

Alliance Alert

Comprehensive Health Dependent Eligibility, Medical Claims Pharmacy, and Inpatient Bill Audit Services

Now Available: Audit Services to help you contain healthcare costs

The Public Employee Benefits Alliance (PEBA) was created by a group of Texas Government leaders working together since January 2006 to develop strategies to manage the rising costs of healthcare benefits.

To ensure that PEBA continues to provide high value to our participating members, PEBA embarked on a specific strategy in May, 2012 to identify solutions in the management of erroneous healthcare costs. The PEBA mission is to identify services that bring immediate and substantial savings, as well as, providing future cost reductions and management strategies. Through the competitive procurement process, PEBA released a Request for Proposal for a variety of audit services that are solution options to manage the healthcare industry standard of 30% fraudulent/erroneous charges. PEBA would like to provide access to services that will assist political subdivisions to combat healthcare fraud and abuse by partnering with HMS Employer Solutions (HMS) to improve detection and prevention of fraudulent healthcare costs.

PEBA evaluated the responses received from the proposal process and one company emerged as the leader – HMS Employer Solutions. The following menu of audit tools will be available to the PEBA membership at competitive Alliance purchasing rates.

- **Dependent Eligibility Audits (DEAs)** is a proof based audit to verify that dependents are truly eligible for coverage. After performing this type of audit, employers typically find that 4-8% of enrolled dependents are ineligible. HMS will guarantee a positive return on Investment for DEAs. Typically ROI's ranges from 500% to 1500%. Additional add-on: Employee Eligibility, Spousal Affidavit, Point of Enrollment Dependent Eligibility check.
- **Medical Claims Compliance Audits** to ensure that members' Claims Administrators are paying claims appropriately. Claims can be paid in error for many reasons, including duplicate billing, claims coding errors, or failure to coordinate benefits when a third party is liable for payment. By reviewing 100% of claims, HMS identifies inconsistencies within the processing and payment of medical and dental claims.
- **Inpatient Bill Audit Services** to identify unnecessary spending of healthcare dollars by verifying that charges billed by hospitals match the actual care and services provided. Auditors compare itemized bills to medical records to verify that services billed were ordered, documented as received, and reimbursable per billing guidelines. HMS's medical bill audits typically result in recovery of 2-4% of claims costs.
- **Pharmacy Audits**, including audits of rebates, retail pharmacies, and Pharmacy Benefit Managers to help control pharmacy costs by identifying and recovering improper payments, while identifying potential fraud, waste and abuse.

PEBA is pleased to announce that in addition to the convenience and ease of "one-stop shopping" – all services are available from HMS and substantial discounts are available to PEBA members only. The discounts multiply when an employer purchases more than one type of audit.

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Getting Started

To learn more about how you can start saving money now, and what type of audit or level of service is best for you, a two-part webcast has been scheduled with HMS.

To access this webcast, interested members should contact PEBA at peba@tmliebp.org

After these webcasts, upon receipt of your signed Letter of Intent (LOI), PEBA will forward your contact information directly to HMS, and an audit specialist will contact you to develop the audit package and pricing that works best for you.

Questions ?

Call: (800) 348-7879 ext. 6768

Email: peba@tmliebp.org

Website: buypeba.org

Cost Containment Webcast with PEBA and HMS
Learn more about how you can start saving money on your health plan benefit costs now, and reduce future costs:

Dependent Eligibility Audits

Tuesday, August 14, 2012 @ 2:00 PM

Medical Claims, Medical Bill and Pharmacy Audit

Thursday, August 16, 2012 @ 2:00 PM

HMS Employer Solutions Services

HMS Employer Solutions creates immediate measurable value for employers by protecting the financial vitality of their health plans. We are part of HMS, the nation's premier healthcare cost containment expert. As a result of our services, our clients recovered over \$2 billion in 2011, and saved clients billions of dollars more through prevention of erroneous payments. We are please to present preferred pricing for PEBA members. Additional discounting is available if the PEBA member purchases TWO or more products at one time.

