

Comprehensive Claim Administration Audit

EXECUTIVE SUMMARY REPORT

Wisconsin Department of Employee Trust Funds Dental Plans

Administered by Delta Dental of Wisconsin

Audit Period: January 1, 2021 through December 31, 2022

Presented to

Wisconsin Department of Employee Trust Funds

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**CLAIM TECHNOLOGIES
INCORPORATED**

PART OF THE BROWN & BROWN TEAM

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INTRODUCTION

This **Executive Summary** contains CTI’s findings and recommendations from our audit of Delta Dental of Wisconsin’s (Delta Dental) administration of the Wisconsin Department of Employee Trust Funds (ETF) plans. You can review the detail that supports CTI’s findings and recommendations in our **Specific Findings Report**.

CTI specializes in the audit and control of health plan claim administration. Accordingly, the statements we make relate narrowly and specifically to the overall effectiveness of policies, procedures, and systems Delta Dental used to pay ETF’s claims during the audit period.

CTI conducted the audit according to accepted standards and procedures for claim audits in the health insurance industry. We based our audit findings on the data and documentation provided by ETF and Delta Dental. The validity of our findings relies on the accuracy and completeness of that information. We planned and performed the audit to gain reasonable assurance that claims were adjudicated consistently and accurately in relationship to the policy provisions and administrative agreement between ETF and Delta Dental.

While performing the audit, CTI complied with all confidentiality, non-disclosure, and conflict of interest requirements and did not receive anything of value or any benefit of any kind other than agreed upon audit fees.

OBJECTIVES AND SCOPE

The objectives of CTI’s audit of Delta Dental’s claim administration were to determine whether:

- Delta Dental followed the terms of its contract with ETF;
- Delta Dental paid claims according to the provisions of the plan documents and if those provisions were clear and consistent;
- members were eligible and covered by ETF’s plans at the time a service paid by Delta Dental was incurred; and
- any claim administration or eligibility maintenance systems or processes need improvement.

CTI audited Delta Dental’s claim administration of the ETF dental plans for the period of January 1, 2021 through December 31, 2022. The population of claims and amount paid during that period were:

Total Paid Amount	\$116,702,126
Total Number of Claims Paid/Denied/Adjusted	830,638

The audit included the following components which are described on the following pages:

- Random Sample Audit of 170 Claims
- 100% Electronic Screening with 30 Targeted Samples
- Operational Review and Questionnaire and Performance Guarantee Review
- Focused Audit of 10 Grievance Claims
- Plan Documentation Analysis

AUDIT FINDINGS AND RECOMMENDATIONS

Random Sample Findings

CTI validated claim processing accuracy based on a sample of 170 dental claims paid or denied by Delta Dental during the audit period. We selected the random sample (stratified by the claim billed amount) to provide a statistical confidence level of 95% +/- 3% margin of error.

CTI’s Random Sample Audit categorizes errors into key performance indicators. We use this systematic labeling of errors and calculation of performance as the basis for the benchmarks generated using results from our most recent 40 dental claim audits.

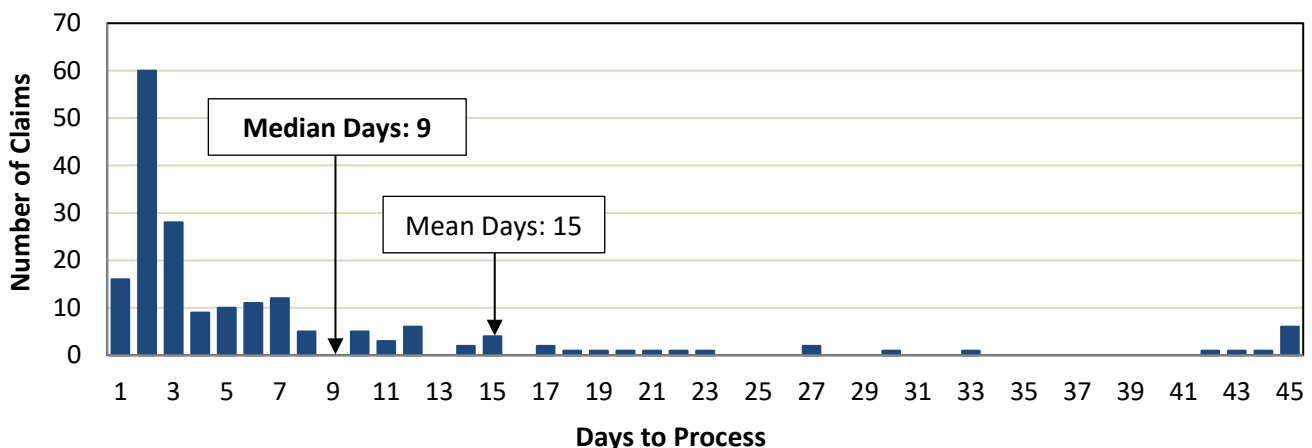
The following table illustrates Delta Dental’s performance was above the median in all of CTI’s benchmarked performance indicators.

