

Medical and Prescription Insurance Audit Services

DHR24004-MEDAUDIT

SEBC Proposal Review Committee Summary and Findings

April 16, 2025

Background:

- Information was presented to the PRC regarding the differences between traditional retrospective audit services and real-time, ongoing review services.

Specifically:

- Audit services apply to the following:
 - Medical – Aetna, Highmark Delaware BCBS
This RFP adds Lantern and Highmark’s Medicare Supplement Plan
 - Prescription – CVS for both commercial and EGWP
This RFP adds PrudentRx
- Traditional retrospective audits occur after claims processing and payment. For the GHIP, retrospective audits are currently done on an annual basis, but the SBO reported the audits are not always completed in a timely fashion due to slow response from the PBM. Some vendors indicated the ability to support more frequently than once a year, which would require agreement and cooperation by the TPAs and PBMs and changes to the current contracts in place, or delaying implementation until the next contracts are active.
- The real-time, ongoing review services can be performed on the same timeline as the medical and pharmacy vendors’ claims processing timeline.
- The administrative fees for real time, ongoing review services are currently considerably more expensive but could potentially identify an issue before a claim is paid.
- Real time, ongoing review services, however, would not capture adjustments made to claims after initial processing and payment, which could skew results when viewed on an ongoing basis. Conversely, retrospective audits include post-claim

payment activities such as recovery of overpayments.

- Real time, ongoing review services tend to include a feature in which the auditor earns a percentage (10-15%) contingency payment of identified savings. WTW cautioned that there could be unintended consequences and incentives from such a payment arrangement (e.g. delay in reporting a problem).

Timeline:

- *August - October 2024:* Development of the Request for Proposal (RFP) scope of services, evaluation criteria and minimum requirements. The initial contract term is expected to run for three years, from July 1, 2025 to June 30, 2028 with two optional one (1) year extensions.
- *September 23, 2024:* SEBC approved the RFP Scope of Services.
- *December 30, 2024:* Released RFP.
- *January – February 2025:* Six vendors submitted an intent to bid. Four proposals were received from 4C Health Solutions, Claim Technologies, Inc. (CTI), Sagebrush Analytical Solutions, and Truveris, Inc.
- *February – March 2025:* The Statewide Benefits Office (SBO) and Willis Towers Watson (WTW) reviewed the proposals and sent follow-up questions to bidders. On March 4, 2025, all four vendors were notified that they were deemed finalists and were invited to participate in vendor interviews with the Proposal Review Committee (PRC). SBO started reference checks for all four vendors.
- *March 19, 2025:* The PRC met to review relevant historical context, consider the analysis of the bid responses including experience and qualifications, financial terms, medical insurance audit approach; prescription insurance audit approach, and responsiveness. Finalist interviews were conducted and 4C Health, CTI, Sagebrush and Truveris presented their qualifications and overall capabilities and answered questions from the PRC. Afterward, WTW sent additional follow-up questions (including from PRC members) to the vendors and continued the pricing analysis.
- *March 21, 2025:* On this date, vendors were requested to submit Best and Final Offer (BAFO) pricing by March 26, 2025.
 - For retrospective audits, Truveris was the only vendor that changed their proposed fees for the medical audits, reducing the fee by \$5,000 for each provider for a total reduction

of \$15,000.

- For real time, ongoing review services, CTI was the only vendor that changed their proposed fees for the prescription reviews, reducing the fee by \$5,000.
- Sagebrush did not quote for real time, ongoing review services.
- *April 2, 2025:* The PRC reconvened to review and discuss various aspects of the proposals including the qualitative and quantitative summaries, answers to follow-up questions, information on data requirements, definition of real time, ongoing review services, implications of current TPA and PBM contracts, and analysis of the BAFO pricing and information. SBO shared information on the current contract procedures and findings for FY19-20 and FY21-22 audits with the PRC.
- *April 10 – 15, 2025:* PRC members submitted individual score sheets to the SBO. Scoring was done for retrospective audits and real time, ongoing review services.
- *April 16, 2025:* PRC members met to review scoring and develop a recommendation for submission to the SEBC for the May 30, 2025 meeting.
- CTI is the current vendor under contract DHR20004-MED_AUD, Medical and Prescription Insurance Audit Services. CTI's subcontractor, PillarRx, conducts the prescription audits.
- The RFP established the categories (for scoring) vendors were to address in their proposals and included the following:
 - Financial Terms – 25 points
 - Medical Insurance Audit Approach – 25 points
 - Prescription Insurance Audit Approach – 25 points
 - Experience and Qualifications – 20 points
 - Responsiveness – 5 points

WTW provided breakouts within those categories on the scorecard. The PRC discussed the following in determining the recommendation:

- All vendors are qualified to administer the Medical and Prescription Insurance Audit Services for retrospective audits. Only two of the vendors (4C Health and Truveris) demonstrate the ability to perform the real time, ongoing review services for medical and prescription services. CTI can perform real time, ongoing prescription review services, not medical review services. Sagebrush

does not offer these services. CTI offered the ability to perform quarterly review services of PBM review services.

