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Auditing Proposal *for*

City of San Luis

Susan Posada Agency

Submitted By:
Health Claim Auditors, Inc.

November 2019

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Health Claim Auditors, Inc. Background

HCA conducts over two hundred and fifty (250) independent audits annually with a national client base of over one thousand (1,000) clients. HCA does not have direct business connections within the industry as to provide a total independent third party audit.

The training received by the auditors with Health Claim Auditors, Inc. (HCA) consist not only of extensive backgrounds of claims operation systems and claim adjudication, but current updates of inside knowledge of the procedures utilized in billing practices by hospitals and physicians as well as system enhancements to combat medical inflation. The auditors at HCA must have previous experience in both systems and claims. HCA will not hire an auditor with just systems knowledge or claims adjudication knowledge, they must have both. For this reason, 55% of all cost containment opportunities recommended by HCA comes from the extensive system knowledge of our auditors.

To provide a thorough audit, HCA has developed and engages a unique process in which a “national best practices approach” database is utilized.

HCA takes pride in providing comprehensive audits that identify claims issues, hidden costs and profits, trends, policies, procedures and system’s analysis for cost containment. Listed below are some of the types of services rendered to businesses by HCA.

- * Comprehensive Medical Claims;
- * Utilization Review/ Cost Control;
- * Prescription Drug/ Benefit Manager;
- * Test audits on potential or finalist Carriers, Third Party Administrators and Prescription Benefit Managers;
- * Mental/Nervous Carve Outs;
- * Long Term Disability Carve Outs;
- * Vision Carve Outs;
- * Dental Carve Outs;
- * Durable Medical Equipment/ Home Health Carve Outs;
- * Diabetes Provider Carve Outs;
- * Repricing/ Discount specific issue;
- * Hospital Provider/ Bill;
- * Workers Compensation;
- * Re Insurance for Aggregate, Specific and Timeliness;
- * Termination of Carrier;
- * Re-Audits.

CLAIMS AND SYSTEMS AUDIT

Health Claim Auditors, Inc. (HCA) has developed a unique approach to the underlying question, “Is my carrier performing at an adequate level of service concerning the claims payments and administration of my health care program?”. The answer to this question is to have a Manual Claims Audit and a Systems Capabilities Audit completed by HCA.

This audit is designed to look at the carrier’s ability to pay claims accurately and timely, and involves a look at the system as well as the process utilized.

The Manual System Audit is performed at the carrier's location, and includes the following elements.

A. A complete review of the claims processing system being utilized which includes researching abilities to perform in the following areas:

1. Edits being utilized in the system to flag claims for medical review.
2. Membership updating and procedures for eligibility requirements including administration of COBRA Benefits.

3. Coordination of Benefits in the areas of both research and processing.

4. Proper Usual, Customary and Reasonable application.
5. Procedures utilized for subrogation processing.
6. Turnaround time for clean claims and claims under review.
7. Ability to identify duplicate payments and fraudulent claims.
8. Medical necessity of specific professional services.
9. Quality assurance programs and claim production adequacy.
10. Processing of claims secondary for Medicare.
11. Ability to identify unbundling and code creeping in billing submissions.

12. Ability to systematically identify a claim that is related to a pre-existing condition.

13. Analysis of cost containment software being utilized such as Patterns of Care and Outpatient Hospital Surgical Indexing to determine how effective your Carrier/T.P.A. is, in regards to cost containment.
14. Systematic editing for necessary benefit and cost containment analysis. Examples are Coordination of Benefits, full-time student status, rental price of durable equipment, provider discounting, including prompt pay discounting, and coding discrepancies.
15. Analysis of any hospital audit program(s) currently being utilized.
16. Ability to serve City of San Luis through Customer Service Operations.
17. Communication between Utilization Review Department and Claims Processing Department.

- B. Individual claims will be selected to be audited for accuracy in the following areas:
 1. Coordination of Benefits.

2. Subrogation and Workers Compensation duplication.
3. Accuracy of CPT and ICDA codes.
4. Administration of benefits including deductibles, co-payments, benefit maximums and any special benefit requirements.
5. Provider or subscriber location and reimbursement amount to that provider.
6. Proper review performed by the medical department when required.
7. Eligibility of claimant to receive benefits.
8. Comparison of amount paid on a claim to an invoiced amount.
9. Turnaround time of each individual claim.
10. System maximums totaled correctly.

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C. Following the final review of the abilities of the claims processing system and the individual claims audit, HCA will provide City of San Luis the following reports for your review.

1. A comprehensive report on each of the previously mentioned overall system capabilities including any possible deficiencies.