Dependent Eligibility Audits

Dependent Eligibility Audits				
Product	Price Minimums	Price Per Dependent Above Price Minimums	Guaranteed ROI *	Minimum Lives and Audit Conditions
Classic	\$4,500	\$8.04	N/A	\$4,500 Minimum fee for the first 250 dependent
Prime	\$9,000	\$13.71	Included*	\$9,000 Minimum fee for the first 500 dependents
Ultra	\$14,000	\$17.75	Included*	\$14,000 Minimum fee for the first 500 dependents
Ultra Large Employers (2,000-4,900 Employee)	\$14,000	\$10	Included*	\$14,000 Minimum fee for the first 500 dependents
Ultra Large Employers (5,000 -10,000 Employee)	\$14,000	\$8	Included*	\$14,000 Minimum fee for the first 500 dependents
Ultra Large Employers (10,000 +Employee)	\$14,000	Call for discounts	Included*	\$14,000 Minimum fee for the first 500 dependents
Additional Bundled Discounts:				
Dependent Eligibility Audit + 1 Additional HMS Solutions = 5% additional Discount towards above pricing per Dependent				

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Dependent Eligibility Audits

Dependent Eligibility Audit + 2 additional HMS Solutions = 10% additional Discount towards above pricing per Dependent		
Additional Dependent Eligibility Solutions and Services Available in Misc Section:		
Examples of additional Audits:		
-Point of Enrollment/Ongoing Audit options - See Pricing Misc Section		
-Green Audit (Environmentally Friendly electronic communications) 10% Additional Discount Available- See Pricing Misc Section		
-Spousal Affidavit Audit- See Pricing Misc Section		
-Employee Benefit Eligibility Audit-\$11.72/employee and a min \$5000- See Pricing Misc Section		
Terms:		
-30% due upon contract signing		
-70% invoiced upon Delivery of Final Reports		
-3% Cost of living increase year 2 and 3 of contract		

PBM Claims Audits

PBM Claims Audit

Product	Price Minimums	Minimum lives and Audit Conditions
100 claims audited	\$2,750	Up to 1,000 Employee
300 claims audited	\$4,400	Over 1000 Up to 5000 Employees
500 claims audited	\$6,600	Over 5,000 up to 15,000
700 claims audited	\$9,900	Over 15,000 up to 20,000
900 claims audited	\$13,200	Over 20,00 up to 50,000
PBM Pharmacy claims audits Client will provided claims in Excel Client will provide copy of PBM contract		
Audit test include but are not limited to:		
<ul style="list-style-type: none"> - Eligibility- Eligibility, Benefit exclusion - Copayment- Copay - Commercial, Medicare D - Prior Authorization- PA Claims - Step Therapy- Step Therapy potential limitations - Claims Maximum- Maximum Quantity - Claims Pricing-Pricing - AWP, MAC, etc. - Drug Coverage- Days' Supply 		
Additional Bundled Discounts:		
<ul style="list-style-type: none"> - Medical Claim Audit + 1 Additional HMS Solutions = 5% Additional Discount on Claims Audit - Medical Claim Audit + 2 Additional HMS Solutions = 10% Additional Discount on Claims Audit 		
Terms:		
- 30% due upon contract signing		
- 70% invoiced upon Delivery of Final Reports		
- 3% Cost of living increase year 2 and 3 of contract		

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Pharmacy Claim Audit

Pharmacy Claim Audit	
Product	Pricing
Pharmacy Claims Rebate Validation	
Top drug manufacturer rebates received	\$3,000
Top 2 drug manufacturers rebates received	\$6,000
Top 3 drug manufacturers rebates received	\$9,000
Top 4 drug manufacturers rebates received	\$12,000
Top 5 drug manufacturers rebates received	\$15,000
Testing is performed to reconcile rebate reports to paid claim data. Plan has to provide pharmacy claims data in mutually agreed upon format	
Pharmacy Claims Rebate Audit*	
1 Drug Manufacturer	\$15,000
2 Drug Manufacturers	\$20,000
3 Drug Manufacturers	\$27,500
4 Drug Manufacturers	\$35,000
5 Drug Manufacturers	\$42,500
Onsite visit to PBM is required. A full pharmacy claims file is required.	
Pharmacy Fraud, Waste, and Abuse Detection Reporting*	
Single Report	\$250**
Report Suite	\$3,000**
**Per issuance of report(s)	
* IT set up costs for a claims load will be \$15,000 if no issues exist. If initial data testing fails and work needs to be reformed, the rate is \$200/hr. Depending on contract terms, the setup fee can be spread monthly or annually. For example: 3 year contract- spread out \$5k per year for 3 years.	

