

# Q1 2024 REPORT

Medical Benefit Claims Monitoring Findings Report  
*This report is as of March 31, 2024*



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## Background

4C Digital Health (4C) appreciates the opportunity to support the Commonwealth of Kentucky's goals of improving healthcare outcomes and reducing healthcare costs for Kentucky, its employees, and its taxpayers.

4C has been contracted by the Commonwealth of Kentucky's Department of Employee Insurance ("DEI") to conduct a six-month review of Kentucky's Employee Health Plan ("KEHP"). This monthly Ongoing Monitoring review will analyze the claims adjudication process provided by Anthem from January 1, 2024 through June 30, 2024.

4C's Ongoing Monitoring review includes the following services:

- **Payment Accuracy Analysis** | 4C's Payment Accuracy program is designed to help clients ensure that their TPAs are accurately paying provider claims and properly assigning payer responsibility.
- **Invoice Reconciliation Analysis** | 4C's signature Invoice Reconciliation program is designed to reconcile health plan invoices and payments against plan claims data for the purpose of identifying hidden and improperly paid fees.

The following first-quarter report reflects the status of the engagement as of March 31, 2024.

## Objectives of this Report

As outlined in the Personal Service Contract for Medical Benefits Claims Monitoring, the objectives of this report include the following:

- Legislative authority for the review
- Summary of the analysis conducted
- Statement of findings
- Statement of resolutions of the errors identified
- Savings realized by KEHP

## Legislative Authority for Review: Kentucky SB 42 (2023)<sup>1</sup>

Senate Bill 42 was signed into law March 3, 2023 amending KRS 18A.2258<sup>2</sup> to require the Secretary of the Finance Cabinet to contract with an independent entity to monitor all Public Employee Health Insurance health care service benefit claims. Specifically, DEI awarded a

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<sup>1</sup> Senate Bill 42, <https://apps.legislature.ky.gov/record/23rs/sb42.html>

<sup>2</sup> 18A.2258 Pharmacy and health care benefit claims monitoring -- Contract provisions -- Requirements -- Administrative regulations., <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=53749>



contract to 4C to perform the following services consistent with this legislation:

- Analyze 100% of medical invoices or claims submitted for payment to the KEHP
- Identify and correct errors in order to avoid or reduce erroneous overpayments by KEHP
- Identify inappropriate or erroneous fees imposed by KEHP's TPA
- Submit quarterly reports to the Personnel Cabinet beginning April 30, 2024

## Summary of Analysis Conducted

As stated in the Personal Service Contract for Medical Benefits Claims Monitoring, 4C shall perform an analysis of Medical Benefits Claims to validate the accuracy of the claims and identify errors in Near Real Time.

4C's responsibilities include:

- Analyzing 100% of medical invoices or claims submitted for payment to the KEHP by their TPA or any future TPA during the contract period
- Identifying and correcting errors in order to avoid or reduce erroneous overpayments by KEHP through the KEHP Contracted Entities
- Identifying underpayments made by the KEHP Contracted Entities
- Identifying inappropriate or erroneous fees imposed by a KEHP Contracted Entity
- Submitting a quarterly report to the Personnel Cabinet beginning April 30, 2024

## Statement of Findings

### January 2024 - Payment Accuracy | \$2,712,440

4C analyzed 100% of the health plan claims paid by Anthem on behalf of the Plan during the month of January 2024 – which amounted to a review of a total of \$151 million dollars' worth of claims. The Payment Accuracy review identified approximately \$2.7 million in potential improper payments; while the Invoice Reconciliation review is still ongoing.

The results of 4C's review along with associated dollar amounts for potential improper payments are divided into three categories: Payment Accuracy; Invoice Reconciliation – Plan Payment Irregularities; and Invoice Reconciliation – Fees & Programs.



<b>Payment Accuracy - Category Level</b>			
<b>Categories</b>	<b>Plan Dollars at Risk</b>	<b>Member Dollars at Risk</b>	<b>Total</b>
Subrogation	\$1,190,897	\$82,494	\$1,273,391
Eligibility	\$254,808	\$68,108	\$322,916
Outliers - Payment	\$269,542	\$45,356	\$314,898
Coding Errors	\$167,595	\$35,366	\$202,961
CMS NCCI Edits	\$179,438	\$17,665	\$197,103
Unbundling Errors	\$134,382	\$2,730	\$137,112
Duplicates	\$122,683	\$3,080	\$125,763
Excessive Billing	\$109,775	\$1,466	\$111,241
Modifiers Reduction Errors	\$9,084	\$2,631	\$11,715
Pharmacy	\$3,719	\$3,055	\$6,774
Anesthesia	\$4,350	\$213	\$4,563
Outliers - Pharmacy	\$2,351	\$107	\$2,457
COVID-19	\$579	\$967	\$1,546
<b>Grand Total</b>	<b>\$2,449,202</b>	<b>\$263,239</b>	<b>\$2,712,440</b>

## Resolution of Errors

When a recovery opportunity is agreed upon, Anthem has committed to correct any errors in previous payments made by KEHP as a result of 4C's findings. Those corrections may take either of the following forms:

1. If a summary of findings produces claims that were incorrectly adjudicated, it is the responsibility of Anthem to submit said claims to recovery for the appropriate recoupment through the claims system. Any credits yielded by this process will be reflected in future claims detail reports.
2. In the case of errors which resulted in the application of fees and/or other non-claims related errors, Anthem will coordinate directly with KEHP to devise both a settlement amount and mode of financial disbursement.



## Savings Realized by KEHP

KEHP savings will be realized in the coming months as Anthem actions 4C's findings communicated to date.

## Next Steps

4C will continue to process data extracts from Anthem on a regular basis and communicate the associated findings to Anthem for review. To further that end, Anthem has agreed to meet weekly with 4C to discuss findings associated with KEHP' data. 4C is eager to work in good faith with Anthem to disposition all findings associated with the effort as expeditiously as possible with DEI serving as the ultimate arbiter of any disputes.

4C looks forward to our continued collaboration with Anthem serving the Commonwealth of Kentucky.

