

State and School Employees Health Insurance Management Board

April 26, 2023

1. Minutes of the March 22, 2023 Standing Monthly Board Meeting – Ms. Liz Welch, Chairman
2. 2022 Third Party Medical Claims Administrator Audit – Ms. Michelle Suckow, HIA, ACS, AIRC, Vice President, Claim Technologies, Inc. (CTI)
3. Potential Benefit Changes for Calendar Year 2024 – Mr. Chris Shaman, Deputy Director, Office of Insurance
4. Financial Statements – Mr. Chris Shaman, Deputy Director, Office of Insurance
5. General Schedule – Mr. Chris Shaman, Deputy Director, Office of Insurance
6. Old Business
7. New Business – Ms. Liz Welch, Chairman

Next Meeting: May 24, 2023

Agenda Item 1

Minutes of the Standing Board Meeting, March 22, 2023

Ms. Liz Welch

Description

The minutes of the March 22, 2023 standing monthly meeting of the State and School Employees Health Insurance Management Board are included in this section.

Action Requested

Approval of the minutes

State and School Employees Health Insurance Management Board

Standing Monthly Meeting March 22, 2023

The standing monthly meeting of the State and School Employees Health Insurance Management Board convened Wednesday, March 22, 2023, in Room 117, in the Woolfolk Building located at 501 North West Street in Jackson, Mississippi, at 9:00 a.m. The presiding officer was Ms. Liz Welch, Chairman of the Board. A quorum was present.

Voting Members Present

Ms. Liz Welch, Chairman
Mr. Christopher Burkhalter, Vice Chairman
Mr. Mike Chaney *(Represented by Ms. Jennifer Salvo)*
Mr. Mark Formby
Mr. Larry Fortenberry
Mr. Kelly Hardwick
Mr. Ray Higgins
Dr. Alfred Rankins *(Represented by Ms. Susan Erickson)*
Mr. Kell Smith
Dr. Robert Taylor *(represented by Ms. Sheila Buie)*

Non-Voting Members Present

Voting Members Absent

Non-Voting Members Absent

The Honorable John Read – Chairman,
House Appropriations Committee
The Honorable Walter Michel – Chairman,
Senate Insurance Committee
The Honorable Briggs Hopson – Chairman,
Senate Appropriations Committee
The Honorable Henry Zuber– Chairman
House Insurance Committee

Department of Finance and Administration Staff Present:

Ms. Cindy Bradshaw
Mr. Chris Shaman
Ms. Liz Bolin, Esquire
Ms. Karen McKlemurry
Ms. Carlotta Edwards *(Via Teams)*
Ms. Alicia Coleman *(Via Teams)*
Ms. Christina Young *(Via Teams)*
Ms. Stacie Sheriff *(Via Teams)*
Ms. Krista Robinson *(Via Teams)*

Call to Order

The meeting was chaired and called to order by Ms. Liz Welch, Chairman of the Board.

Agenda Item 1: Minutes of the February 22, 2023 Standing Monthly Board Meeting

Chairman Welch announced that the minutes of the Board's February 22, 2023 standing monthly meeting had been provided to all Board members for their review in advance of today's meeting. A motion was made by Mr. Kelly Hardwick for the Board to approve the minutes for February as presented. Mr. Mark Formby seconded the motion. The motion passed by a 8 – 0 vote, with members Burkhalter, Chaney (represented by designee Jennifer Salvo), Formby, Fortenberry, Hardwick, Higgins, Rankins (represented by designee Susan Erickson), and Smith voting affirmatively.

Agenda Item 2: Actuarial Report Calendar Year 2022

Chairman Welch recognized Mr. Wm. Lynn Townsend, FSA, MAAA, consulting actuary for the Board, who discussed his Calendar Year 2022 actuarial analysis of the State and School Employees' Life and Health Insurance Plan. Mr. Townsend's presentation included an overview of the financial status of the Plan as of the end of 2022, as well as projections of the Plan's financial status through Calendar Year 2025, including assumed premium rate adjustments necessary to meet the Plan's stated funding objective. Copies of Mr. Townsend's report entitled "*ACTUARIAL REPORT CALENDAR YEAR 2022*," were provided to Board members for their review prior to the meeting. No action was required or taken by the Board on this item.