Medical Claims Audits

Medical and/or Dental Claims Audit		
Product	Price Minimums	Minimum lives and Audit Conditions
Comprehensive Sample* (100% claims audited and a sample size up to 300 Claims)	\$33,756	750 Employee covered minimum and Up to an audit sample size of 300
Hybrid Sample* (100% claims audited and a sample size up to 300 Claims)	\$26,869	750 covered employee minimum & Up to an audit sample size of 300
Random Sample (95% credibility and a sample size up to 300 claims)	\$19,900	Any Size
Mini Comprehensive (100% claims audited and a sample size up to 150 Claims)	\$14,200	Under 750 Employee
Mini Hybrid (100% claims audited and a sample size up to 150 Claims)	\$12,100	Under 750 Employee
Mini Random (Statically valid and up to a sample size of 150)	\$9,000	Under 750 Employee
* Price is quoted based on the number of EE's and based on a sample size of up to 300 claims. Any sample size over 300 claims will have a price increase of 10% for each additional 50 claims.		
Additional Bundled Discounts:		
- Medical Claim Audit + 1 Additional HMS Solutions = 5%		

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Medical and/or Dental Claims Audit		
Product	Price Minimums	Minimum lives and Audit Conditions
Additional Discount on Claims Audit - Medical Claim Audit + 2 Additional HMS Solutions = 10% Additional Discount on Claims Audit		
Terms:		
- 30% due upon contract signing - 70% invoiced upon delivery of Final - 3% Cost of living increase year 2 and 3 of contract Reports		
Travel:		
All standard travel is included. Any additional travel requested by the member would have an additional charge on all the products.		

Inpatient Medical Bill Audits

Inpatient Medical Bill Audit				
Product	Description	Price	Bundled Discounts	Bundled Discounts
High Dollar Audit:			5% reduction if one other product is selected	10% reduction if two or more other products are selected
	>\$35k and < \$75K -Calculation Review**	\$100 Per Claim for a Basic Claims Calculation Review	5%	10%
Medical Bill Audit	Claims Reimbursed DRG Outlier or any discount of charges >\$35k and < \$75K	\$1,500	5%	10%
Medical Bill Audit	Claims Reimbursed: DRG Outlier or any discount of charges > \$75K< \$500,000	\$1,800	5%	10%
Medical Bill Audit	Claims Reimbursed: DRG Outlier or any discount of charges> \$500,000	\$2,500	5%	10%
	Client Selected MBA	\$2,500	No Discount applies	No Discount applies
	*Special Request from the client \$175 per hour/ or 35% with a \$2,500 minimum charge- no discounts apply	\$2,500	No Discount applies	No Discount applies
	Claims Reimbursed DRG*which are Outliers>\$75K	25% contingency	Medical Bill Audit + 1 Additional HMS Solutions = 23% Contingency Rate for Medical Bill Audit	Medical Bill Audit + 2 Additional HMS Solutions = 22% Contingency Rate for Medical Bill Audit
	Claims Reimbursed % of Charegs\$35k	25% contingency	Medical Bill Audit + 1 Additional HMS Solutions = 23% Contingency Rate for Medical Bill Audit	Medical Bill Audit + 2 Additional HMS Solutions = 22% Contingency Rate for Medical Bill Audit

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About PEBA

PEBA membership is open to all Texas Local Governments who pay an annual membership fee and execute a PEBA Participating Interlocal Agreement. The annual membership fee and proposal fees are shown below. However, Local Governments who are members of one of the political subdivision Pools will obtain automatic annual PEBA membership through the participating Pool.

Proposal Costs	2012	2012 Out of Texas	Late Fee
Comprehensive Health Dependent Eligibility, Medical/Dental/Pharmacy, and Inpatient Medical Bill Audit Services	\$1,250	\$1,750	\$250

PEBA Annual Membership Fee Schedule

Annual Membership Fees	2006	2007	2009	2010	2011	2011 Out of Texas	2012	2012 Out of Texas	Late Fee
Employer									
0-100 Lives	\$150	\$150	\$150	\$150	\$150	\$250	\$150	\$250	\$250
101-500 Lives	\$300	\$300	\$300	\$300	\$300	\$450	\$300	\$450	\$250
501-1000 Lives	\$500	\$500	\$500	\$500	\$500	\$750	\$500	\$750	\$250
1,001-5,000 Lives	\$700	\$700	\$700	\$700	\$700	\$900	\$700	\$900	\$250
5,001-15,000 Lives					\$750	\$1,250	\$750	\$1,250	\$250
15,001-25,000 Lives					\$1,000	\$3,000	\$1,000	\$3,000	\$250
>25,000					\$1,750	\$3,500	\$1,750	\$3,500	\$250