

Outsourcing Health and Rx Plan Claim Administration

Corporate and nonprofit organizations that self-fund their employee health and pharmacy benefit plans are increasingly turning to advanced **medical claim auditing** for oversight. Most organizations now outsource claim administration to third-party administrators (TPAs) and pharmacy benefit managers (PBMs). With the continuous rise in costs, it's essential to ensure that accuracy goals are met. It involves a detailed review of the EES charged alongside claim costs. Conducting audits is the most effective way to achieve a comprehensive review of results, supported by unbiased reporting.

Today's audit technology examines every claim, analyzing hundreds of data points for each. The level of detail uncovers mistakes, overpayments, and other discrepancies that might otherwise go unnoticed. While many processors may guarantee their performance, only an impartial external review can verify if they are delivering on their promises. A crucial reason for conducting audits regularly is the ease of recovering overpayments; the sooner a mistake is caught, the simpler it is to reclaim the funds. Conversely, delays in identifying errors often lead to a more complicated recovery process.

The fees charged by vendors like TPAs and PBMs also warrant scrutiny. It's not uncommon for these costs to surface in less obvious areas. Competent claim auditors evaluate the full scope of the client-vendor relationship, ensuring that all expenses are transparently accounted for. It's prudent for all parties involved to maintain clarity throughout the billing process. Instances have arisen where TPAs have charged for negotiating out-of-network services or for recovering overpayments made in error. Auditors gather the necessary information to effectively question these charges.

Another essential aspect to consider is the commissions involved. TPAs often subcontract to other firms, taking a percentage of the recoveries from various corrective actions. If a TPA commits an error, should they not correct it free of charge? Should the plan retain 100% of any recovered overpayments? Auditing offers the data needed to address these questions and initiate informed conversations. Over the years, such items have accumulated into a concerning issue that demands attention. Addressing these gaps is more critical than ever to ensure the financial health of employee benefit plans.