Healthcare Cost Concerns

- Business Roundtable – 42% of CEO’s cited healthcare costs as greatest pressure on their organizations.
- Robert Half Management Resources – Nearly half of CFO’s list healthcare costs at the top list of worries.
- General Accountability Office (GAO) – Medicare program continues to be in the top ten of its high-risk series.
- Your Organization’s – What is Internal Audit’s risk assessment rating?
Internal Audit’s Involvement

- Fiduciary responsibility
- Rising healthcare cost
- Controlling financial exposures
- Managed care savings and utilization
- Management guidance and recommendations
Today’s Discussion

- HBA background basis
- Common misconceptions & beliefs
- Risk & exposures in HBA
- Risk assessment of internal processes
HBA Background Basis

- Employee Retirement Income Security Act of 1974 (ERISA)
- Health Insurance Portability and Accountability Act of 1996 (The Privacy Act)
- “Consent” versus “Authorization”
- Medical Expertise Concerns
Common Misconceptions & Beliefs

- Big, bad insurance company
- SAS 70
- Human resource personnel
- Benefit consultants
- Statistical claim audits
- Performance guarantees
Risks & Exposures in Health Benefits Administration
Risks & Exposures

- Eligibility/Termination
- Refunds
- Duplicate claim payments
- Clerical & procedural errors
- System adjudication weaknesses
Risks & Exposures

- Ineffective cost containment services
- Erroneous management information
- Aggressive marketing practices
- Unethical billing practices
- Fraud & abuse
Risks & Exposures

- Network pricing
- Provider withholding & settlement
- Funding of the account
- Administrative expenses
- Prescription drug rebates
Risks & Exposures

- Stop-loss administration
- Lost opportunity for savings
- Employee morale
- Kickbacks
- Poor business decisions
Risk Assessment of Your Organization’s Internal Processes
Contacting Arrangements

- The administrator’s bid proposal
- Administrative Services Only (ASO) Agreement
- Provider Network(s)
- Stop-Loss Carrier
- Other vendors?
Eligibility Maintenance

- New enrollees updates
- Adding & deleting dependents
- Termination updates
- COBRA administration
Funding/Banking Arrangements

- Funding approval
- Advantage of the float
- Bank Account Reconciliation
- Funding Reconciliation
Administrative Costs

- Administrator fees
- PPO network access fees
- Other vendor services
- HMO premiums
- Self-bill reconciliation
Cost Containment Savings

- Non-covered benefits
- Refund activity
- Managed Care Savings
- Network utilization
- Non-network utilization