Agenda Item 3: Wellness Incentive Program

Chairman Welch recognized Ms. Cindy Bradshaw, State Insurance Administrator, who discussed the impact of the Wellness Incentive Program on deductibles. Due to the complexity of program design regulations and requirements, it was recommended that the Program be suspended to allow time for further analysis. Mr. Larry Fortenberry made a motion to suspend the program, and Mr. Chris Burkhalter seconded. The motion passed by a 7 – 0 vote, with members Burkhalter, Formby, Fortenberry, Hardwick, Higgins, Rankins (represented by designee Susan Erickson), and Smith voting affirmatively. Ms. Salvo (designee of Mr. Chaney) abstained.

Agenda Item 4: Financial Statements

Chairman Welch recognized Mr. Chris Shaman, Deputy Director, Office of Insurance, who briefly reviewed the financial statements for the State and School Employees' Life and Health Insurance Plan for the month of February 2023. Copies of the financial statements were provided to the Board members for review prior to the meeting. No action was required or taken by the Board on this item.

Agenda Item 5: Old Business

There was no old business for the Board to consider.

Agenda Item 6: New Business

Chairman Welch recognized Ms. Bradshaw, who brought to the Board's attention that a bill was passed to have the State Health Plan to provide health insurance coverage for state contract workers. The bill goes into effect July 1, 2023, and we will be working to send out communications to the agencies to have them offer Base Plan coverage to all their contract workers who are working at least 130 hours per month.

Recent federal legislation eliminated the ability of self-insured non-federal governmental plans to opt out of the Mental Health Parity and Addiction Equity Act (MHPAEA). Although the Plan has historically opted out, we have generally tried to comply with the intent of the Act. Based on guidance from our consultants we are waiting for the federal government to provide additional direction on ensuring compliance by January 1, 2024.

Adjournment

Chairman Welch announced that the next standing meeting of the State and School Employees Health Insurance Management Board is scheduled for 9:00 a.m., on Wednesday, April 26, 2023.

As there was no further business, the meeting was adjourned at 9:54 a.m.

Liz Welch
Chairman
State and School Employees Health Insurance Management Board

Agenda Item 2

2022 Third Party Medical Claims Administrator Audit

Ms. Michelle Suckow, HIA, ACS, AIRC, Vice President
Claim Technologies, Inc.

Description

Claim Technologies, Inc. (CTI) conducted the annual audit of Blue Cross & Blue Shield of Mississippi's (BCBSMS) performance as the third party medical claims administrator for the State and School Employees' Health Insurance Plan (Plan) for calendar year 2022. The overall objectives of the review were to determine if the claims were adjudicated according to contractual standards, appropriate Plan benefits, and industry standards, and to assess the operational effectiveness of BCBSMS' claims payment systems and procedures. Ms. Michelle Suckow, CTI Vice President, will present the results of this review to the Board at the meeting. A copy of CTI's *Claims and Performance Review Report*, as well as BCBSMS' response is included in this section.

Action Requested

None

Comprehensive Claim Administration Audit

CLAIMS AND PERFORMANCE REVIEW REPORT

**Mississippi State and School Employees' Health Insurance Plan
Administered by Blue Cross & Blue Shield of Mississippi**

Audit Period: January 1, 2022 through December 31, 2022

Presented to

**Mississippi State and School Employees
Health Insurance Management Board**

April 11, 2023



**CLAIM TECHNOLOGIES
INCORPORATED**

PREFACE

This ***Claims and Performance Review Report*** presents the key findings of Claim Technologies Incorporated's (CTI) comprehensive audit of Blue Cross & Blue Shield of Mississippi's (BCBSMS's) claims administration of the Mississippi State and School Employees' Health Insurance Plan (Plan) for the audit period of January 1, 2022 through December 31, 2022.