2. Results of an extensive individual claims audit, which will give you a full analysis of accuracy and the following statistical information.
 - A. Data entry, error ratios.

 - B. Payment error ratios, including overpayments and underpayments.

QUALIFICATIONS

The training received by the auditors with Health Claim Auditors, Inc. (HCA) consist not only of extensive backgrounds of claims operation systems and claim adjudication, but current updates of inside knowledge of the procedures utilized in billing practices by hospitals and physicians as well as system enhancements to combat medical inflation.

The auditors at HCA must have previous experience in both systems and claims. HCA will not hire an auditor with just systems knowledge or claims adjudication knowledge, they must have both.

The auditing staff conducting the projects will consist of three (3) individuals with a combined experience of forty three (43) years of experience in the areas of Systems, Claims, and Cost Containment programs as well as financial auditing.

Account Manager, William A. Carr:

- Fourteen (14) years in the insurance business.

- Major Account representative working with accounts ranging in size from 500 to 8,000 employees, both statewide and nationally.
- Supervisor of claims operation.
- Knowledgeable in the areas of claims administration, systems, benefit structure and cost containment options.
- Degree in Computer Science.

Auditor, Irma Espejel:

- Seventeen (17) years in the insurance business.
- 4 years claims management experience.
- 10 years claims processing experience.
- Claims Manager and coordinator of major claims system conversion.
- 3 years of internal audit and analysis experience.
- Experienced in group presentations and training sessions.
- Initiated Claim Processor auditing and performance standards.
- Developed a Detailed Conversion Plan.
- Responsible for providing updates and outlining planning strategies to senior management.

Auditor, Margaret Kohler:

- Twelve (12) years of claims management experience.
- Extensive background in CPT-4/ICD-9 codings and computer programming and operations of health benefits.
- Promoted as a Benefits Specialist Department which handles the most difficult and complex claims.
- Extensive training and experience in multiple system implementations, diverse Health plans, Stop Loss, FSA Administration, Case Management, Retirement Benefit plans, claims administration and system adjudication.

The aforementioned associates also have multiple years experience auditing with Health Claim Auditors.

FEE SCHEDULE

The fee for HCA to perform Claims and System Audit(s) for City of San Luis would be as follows:

- Comprehensive Medical and Dental Audit - \$16,200.00. Travel expenses will be included in the aforementioned fixed cost.

This audit includes a comprehensive review of randomly selected medical and dental claims stratified by dollar volume, a full audit of specific claims selected (large and potential error claims) to detail payment errors and opportunities of additional cost containment through system enhancement and procedures followed. To provide a thorough audit, HCA has developed and engages a unique process in which a “national best practices approach” database is utilized

HCA conducts over 250 audits annually with a national client base of over 1,200 clients.

Respectfully submitted, the quoted fees listed above for this group will remain in effect through December 31, 2019.

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AUDIT TIMETABLE

It has been a pleasure to discuss the services provided by Health Claim Auditors, Inc. (HCA) and submit the proposal for audit. As per your request, we have assembled a typical timetable for the audit. The following exhibit displays the timetable expectations to conduct the HCA Claims and System Audit with full cooperation of the audited parties.

Week One

- Request of required data for the Claims and System Audit made to the TPA;
- Administrative staff conducts all Business Associate Agreements, Confidentiality Agreements and TPA required documents;
- Scheduling of the appropriate Audit Team.

Week Three, obtain detail claims report(s) for all claims;

- HCA technical personnel prepare data for match with HCA claim programs;
- Administrative staff conducts a Valid Random Selection with internal electronic program;
- Technical staff researches data for specific (bias selected) claims that will be researched for creative billing issues found in previous auditing utilizing the HCA national database;
- Administrative staff conducts a manual selection of large dollar claims for bias audits;
- Random/ Bias selections are sent to the TPA for retrieval from their system;

Week Six

- (Provider dependent), on-site claims review is initiated;
- Random and Bias Selected claims are audited with an addition of historical file review for disclosure of possible additional error trends;
- Comprehensive overview of system edits for cost containment, policies and procedures for all adjudication, customer service, disaster recovery, etc.;

Week Seven

- If needed, Consultation of specific professionals is conducted to confirm or verify for individual claim error findings or dispute resolutions;
- Construction of the rough draft audit report for TPA responses;

Week Nine

- HCA receives TPA responses/comments to the audit reports;
- Consultation with appropriate professionals (if required) of additional disputed claims is reviewed;
- Construction of the presentation report;

Week Ten

- Professional presentation to City of San Luis.

CONTACT INFORMATION

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HEALTH CLAIM AUDITORS, INC.

Established 1987

*Henderson, NV * Cleveland, OH*