centers and securely sends that information to Delta Dental. Delta Dental then sends a welcome letter and a UDB membership card to each member and their dependents.

If a member has individual coverage for their health insurance, then they have individual coverage for the UDB. If a member has family coverage for their health insurance, then the family has UDB coverage.

Eileen K Mallow

Reviewed and approved by Eileen Mallow, Director, Office of Strategic Health Policy
 Electronically Signed 10/25/2023

Board	Mtg Date	Item #
GIB	11.15.23	10

Uniform Dental Benefits Audit

CTI conducted the audit for the period of January 1, 2021, through December 31, 2022.

CTI's audit objectives were to:

- Determine if Delta followed the terms of the service agreement.
- Determine if Delta paid claims according to the provisions of the plan documents and if those provisions were clear and consistent.
- Assess eligibility verification of every claim by the date of service.
- Assess if any claim administration or eligibility maintenance system or process needs improvement.

CTI conducted this audit using the following components:

- Random sample audit of 170 claims.
- 100% electronic screening, with 30 targeted samples.
- Operational review and questionnaires.
- Focused audit of 10 grievance claims
- Plan documentation analysis.

The Specific Findings Report, Executive Summary Report, and work papers by audit components for the 2021- 2022 UDB Program can be found in attachments A-C of this memo.

Audit Findings and Recommendations

Operational Review

CTI conducted analysis on Delta's operations and evaluated the claims administration system, staffing, and procedures used to identify deficiencies that materially affect Delta's ability to control risk and pay claims accurately. Analysis included a review of claims processing controls and procedures, staffing, workflows, eligibility maintenance, internal control risk mechanisms including Health Insurance Portability and Accountability Act (HIPAA) protections, business continuity programs, internal audit policies and practices, and fraud, waste, and abuse detections and prevention.

CTI identified two in-network providers that were paid for services during the audit period who were listed on the Office of Inspector General's (OIG's) List of Excluded Individuals and Entities (LEIE). CTI recommends Delta discuss this with its credentialing vendor, VeriPoint, to determine how this occurred. ETF will discuss this issue with Delta and require Delta to address this issue to minimize the likelihood of a similar occurrence in the future.

CTI also recommends that Delta provide ETF a regular overpayment report for review. Delta began this practice as of calendar year 2023. This allows ETF to monitor the reasons overpayments were made and address them with Delta.

CTI also recommends that if Delta does not already do so, that it conducts periodic internal quality audits to ensure it continues its diligent administration of claims.

Plan Documentation Review

CTI analyzed documents governing the administration of the dental plan to identify inconsistencies, ambiguities, or missing provisions that would negatively impact accurate claim administration. CTI received plan documentation from both Delta and ETF.

CTI noted that the ETF plan certificate of coverage is silent regarding occlusal guards. It is Delta's standard process to deny coverage for procedures and services not specified in the Certificate of Coverage. Occlusal guards are neither listed as an excluded or a covered expense. CTI recommends that ETF update the plan documentation appropriately. ETF will work with Delta to update the Certificate of Coverage to specify that occlusal guards are not a covered service.

Random Sample Findings

CTI validated claim processing accuracy based on a sample of 170 dental claims paid or denied by Delta during the audit period. Delta's performance was above the median in each of CTI's benchmarked performance indicators. These were identified as financial accuracy, accurate payment, accurate processing.

100% Electronic Screening with Targeted Sample

CTI used proprietary software to analyze claim payment and eligibility maintenance accuracy as well as opportunities for system and process improvements. Using the data file provided by Delta, CTI adjudicated each line on every claim the plan paid or denied during the audit period against the plan's benefits.

Table 1 shows the dental services identified as potentially overpaid.

Table 1- Dental Categories Identified as Potentially Overpaid

Services	Paid/At Risk
Duplicate Payments	\$21,904
Employee Eligibility Screening	\$43,755
Total	\$65,659

On page 14 in the Specific Findings Report, CTI provides a detailed explanation of their results with findings for all screening categories where, in their opinion, recovery or saving opportunities exists. ETF will continue to work with Delta in reviewing these results to ensure the appropriateness of the potential overpayment and determine potential remedies.

CTI's analysis of the electronic comparison of dates of service and ETF's eligibility file revealed some services were paid for ineligible claimants. Payments for ineligible claimants are categorized in Table 2.

Table 2 – Employee Eligibility Categories

Employee/Dependent Eligibility Category	Amount Paid
No Identification Match to Eligible Employee	\$3,715
Payment Prior to Effective Date	\$399
Payment During Gaps in Coverage	\$5,559
After Termination Date of Employee's Coverage	\$34,142
Total	\$43,755

CTI notes that less than .04% of the ETF total dental spend processed was identified as paid for members who were not eligible for coverage. These results are lower than the 0.5 – 0.8% CTI generally reports.

The process of a UDB claim is:

- Member sees a Delta network provider, shows their UDB card, and the service is provided.
- Provider submits the bill to Delta.
- Delta verifies UDB coverage in their system and pays the provider for the covered services.
- Delta submits claim to ETF for payment.
- ETF pays an administrative fee for each procedure to Delta.