This report is intended for the use of the State and School Employees Health Insurance Management Board (Board), BCBSMS, and CTI in its efforts to serve the interests of the insureds of the Plan.

CTI conducted the audit according to accepted standards and procedures for claim audits in the health insurance industry. We based our audit findings on the data and information provided by the Plan and BCBSMS. The validity of our findings relies on the accuracy and completeness of that information. We planned and performed the audit to obtain reasonable assurance claims were adjudicated according to the terms of the contract between BCBSMS and the Plan.

CTI specializes in the audit and control of health plan claim administration. Accordingly, the statements we make relate narrowly and specifically to the overall effectiveness of policies, procedures, and systems BCBSMS used to pay the Plan's claims during the audit period. While performing the audit, CTI complied with all confidentiality, non-disclosure, and conflict of interest requirements and did not receive anything of value or any benefit of any kind other than agreed upon audit fees.

CLAIM TECHNOLOGIES INCORPORATED

TABLE OF CONTENTS

	Page
PREFACE	1
EXECUTIVE SUMMARY	3
OPERATIONAL REVIEW	5
RANDOM SAMPLE AUDIT.....	9
100% ELECTRONIC SCREENING WITH TARGETED SAMPLES (ESAS®)	13
APPENDIX	
A. Random Sample Construction and Weighting Methodology.....	15
B. Administrator Response	16

EXECUTIVE SUMMARY

CTI conducted a Claims and Performance Review of BCBSMS's claims administration of the Mississippi State and School Employees' Health Insurance Plan for the 12-month period of January 1, 2022 through December 31, 2022. The overall objectives of the review were to determine if the claims were adjudicated according to contractual standards, appropriate plan benefits, and industry standards, and to assess the operational effectiveness of BCBSMS's claims payment systems and procedures.

Scope

We conducted our audit in accordance with standards and procedures accepted and in common practice for plan claim audits in the United States insurance industry. We planned and performed our audit to obtain reasonable assurances claims were adjudicated according to contractual standards and appropriate plan benefits, and to form our opinion as to the overall efficacy of BCBSMS's financial controls, accuracy, and validation of paid claims. The scope of our audit included the components outlined below:

1. Operational Review – Pre-Audit Questionnaire with Management Interviews

- Claim administrator information
- Claim administrator claim fund account
- Claim adjudication and eligibility maintenance procedures
- HIPAA compliance

2. Random Sample Audit – Statistical Sample with Confidence at 95% +/- 3%

- Measurement and comparison of administrator performance
- Performance versus contractual performance standards
- Problem identification and prioritization
- Error identification by type and frequency
- Statistically based remedial action plans
- Systematic monitoring and control

3. 100% Electronic Screening with Targeted Samples (ESAS®)

- Systematic analysis of 100% of paid services
- Problem identification in proven control risk categories
- Identification of claims to determine recovery potential
- Identification of potentially costly procedural and system problems

Auditor's Opinion

Detail regarding our methodology and findings is provided in the following sections of this report. Based on these findings, and in our opinion:

- BCBSMS had adequate staffing, systems, and processes in place to consistently provide high levels of service and high levels of accuracy when processing claims.
- BCBSMS continues to proactively identify and implement process and/or service improvement opportunities.

BCBSMS exceeded each of the four requirements of the Performance Standards and Liquidated Damages section of the *Administrative Services Contract* between it and the Board. See the following table for performance by contractual standard.

Random Sample Audit Performance Summary

Performance Measure	Administrative Performance	
	Audit Performance	Contract Performance Standard
Financial Accuracy	100%	No less than 99%
Payment Accuracy	100%	No less than 97%
Processing Accuracy	100%	No less than 95%
Claim Turnaround	98.24%	No less than 90% within 30 days

While high levels of performance were observed in this audit, through its electronic screening with targeted sampling, CTI identified payments for duplicate claims. While the overpayment amounts identified are small relative to the overall expenditure of the Plan, the audit findings suggest further improvement is possible; which, if implemented, would result in additional savings for the Plan.

