

Risk Assessment of Organization's Health Benefits Cost

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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