In July 2018, the dental overpayment recovery process was established to assist in the creation of an account receivables process for the UDB program. Per Wis. Stat. § 40.08(7), in conjunction with contractual provisions in the Delta contract, ETF is required to collect on over paid benefits for the dental program.

There are several processes in place at ETF to review late terminations from employers for members/subscribers and to look at potential coverage issues/claims made on behalf of the members/subscribers. Some examples are:

- Direct Pay Term Process
- Health Plan Full File Compare (FFC) Process
- Employer Retro Terms Report

These processes are managed by the Employer Services Bureau (ESB) and the Office of Strategic Health Policy (OSHP). Once a potential member/subscriber is identified, ESB will send this information to Delta Dental to review any claims via an Excel spreadsheet (on the last Friday of each month). Delta Dental will respond back (within five business days) to ETF, using the same spreadsheet, if a member/subscriber had a claim paid and should not have.

For any member/subscriber over a \$50.00 limit, Delta Dental will send out the initial collection letter (ET-2800), letting the member/subscriber know why they have an overpayment, and they will be receiving an invoice from ETF. A copy of this letter is saved in ETF's system attached to information regarding the member/subscriber. Once a receivable is created, the one-time invoice is sent out and the normal collection process will be followed.

Additional steps that ETF staff take to minimize ineligible claims being paid include reviewing weekly UDB claims reports, looking for claims exceeding the benefit limit, and reviewing the number of claims submitted by specific providers. The implementation of the Insurance Administration System will improve the timeliness of employers reporting employment terminations, which should result in fewer claims being paid after the termination date.

Performance Guarantee Validation

The Board's contract with Delta includes 26 performance guarantee standards. For each standard not met, Delta may be assessed a financial penalty by ETF. Results are reported to ETF quarterly.

Based on self-reported results, Delta met all guarantees for both calendar years 2021 and 2022. Delta Dental measured each performance guarantee category and subcategory specific to ETF except for claim quality (including financial and claim processing accuracy), claim timeliness, and website availability. These categories/subcategories were not ETF-specific, but represented results achieved for all Delta Dental clients on a global basis. CTI used the self-reported results for all Delta Dental clients on a global basis for the Claim Quality categories of Financial Accuracy and Claim Processing Accuracy to compare against the results of our Random Sample Audit. Based on this comparison, Delta Dental met and exceeded both the Financial Accuracy and Claim Processing Accuracy measures.

To assess the remaining self-reported results, CTI requested a description of the methodology Delta Dental used for calculation on each subcategory as well as reports and detail that demonstrated how each guarantee was calculated. This information would allow CTI to determine whether the guarantees were measured/calculated both reasonably and correctly.

Per Delta Dental's Account Manager assigned to ETF, the reporting CTI requested was not available, as many of the reports used to complete the guarantees were only stored for one year and then purged. In addition, Delta Dental indicated reports were unable to be recreated because it moved to a new phone system partway through the reporting period, and if the reports were rerun, some of the data would have changed due to claims runoff.

CTI has two recommendations for performance guarantees results. CTI recommends that ETF consider requesting performance guarantee results for financial accuracy,

claim processing accuracy, and turnaround time be measured as ETF-specific rather than an aggregated result achieved for all Delta Dental clients on a global basis. CTI also recommends that ETF requests Delta to keep accurate and complete records and reports necessary to allow independent validation of performance guarantees for longer than 12 months. ETF has scheduled a call to discuss these recommendations with Delta.

Grievance Claims

CTI reviewed 10 claims out of a total of 17 from calendar year 2021 and 2022 in which members issued a grievance or appeal with Delta regarding the administration of their dental claim or care received from an in-network provider.

CTI's review of Grievance Claims found the correspondences addressed member concerns and the outcomes were easy to understand. The correspondence did not indicate that any internal review or action would take place to address provider behavior or lack of professionalism. In addition, there appeared to be a lack of empathy for the member and/or the circumstances surrounding the providers' unsatisfactory behavior in Delta's responses. ETF will discuss this finding with Delta to ask for a response and request a change in their current process.

CTI also recommends that Delta consider implementing an investigation or internal intervention when a credentialed, in-network provider is reported by a member for care quality or professionalism. As it currently stands, members are left to report undesirable actions to the State of Wisconsin.

CTI recommends that ETF discuss with Delta the measures used for tracking and responding to formal written complaints.

Conclusion and Next Steps

ETF will continue to monitor and review the UDB program as well as review the recommendations made as part of this audit and work with Delta to make appropriate improvements to the program. The contract between ETF and CTI allows for an additional eight hours of post-retirement services. A post-retirement call between ETF, Delta, and CTI to discuss the findings and recommendations will be scheduled. ETF will review the findings of the audit to determine the best use of the available time.

The audit findings will be presented at the ETF Audit Committee meeting on December 14, 2023.

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

Attachment A: [CTI Audit of UDB Executive Summary](#)

Attachment B: [CTI Audit of UDB Specific Findings Report](#)

Attachment C: Audit of UDB Work Papers by Audit Components (Confidential)

Attachment D: [Sample Claims Paid After Termination Recovery Letter \(ET-2800\)](#)