CLAIM TECHNOLOGIES INCORPORATED

OPERATIONAL REVIEW

Objective

CTI's Operational Review evaluates BCBSMS's claim administration systems, staffing, and procedures to identify any deficiencies that materially affect its ability to control risk and pay claims accurately on behalf of the plans. At the request of the Plan, we also performed an Operational Assessment with Management Interviews.

Scope

The scope of the Operational Review included:

- Claim administrator information
 - Insurance and bonding
 - Conflicts of interest
 - Internal audit
 - Financial reporting
 - Business continuity planning
 - Claim payment system and coding protocols
 - Data and system security
 - Staffing
- Claim funding:
 - Claim funding mechanism
 - Check processing and security; and
- Claim adjudication, customer service, and eligibility maintenance procedures:
 - Exception claim processing
 - Eligibility maintenance and investigation
 - Overpayment recovery
 - Customer service call and inquiry handling
 - Network utilization
 - Utilization review, case management, and disease management
 - Appeals processing
 - COVID-19 Directives
 - No Surprises Act
- HIPAA compliance

Methodology

CTI used an Operational Review Questionnaire to gather information from BCBSMS. We modeled our questionnaire after the audit tool used by certified public accounting firms when conducting an SSAE 18 audit of a service administrator. We modified that tool to elicit information specific to the administration of your plans.

We reviewed BCBSMS's responses and any supporting documentation supplied to gain an understanding of the procedures, staffing, and systems used to administer the plans. This allowed us to conduct the audit more effectively.

Findings

Claim Administrator Information

CTI reviewed information about BCBSMS including:

- Background information
- Financial reports
- Insurance protection types and levels
- Dedicated staffing
- Systems and software
- Fee and commission disclosure
- Performance standards
- Internal audit practices

We observed the following:

- BCBSMS provided a performance guarantee report for the audit period that showed they met all performance guarantees.
- BCBSMS indicated that it had been audited for compliance with the standards of the American Institute of Certified Public Accountants (AICPA) through the issuance of a System and Organization Controls Report (SOC 1), reporting on controls at a service organization. Under SOC reporting, the administrator is required to provide its own description of its system, which the service auditor validates. CTI has a copy of the July 1, 2021 through June 30, 2022 audit report and we can confirm that BCBSMS's external auditor, Deloitte & Touché LLP, noted the following exceptions:
 - **Control Activity 6.2** – The self-insured Claims Accounts Receivable claims account is reconciled monthly with review and approval by Management.
Exception Noted: One of three sampled account balance reconciliations for the Self-Insured Claims Accounts Receivable account was not completed timely.
BCBSMS Management Response: Account reconciliations are cumulative in nature and performed at regular intervals to make sure account balances are correct. These accounts were current and correct as of 12/31/21 and the account reconciliations noted as exceptions were completed on a timely basis each month.
 - **Control Activity 17.13** – Inbound network traffic is monitored multiple times per day and intrusions are detected and resolved.
Exception Noted: Documentation related to monitoring and review of potential network traffic issues were not available for two of 35 sampled days, as a result of manual reviews performed for the period 9/13/21 – 9/28/21.
BCBSMS Management Response: Documentation supporting the manual investigation of these incidents was not available for the period of 9/13/21 – 9/28/21 due to a broken integration that had previously created automated tickets for the Security Operations Center (SOC). Mitigation controls were in place due to the use of a Managed Security Providers to perform 24/7 security monitoring including events related to inbound network traffic. This 24/7 monitoring was occurring continuously in addition to the analysis being performed by the SOC. BCBSMS demonstrated that log events from perimeter network controls were being fed into a Security Information and Event

Management (SIEM) system which has detection content that utilizes these logs to generate alerts regarding external network related alerts.

