

**Minutes – APPROVED
Claims and Appeals Committee
May 9, 2022 – 3:30 p.m.
Zoom**

Present: Bud Shattuck, Don Fischer, Tanya DiGennaro (arrived at 3:51 p.m.), Tom Brown, Donna Dawson (arrived at 3:39 p.m.)
Staff/Guests: Judy Drake, Board Chair; Elin Dowd, Executive Director; Kylie Rodrigues, Benefits Specialist; Rob Spenard, Steve Locey, Locey & Cahill

Call to Order

Mr. Shattuck, Chair, called the meeting to order at 3:30 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of September 14, 2021

It was MOVED by Mr. Fischer, seconded by Mr. Brown, and unanimously adopted by voice vote by members present, to approve the minutes of September 14, 2021 as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd arrived later in the meeting. At this time there were no questions relative to her report that was included in the agenda.

Prescription Drug Claims Audit Report

Mr. Locey explained every other year the Consortium undertakes an audit of prescription drug claims or medical claims. Over the past year an audit was conducted of prescription drug claims for 2019 and 2020. He referenced the summary provided and said comparing the audit to the previous audit there were several positive things noted. The summary included areas where expectations were met, areas where further review was needed, or if there was an area with a suspected systemic problem or something that was viewed as a systemic error needing further evaluation.

Mr. Locey said the last time the audit was done there wasn't anything identified that was a suspected systemic error but there was eight or nine items that needed further review and only two of those categories appeared on this audit. Those were the day supply limitation on certain drugs and some drugs classified for cosmetic purposes. BMI noted a couple of errors in these areas and a need for further evaluation. The areas where there was improvement included were acne products, biologicals, fertility drugs, fluoride products, prior authorizations, and step therapy. ProAct has updated its systems since the last audit and that seems to be working well with prior authorizations and step therapy.

He referenced the summary of agreed to or disputed errors and the dollar impact of those. In 2019 the Consortium had \$12.8 million in pharmaceutical claims paid by ProAct and in 2020 there was \$13.9 million in paid claims. From a dollar perspective, the issues that were found were fairly negligible for the Consortium. He reviewed the detailed findings that provides more information, calling attention to one item identified involving a retroactive termination. He said they will speak to ProAct and ask them if they notice a retroactive termination to see if there are any claims that would have gone through the window of time before they were notified and let the

Consortium know. Once that happens a decision can be made on how to proceed. He said normally this would result in a refund request because the benefit was paid after termination of the policy. Although the dollar amount for this particular claim was minimal, Mr. Locey said whatever policy put into place should be based on the circumstance and not the dollar amount.

Ms. Dawson arrived at this time.

Ms. Rodrigues said the Consortium is conducting a dependent certification process to check to make sure that those who don't qualify for insurance are being removed. Excellus does send aging-out notices to those who have a child who has reached age 26 letting them know coverage will automatically be dropped. In addition, a resolution will be coming forward that establishes a timeline for termination of coverage.

In response to a question from Mr. Shattuck about who is responsible to recoup monies that were paid out, Mr. Locey said it should be the responsibility of the medical or prescription drug administrator (ProAct or Excellus).

Mr. Brown spoke of his experience as a provider and the cost involved in trying to recoup a small amount of money. Mr. Locey said he understands Mr. Brown's concern in sending a refund letter for a small claim amount and said a discussion could be held with ProAct to see what reasonable threshold could be established to avoid spending more money than would be recouped.

Ms. Drake spoke of earlier in the year when members were being charged the wrong copays by ProAct and said although that was a different situation, she doesn't mind reimbursing members in these situations regardless of how small the amount. Mr. Locey agreed and said it is different when money is being brought back into the Consortium versus being owed to members.

Ms. Drake referenced the recommendation that the Consortium undertake a Financial Guarantee Audit. Mr. Locey this is going back to make sure the claims administrator is providing the discounts they indicated they would provide in their proposal. Because ProAct works through a third-party this may be a little more problematic because they are passing on a discount from someone the Consortium doesn't have a direct contractual relationship with. He said this is fairly common in the industry and will not change in 2022 with ProAct's new platform.

Mr. Locey referred to a question that was previously raised about prescription drug rebates and whether the Consortium was receiving all rebate dollars it was entitled to. He said ProAct indicated they had rebated all monies back to the Consortium that it had received on behalf of the Consortium. This was followed up with an audit to ensure rebate dollars went where they were supposed to go. He will follow-up on this to see if those audit results can be shared with the Consortium and will also ask if a closeout audit will be done with Optum since ProAct has moved to ESI.

Ms. DiGennaro arrived at this time.

Mr. Locey said a few items were identified under the Fraud, Waste, and Abuse category which could be related to refilling prescriptions too soon. ProAct agreed to the errors, and although it was not a high dollar amount that was identified, further conversations will take place and Mr. Locey will report back. He said from Locey and Cahill's perspective the audit is complete and was excellent from a financial perspective; however, they will follow-up on the items mentioned earlier.

Mr. Locey said the total financial impact of errors identified was slightly over \$14,000 which is within an acceptable range of errors from an error percentage basis with approximately \$13 million in annual claims or \$26 million during the audit period.

Discussion of Utilization Reports

Ms. Dowd said the Excellus and ProAct utilization reports were reviewed last week with the Joint Committee on Plan Structure and Design. Overall, in looking at the Consortium's utilization there are many areas that remain the same such as diabetes being a high cost claim and prescription drugs for mental health diagnosis of depression and anxiety increasing. She said there was nothing specific about claims that was a great concern, but information was received to help direct efforts in the next year. She said utilization was low in 2020, and 2021 was tracking back to previous levels and there were five high cost claims at the end of the year. The reports are being finalized and will be posted to the website soon.

Medical Claims Audit Update

Ms. Dowd said the Consortium has used BMI to conduct the last few medical claims audits and a suggestion was made to seek proposals as the Consortium has used BMI for several audit cycles. She asked if there is interest in issuing a Request for Proposals for both medical and prescription drug claims audit services. There was consensus to seek proposals for both of these services.

Next Agenda

The Committee will receive an update on the request for proposals for medical and prescription drug claims audit services at its next meeting.

Ms. Dowd said a special meeting may be necessary to consider an appeal.

Adjournment

The meeting adjourned at 4:10 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the Board