

The State of Delaware

Audit Services Request for Proposal (RFP) –
Scope of Work

SEBC Meeting

September 23, 2024

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Context for today's discussion

- The SEBC's current contract for medical and prescription drug audit services with Brown & Brown of Massachusetts (fna Claim Technologies, Inc., or "CTI") will terminate at the end of FY2025
- The SBO's target timeline for the next Audit Services RFP:
 - Release the RFP – October 2024
 - Present award recommendation from the Proposal Review Committee to the SEBC – April 2025
- There is an opportunity for the SEBC to consider expanding the scope of services requested in this RFP based on emerging capabilities in the audit vendor marketplace
- The SEBC Financial and Health Policy and Planning Subcommittees have been briefed on the scope of services in the current audit services contract and on emerging vendor capabilities in this space
- Today's discussion is a recap of the presentation provided to the SEBC in August 2024 and will focus on Subcommittee and SEBC member feedback and a recommendation for the proposed scope of services that will be included in the next Audit Services RFP
- A decision from the SEBC on the scope of services that will be included in the next Audit Services RFP is requested by the end of today's meeting

Scope of services in the current audit services contract

Medical contract compliance review

- **Electronic Review of All Claims (100%)** processed within the contract compliance review period to explore claims system capabilities and the accuracy of plan set-up
- **Target Claims Selection** using a sample of 250 claims for review onsite at TPA¹ office to validate the electronic query results
- **Operational Review** of administrative policies, procedures, and internal quality control measures critical to minimizing financial loss and maintaining participant satisfaction levels. Includes review of the SOC-1 report² supplemented with a State-specific administration questionnaire. Takes place onsite at TPA office
- **Eligibility Screening of All Claims (100%)** against the State's source eligibility file to ensure true retroactive date of eligibility has been used, rather than date that the TPA received the eligibility file
- **Financial Comparison** of amount paid on the data file to amounts invoiced and paid by the State
- **Written report** of findings
- **Post-audit Support** for resolving open issues with the TPAs (8 hrs)

1. TPA = Third Party Administrator, i.e., Highmark Delaware and Aetna.

2. SOC-1 Report = System and Organization Controls Report; a report on entities' internal control over financial reporting.

3. Description of scope of services for PBM contract compliance review is consistent with the medical review unless otherwise noted above.

4. MAC = Maximum Allowable Cost.

PBM contract compliance review³

- **Electronic Review of All Claims (100%)**
- **Operational Review**
- **Financial Comparison**
- **Rebate Review**
 - Involves the analysis of the contractual rebate agreements that exist between the PBM and drug manufacturers compared to the actual rebates processed
- **MAC⁴ List Review** of top 50 drugs utilized
 - “Maximum Allowable Cost” defines the maximum amount that a PBM will reimburse for the cost of a drug
- **Written report** of findings
- **Post-audit Support** for resolving open issues with the PBM (4 hrs)

Emerging capabilities among audit vendors

- Traditionally, medical and prescription drug claim audit services have focused on **retrospective** reviews of plan experience
 - Often have been challenges in obtaining more real-time access to claims data for various reasons including technology limitations, data sharing agreements and usual claim processing timelines
 - Allows for typical claim processing activities to take place before claims are audited, such as claim resubmissions, coordination of benefits and overpayment recoveries
 - Current audit services contract is based on retrospective claim reviews
- Recently, a limited number of vendors have entered the market claiming the capability to provide **ongoing and real time** administrative claims and fee reviews for medical and pharmacy benefit programs

Emerging capabilities among audit vendors (continued)

- Vendor marketplace for ongoing and real-time administrative claims and fee reviews is very small
- No overlap with the “traditional” audit vendors conducting retrospective claim reviews
- WTW has few clients who have partnered with these types of audit vendors; limited data on client outcomes
- WTW’s point of view is that these types of claim reviews would not replace the traditional, retrospective audits procured through past Audit RFPs
 - Real-time claim reviews wouldn’t necessarily account for typical claim processing activities that may skew audit results when viewed on an ongoing basis vs. retrospectively

Subcommittee member feedback

- Several Subcommittee members voiced their preference for having the requested scope of services focus on traditional audit capabilities only, for the following reasons:
 - “Real-time” audit capabilities are still evolving as the vendor marketplace is relatively new and small
 - Limited data available on “real-time” audit results and outcomes
- No Subcommittee members voiced a preference for broadening the request to include emerging vendors with more “real-time” audit capabilities
- Expressed interest in staying informed about how the audit vendor marketplace evolves and any outcomes related to “real-time” audit vendors
- Discussed other states’ experience with emerging audit vendors, particularly that those relationships are fairly new with no results available yet
- Discussed the scope of the current audit services contract, particularly around testing certain compliance requirements under the Affordable Care Act and testing GHIP-specific plan design provisions
- Discussed availability and access to prior GHIP audit results, including actions that are taken by the auditors and Statewide Benefits Office following delivery of audit results

SEBC member feedback

- During the August 2024 SEBC meeting, one Committee member expressed their preference for the next Audit Services RFP to request proposals from both emerging and traditional audit vendors

Additional updates to the draft written scope of services

- Several additional updates were made to the latest draft written scope of services that was shared with Committee members, including:
 - Specific references to the number and type of medical plan options included in the requested audit services
 - Further clarification that the requested prescription drug audit services will include reviews of the Commercial and EGWP plans
 - Further clarification on which plan years will be audited during the term of the audit services contract
 - Additional description of audit services to cover medical and prescription drug services administered by third-parties such as Employer Direct Healthcare's SurgeryPlus program and PrudentRx
 - Additional description of audit services to address PBM requirements under House Bill 219 of the 151st General Assembly, including the requirement for brand drug claims processed in the State of Delaware to use National Average Drug Acquisition Cost (NADAC) pricing
 - Notation of certain audit services that will be requested as buy-up options for the State's consideration, such as the purchase of additional hours of post-audit support that the auditor will incur to support the State in addressing audit findings

Questions for SEBC discussion

- Is there interest in expanding the scope of services requested in the next Audit Services RFP to include a request for proposals from vendors with “real-time” audit capabilities?
- Is there interest in shortening the term of the contract awarded from the next Audit Services RFP to reflect a 2-year term with 3 one-year optional renewal periods?
 - Prior practice has been to award contract with a 3-year term and 2 one-year optional renewal periods
 - Could allow greater flexibility for SEBC to evaluate changes in the audit vendor marketplace

Next step

- SEBC to decide on the final scope of services that will be included in the next audit services RFP