Administrator's Claim Fund Account

CTI reviewed BCBSMS's claim check controls and procedures for:

- Claim funding
- Fund reconciliation
- Refund and returned check handling
- Large check approval
- Security
- Stale check disposition

We observed the following:

- System security was profile driven. The profile allowed access only to functions needed for that employee's job function. The profiles were reviewed by management on an annual basis.

Claim Adjudication and Eligibility Maintenance Procedures

CTI reviewed BCBSMS's enrollment, eligibility maintenance, and claim processing controls and procedures. We observed the following:

- BCBSMS had documented training, workflow, procedures, and systems to provide consistently high levels of accuracy in the processing of claims and enrollment.
- BCBSMS provided monthly savings reports which showed COB savings of \$1,122,168,654 during the audit period; 99.9% of the savings were derived from Medicare COB.
- BCBSMS reported it received approximately 99.9% of the Plan's claims electronically, decreasing administrative costs associated with handling paper claims and reducing potential for manual data entry errors. BCBSMS also reported 78.3% of the Plan's claims were auto adjudicated.
- BCBSMS provided a subrogation activity report that showed a total of 1,488 active cases and 557 closed cases. \$1,404,399 had been recovered.
- BCBSMS provided an appeals report showing six appeals resolved outside the required 30 days.
- BCBSMS reported they passed 100% of rebates received for specialty drugs paid through the medical plan.
- BCBSMS indicated 96.7% of the Plan's claims came from in-network providers.
- BCBSMS put policies and procedures into place to comply with the Transparency in Coverage Act (No Surprises Act). Only six cases were subject to the Federal IDR proceedings.

HIPAA Compliance

CTI reviewed information about the systems and processes BCBSMS had in place to maintain compliance with HIPAA regulations. The objective was to determine if the administrator was aware of the HIPAA regulations and was compliant at the time of the audit. We observed the following.

- BCBSMS had appropriate levels of security and control to protect the Plan's records and data was compliant with HIPAA requirements.

- Staff is trained upon hire and annually thereafter using computer-based training and testing. All employees must score at least 80% on the assessment.
- BCBSMS indicated there were no breaches triggering notification requirements for the Plan during the audit period.

Operational Assessment with Management Interviews

CTI conducted telephonic interviews with BCBSMS personnel from the following areas; claims, customer service, quality assurance, medical review, appeals, and fraud and abuse. There were no concerns noted based upon management's responses.

CTI's auditor monitored six live member calls via a GoTo online portal. The individuals who answered the calls were knowledgeable, pleasant, and responsive to each caller's question(s).

In addition to its ongoing quality initiatives, BCBSMS leaders reported the following changes implemented during 2022:

- The prior authorization process was changed to confirm if penalties apply pre-payment to avoid member disruption.
- Processes were implemented to develop procedures and ensure compliance with the No Surprises Act. A total of six claims have gone through the IDR process and most were air ambulance claims.
- The appeals area started trends reporting to better understand the reasons causing appeals and identify opportunities to reduce appeals.
- A process was implemented to submit MSP responses electronically using Medicare's vendor portal, making the process of responding to demands timelier and more efficient.
- As a result of Le Bonheur Hospital going out-of-network with the host plan, BCBSMS created a process to monitor member impact and assist with continuity of care in addition to its work to transition member.

Future Initiatives

- Continue monitoring trends with appeals with the goal of involving the Operational Improvement Committee to put action behind trend analysis results.
- Customer Service plans to implement Speech Analytics, a software designed to enhance documentation, reporting, and call escalation processes.
- Customer Service is also implementing Screen Pop, which will bring caller demographic information up onto the CSR's screen when the caller keys in their ID number.
- While the State Health Plan has the highest utilization of MyBlue Customer Service, BCBSMS continues to enhance functionality of this self-servicing tool such as its EOB enhancement, which will be able to tie calls back to the EOB and track call reductions.
- The Fraud, Waste, and Abuse (FWA) team is looking at a new software to enhance and improve detection and efficiencies with FWA.

Overall

BCBSMS continues to be very forward thinking in terms of process improvements, gaining efficiencies, member self-service, and leveraging technology.