Key Performance Indicators	Administrator’s Performance by Quartile				
	Quartile 1	Quartile 2	MEDIAN	Quartile 3	Quartile 4
	Lowest ▶ Highest				
Financial Accuracy: Compares total dollars associated with correct claim payments to total dollars of correct claim payments that should have been made.			99.82%		100%
Accurate Payment: Compares number of correctly paid claims to total number of claims paid.			98.85%		100%
Accurate Processing: Compares number of claims processed without any type of error (financial or non-financial) to total number of claims processed.			98.80%		100%

Claim Turnaround Time

A final measure of claim administration performance is claim turnaround time. Through the audit sample, Delta Dental demonstrated its median turnaround time on a complete claim submission was 9 days from the date it received a complete claim to the date the claim was paid or denied.

Median and Mean Claim Turnaround



Random Sample Recommendation

CTI suggests that if Delta Dental does not already do so, that it conduct periodic internal quality audits to ensure it continues its diligent administration of claims. Similarly, we recommend ETF continue its biannual audits to ensure Delta Dental maintains its high level of claim administration accuracy and no new processing issues occur.

100% Electronic Screening with Targeted Samples Findings

We used our proprietary Electronic Screening and Analysis System (ESAS) software to further analyze claim payment and eligibility maintenance accuracy as well as any opportunities for system and process improvement. Using the data file provided by Delta Dental, we adjudicated each line on every claim the plan paid or denied during the audit period against the plan's benefits. Our Technical Lead Auditor tested a targeted sample of 30 claims to provide insight into Delta Dental's claim administration as well as operational policies and procedures.

The following table shows the dental services identified as potentially overpaid. It is important to note that the amount shown represents potential payment errors; additional testing would be required to substantiate the findings and provide the basis for remedial action planning or recovery.

ESAS Candidates for Additional Testing	Paid/At Risk
Duplicate Payments	\$21,904
Employee Eligibility Screening – Claims Paid*	\$43,755

**CTI notes that only .04% of the ETF's total dental spend processed by Delta Dental was identified as paid for members who may not have been eligible for coverage. This result is lower than the less than 0.5% CTI typically reports.*

For specific information on the over and underpayments identified, see the ESAS section of CTI's **Specific Findings Report**.

100% Electronic Screening with Targeted Samples Recommendations

ETF should talk to Delta Dental about conducting a focused analysis of the duplicate errors identified through ESAS to determine if overpayment recovery and/or system improvements are possible and to reduce or eliminate similar errors going forward. For the potential duplicate claims identified by ESAS, CTI can prepare claim detail for Delta Dental to use in its analysis.

While overall eligibility findings were very good, at only .04% of the ETF's total dental spend, we recommend the ETF and Delta Dental perform causal analysis to identify any workflow or system improvements to help further reduce or eliminate paying claims after the termination of employee coverage for both employees and their dependents.

Operational Review and Performance Guarantee Review Findings

Delta Dental completed our Operational Review Questionnaire and provided information on its:

- Systems, staffing, and workflow;
- Claim administration and eligibility maintenance procedures; and
- Internal control risk mechanisms, e.g., HIPAA protections; internal audit policies and practices; and fraud, waste, and abuse detection and prevention.

Operational Review

- Delta Dental's systems required secure logins, passwords, and system authorization. It also used separation of duties and limited the access to eligibility maintenance, provider maintenance, and claim adjudication tasks based on role. Authorization was also required to override system edits and limitations.
- Delta Dental indicated overpayments were credited to the ETF's claim fund during its weekly check run. At the end of each month, an itemized report summarizing claim payment activity was generated recapping all monthly activity.
- Delta Dental issued regularly scheduled bulk claim payments to in-network providers in which multiple member accounts were paid using a single check.
- Delta Dental had adequately documented training, workflow, procedures, and systems to provide consistently high levels of accuracy in the processing of claims and enrollment.
- Delta Dental relied on ETF to manage employee and dependent eligibility. Changes, additions, and terminations were sent to Delta Dental and daily updates were made.
- While it did not mention frequency, per Delta Dental, it received retro-termination eligibility files with dates for members who were no longer eligible for benefits. These claims were reviewed by Customer Experience Managers to determine if a refund was required. If so, Delta Dental sent a letter to the member requesting a refund. Upon receipt, the refund was directed to the Department.
- Delta Dental screened claims at point of entry to determine if a coordination of benefits (COB) opportunity existed. In addition, Delta Dental indicated that when it processed a claim on which other coverage existed, a code was entered into each family member's file to ensure that future claims would also be processed according to the COB order of benefit determination rules. Delta Dental did not pend claims in the absence of COB information; the claim was closed with an Explanation of Benefits (EOB) reference code that indicated the required information. Then, upon receipt of the missing information, the original claim was re-adjudicated.
- Delta Dental provided a copy of its Coordination of Benefits Analysis by Year report that showed COB savings for the ETF of \$5,292,967 in calendar year 2021 and \$4,890,291 in calendar year 2022. This represented 3.1% and 2.8% of submitted charges, respectively.
- 90% of Delta Dental claims were submitted electronically and 91% auto-adjudicated without human intervention before payment or denial.
- Delta Dental had no minimum amount below which recovery of overpayments was attempted. Overpayments to participating dentists were requested for repayment or withheld from future checks. It did not use any vendors to assist with overpayment recovery.
- While Delta Dental indicated it tracked the reasons for refunds of overpayments, it did not provide an overpayment refund report. Per Delta Dental anytime an overpayment was identified the claim was adjusted, and a credit was applied to the ETF's weekly claims invoice.
- Delta Dental had a dedicated staff monitoring providers for fraud, waste, and abuse. In addition, it used the Provider Utilization & Systematic Evaluation tool (PULSE) to identify providers who submitted claim data reflecting high use within select procedure categories identified as high-risk. Claims were also reviewed by practicing dentists hired as dental

