

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

EA

ACTION REFERRAL

TO <i>Hutto</i>	DATE <i>10-20-14</i>
--------------------	-------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000090</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>*Lesly, f Beth would like to respeck, let me know. cc: Mr. Keck, Supia,</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>12-15-14</i> <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action

APPROVALS (only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			



South Carolina

BlueCross BlueShield of South Carolina
1-21st Avenue Road
Columbia, SC 29204-4000
803.748.0222

South Carolina Department of Health & Human Services

RECEIVED

October 16, 2014

OCT 20 2014

Elizabeth B. Hutto
Program Director for Appeals and Third Party Liability Services
South Carolina Department of Health and Human Services
PO Box 8206
Columbia, SC 29202

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Ms. Hutto,

First, I need to apologize for the time it has taken to get back to you from our meeting on August 7th, 2014. We found that quality activities within BlueCross BlueShield of South Carolina (BCBSSC) are split into multiple areas throughout the entire organization depending on the nature of the individual base business units. Consequently, we had to identify the people with whom to communicate and then compare the types of tasks that we perform in the TPL contract with the types of tasks that are performed in the various identified units.

While we found a number of different audit methodologies being used throughout the organization, each area's core definition of the work product being reviewed was significantly more granular than the way the work product in the TPL contract is defined. This ranged from errors being calculated based on how many fields are incorrect for a particular transaction being processed to errors being calculated on a per policy and/or claim line basis. None of the areas collapsed their view of the work up to the source document level as is done in the TPL contract.

As an example of the number of fields approach, it may take 20 fields to process a policy add in their system. If there is an error on one field, the error percentage is calculated as 5% (1/20) for that piece of work. The colossal difference is that within the TPL contract the entire transaction would be considered a failure as there is no recognition of the work done correctly and one error causes an entire source document to be considered a total failure.

In the case where an audit is performed per policy add, in the BCBSSC methodology each family member associated with a given policy is treated as a separate auditing piece. This approach gives team members credit for the policies they enter correctly rather than nullifying the entire original source document. For the TPL contract, one incorrectly added policy is counted as a complete fail of the entire source document regardless of how many policies were associated with the piece. Also, in the TPL contract any additional policies and recipients belonging to those policies discovered during the research are grouped together. Consequently, the measurement of work quality of a team member who works a lead which causes the addition of four policies for one recipient gets weighed equally as the work of a team member who works a lead which causes the addition of 16 policies for four different recipients (thus doing four times the amount of work). This is an inherently inequitable way to measure the work effort.

The attached chart summarizes our findings using the audit categories that have been in place for the TPL contract. Where we were able to find a substantially similar activity, we provide the quality metric in use for the TPL contract and for BCBSSC. We also include explanatory notes to describe notable differences in the tasks or to explain why a particular task does not have a directly measurable counterpart in the chart. There is not a process that is similar to the HIPPI program (other than at a very detailed functional level such as the fact that we do write checks, and we do perform outreach activities) so this audit category is excluded from the chart.

Another consistent finding in our comparison was that BCBSSC measures timeliness using business days rather than calendar days. The only function within TPL that is measured as business days is Re-verification with all other functions measured by calendar days. While this contract is now meeting all contract requirements with regard to timeliness, I still want to note this as a fundamental audit difference between the BCBSSC approach and the TPL contract.

This exercise was performed with the optimism that BCBSSC (as the TPL contractor for SCDHHS) would be able to emulate the standards that have been set throughout the BCBSSC Private Business realm. In addition to the differences in quality metric standards noted on the chart, the more dramatic difference is centered on what is used to establish the base count from which the error rate is determined. When we shared the methodology that is being used in the TPL contract coupled with the standards we were being held to, our counterparts stated that we basically 'got the worst of both worlds' and shared our sense that this was an inherently near impossible performance expectation.

If the goal is indeed to match what our private insurance business units do, the standards may need to moderately be massaged; however, the counting methodology would need to move away from the source document level into something significantly more granular. I ask that you strongly consider modifying the methodology for the TPL contract to provide more equitable audit results as well as a better overall view of our performance that is consistent with the approach taken by the insurance industry.

If you have any further questions about this or wish to discuss it further, please contact me at (803) 264-1600.

Sincerely,



Keith Gardner
VP of Medicaid Operations
BlueCross BlueShield of South Carolina

cc: Anthony Keck
John Supra
Gwen Gaymon
James D'Allesio

MEDICAID TPL METRIC COMPARISON TO BCBSSC

AUDIT	MEDICAID TPL	TPL QUALITY METRIC	BCBS	BCBS METRIC	COMPARISON
Verification (RPF 3.5)	Identifying and maintaining third party insurance information	99%	Different Membership areas load additions and updates related to policies dependent upon group size and/or product.	99%	The difference is that BCBSSC audits each family member individually, while TPL audits multiple policies and family members as one work piece.
Benefit Recovery (RPF 3.7)	Mailing of Paper Invoices received from Clemson	100%	Invoices are systematically generated and mailed through our Corporate Mail.	N/A	BCBSSC does not have a comparable component for quality because invoices are mailed systematically rather than by people.
	A negative balance report showing all providers who owe Medicaid payment is worked to attempt to retrieve the outstanding debt. Quality is measured on whether or not due diligence is exercised in attempting to recoup this money.	100%	When a provider is identified as owing BCBSSC, the provider is systematically set up to receive a demand letter and money will be recouped from future remittance advices if the debt is not settled within 30 days.	N/A	BCBSSC does not have a comparable component for quality because the process of recouping money from delinquent providers is systematic. All letters are generated systematically and mailed by Corporate Mail. Resolution of the debt is also handled systematically.
	Credits and debits are identified and sent to MCCS for processing	100%	Credits and debits are identified through claim adjudication.	99%	When TPL identifies credits and/or debits, they are required to fill out a form that is to be approved by TPL Management, as well as SCDHHS prior to processing. For BCBSSC, management approval and forms are only required for adjustments greater than \$30,000.
Correspondence and Inquiries (RPF 3.8) Cash Receipts and Accounting (RPF 3.9)	Provider and Carrier checks are received by Benefit Recovery and assigned to the appropriate category	100%	Checks are received into the Finance area where technicians sort and assign the checks to the appropriate area.	98%	While there isn't a specific check categorization process within BCBSSC as there is in TPL, the function of properly identifying checks and getting them to the correct place for processing does exist at a quality rate of 98%.
	Provider and Carrier denials are researched to determine the validity of the denial and resolving whatever issues are causing non-payment	99%	Documentation is reviewed to determine whether or not denials should stand or be overturned.	97%	Both of these areas are responsible for resolving denials to ensure that claims are correctly processed. The primary difference is that BCBSSC audits each claim individually, where TPL counts all claims related to a document as one piece of work.
	Benefit Recovery reviews all submissions for RC12 to ensure that the information is correct. The RC12 is loaded to MMIS weekly with a 1099 generated at the end of each year.	100%	All BCBSSC billing transactions are captured within the mainframe. 1099's are generated from the mainframe at the end of each year.	N/A	TPL is audited to make sure that the appropriate adjustments are made to the RC12 file prior to loading into MMIS. BCBSSC does not have a quality standard for this specific transaction because the area from which a claim adjustment is made would already have been audited for the adjustment within that area's audit. The gross earnings are reflected on BCBSSC 1099s, in accordance with IRS regulation.



BlueCross BlueShield
of South Carolina

11/200

TEMP-RETURN SERVICE REQUESTED

I-20 at Alpine Road
Columbia SC 29219-0001

COLUMBIA
SC 290
17 OCT '14
PM 11

RECEIVED

OCT 20 2014

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Anthony Keck
SC Department of Health & Human Services
Post Office Box 8206
Columbia, SC 29202-8206