consultants to ensure treatment provided met the ETF's benefit criteria. Finally, a hosted fraud and abuse tool, maintained by P&R Dental Strategies, was used to assist in identifying providers with billing and practice patterns that fall outside of statistical norms. When requested, Delta Dental was also available to assist federal prosecutors by providing testimony in federal court.

- Delta Dental indicated its credentialing vendor, VerifPoint, performed monitoring of the Office of Inspector General's List of Excluded Individuals and Entities (OIG LEIE) and the State of Wisconsin Department of Safety and Professional Services Reports of Decisions.
- CTI screened 100% of the ETF's claims against the Office of the Inspector General's List of Excluded Individuals and Entities (OIG's LEIE) and identified two in-network sanctioned providers that were paid a total of \$4,406 for 28 claims during the audit period.
- Delta Dental required employees to undergo HIPAA training annually. Training was provided virtually via computer-based training. There were no breaches triggering notification during the audit period.

Performance Guarantee Validation

Delta Dental measured each performance guarantee category and subcategory specific to the ETF with the exception of 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 notes each of the guaranteed subcategories, whether ETF-specific or global, carried a risk of 1% of the quarterly administrative fee except for Network Utilization and Claim Cost which each carried a per employee per month (PEPM) risk.

Based on the self-reported results provided by Delta Dental, it met all guarantees for both calendar years 2021 and 2022. CTI used the self-reported results for all Delta Dental clients on a global basis for Claim Quality categories 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 the 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 runout, etc.

Operational Review and Performance Guarantee Validation Recommendations

- As Delta Dental did not provide an overpayment report to CTI, the ETF should ensure it receives regular overpayment reports for its review. This would allow you to monitor the reasons overpayments were made and address these reasons with Delta Dental to ensure improvement in processes or procedures be put in place if necessary.

- CTI identified two in-network providers that were paid for services during the audit period who were listed on the OIG’s LEIE. Delta Dental should discuss this with its credentialing vendor, VerifPoint, to determine how this occurred.
- The ETF should consider requesting performance guarantees results for financial accuracy, claim processing accuracy, and turnaround time be measured as EFT-specific rather than an aggregated result achieved for all Delta Dental clients on a global basis. This would provide a much more accurate reflection of Delta Dental’s administrative performance for the ETF.
- As the EFT audits only biannually, it should also request that Delta Dental keep accurate and complete records and reports necessary to allow independent validation of performance guarantees for longer than 12 months.

Focused Audit of Grievance Claims and Recommendations

In CTI’s review of Grievance Claims we found correspondence addressed member concerns and the outcomes were easy to understand. The communications were also grammatically correct, consistent in messaging, and formatted appropriately. We also observed that members dissatisfied with the quality or professionalism of care received from a Delta Dental network provider – four of the total 17 grievances filed during the audit period – were told to address their concerns with the Wisconsin State Dental Association and referred to a form on the Delta Dental website. 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.

CTI would recommend that Delta Dental consider implementing investigation or internal intervention when a credentialed, in-network provider is reported by a member for care quality or professionalism. As it stands, members are left to report undesirable behavior to the State of Wisconsin. Delta Dental’s inaction could lead to other ETF members being subject to the same behavior.

In addition, we further recommend that the ETF and Delta Dental discuss the measure used for tracking and responding to formal written member complaints (Grievances/Appeals). Based on our findings, we believe there is a potential missed performance guarantee for the second and fourth quarters 2021.

Plan Documentation Analysis Findings and Recommendations

The ETF plan document is silent regarding occlusal guards. It is Delta Dental’s standard process to deny coverage for procedures and services not specific under the Certificate of Coverage. CTI recommends the ETF confirm the plan’s intent and update your plan documentation accordingly.

CONCLUSION

We understand you will need to review these findings and recommendations to determine your priorities for action. Should desire additional assistance with this, our contract offers eight hours of post-audit time to help you create an implementation plan.

We consider it a privilege to have worked with and your staff. We welcome any opportunity to assist you in the future. Thank you again for choosing CTI.

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