- Differences in the vendors' service delivery models and associated pricing produced a wide range of potential annual costs under each vendor's proposed services as related to retrospective audits; the estimated total costs for the first year of the contract ranged from \$271,500 to \$451,452.
- For real time, ongoing reviews, the pricing ranged from \$195,000 to \$1,600,000. This range had several contributing factors including the vendor's definition and frequency of real time, potential fees for ongoing data files from TPA and/or PBM and the inclusion of a retrospective audit. Because the last audit report available to the PRC is a draft from August 2023 covering FY2022, with certain information still then outstanding, there was little concrete information available for the PRC to fully evaluate any benefits from a real-time process (which are much more expensive).
- For audits of annual items such as PBM rebates and identification of systemic claim processing issues, a retrospective audit will still be required.
- The RFP instructions and questionnaire were silent on the SEBC's intent to evaluate both retrospective and real time, ongoing review capabilities for the medical and prescription plans. As such, the majority of the PRC expressed a preference for focusing on the retrospective audits.
- PRC Aggregate Scoring Results for retrospective audits: Of a total of 100 points, the weighted average scores for each vendor are as follows:
 - CTI 77.1
 - Sagebrush 60.5
 - Truveris 59.5
 - 4C Health 57.8
- While all vendors offer retrospective medical and prescription audit services, differences between the vendors in each category are noted below:
 - Experience and Qualifications
 - CTI scored the highest at 17.1 with Sagebrush second at 14.6. Public sector experience and positive references contributed to the higher scores. CTI did have the most experience with Highmark DE BCBS. CTI and Sagebrush have experience auditing Medical Supplement Plans. CTI and Truveris have experience auditing CVS. All vendors confirmed that NADAC pricing is validated.
 - Financial Terms
 - CTI scored the highest at 17.2 with Truveris second at 12.3. All vendors agreed to the Performance Guarantees in the RFP.
 - No vendor credits were offered on any of the proposals.
 - Medical Insurance Audit Approach
 - CTI scored the highest with 19.6 with the other vendors ranking close to each other (Truveris 17.8, 4C Health 16.6 and Sagebrush 17.1) CTI stood out for

- their response to managing timelines for audits.
- Prescription Insurance Audit Approach
 - CTI scored the highest with 19.6 with the other vendors ranking close to each other (Truveris 17.2, Sagebrush 17.0 and 4C Health 16.9) CTI stood out for their response to managing timelines for audits and proposed approach for reporting results.
- Responsiveness
 - CTI scored the highest with 3.7 with the other vendors ranking close to each other (Truveris 2.6, Sagebrush 2.5 and 4C Health 2.4).
- All PRC members' scorecards had CTI as the highest scoring vendor for retrospective audit services.
- PRC Aggregate Scoring Results for real time, ongoing review services: Of a total of 100 points, the weighted average scores for each vendor are as follows:
 - Truveris 57.1
 - 4C Health 56.6
 - CTI 41.5
 - Sagebrush 1.1
- Two of the vendors offer real time, ongoing medical and prescription review services (4C Health and Truveris); one vendor offers real time, ongoing prescription review services (CTI); and one vendor does not offer these services (Sagebrush). Differences between the vendors in each category are noted below:
 - Experience and Qualifications
 - CTI scored the highest at 11.2 with Truveris second at 10.7 and 4C Health third at 10.3. Public sector experience and experience reviewing custom plan features contributed to the higher scores.
 - Financial Terms
 - Truveris scored the highest at 13.1 with 4C Health second at 12.4. All vendors agreed to the Performance Guarantees in the RFP.
 - No vendor credits were offered on any of the proposals.
 - Medical Insurance Audit Approach
 - Truveris and 4C Health scored the highest with 15.0. The vendor's proposed approach and plan to manage timelines contributed to the difference.
 - Prescription Insurance Audit Approach
 - 4C Health scored the highest with 16.2 with Truveris second at 15.6. 4C Health stood out for their ability to meet the scope of work in delivering real time, ongoing review services.
 - Responsiveness
 - CTI scored the highest with 2.8 with Truveris and 4C Health tying for second with 2.7 each.
- For retrospective audits, the estimated annual cost differences from the current contract for

the State of Delaware as analyzed by WTW is as follows:

- CTI: increase of \$38,000
 - 4C Health: increase of \$120,000
 - Truveris: increase of \$121,000
 - Sagebrush: increase of \$227,983
- For real time, ongoing reviews, there is not a current contract to provide a baseline comparison. The totals by vendor follow:
 - CTI: prescription only - \$195,000. Grand total including retrospective audits for medical and prescription - \$334,500.
 - Truveris: both medical and prescription - \$914,000
 - 4C Health: both medical and prescription - \$1,020,000 (quarterly) and \$1,600,000 (monthly)

As such the PRC recommends the following:

PRC Recommendation

RESOLVED that with respect to the Request for Proposal for Medical and Prescription Insurance Audit Services, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

- That the proposed real time, ongoing review services do not replace the retrospective audits; they would only possibly enhance and complement the retrospective audits.
- That Claims Technology, Inc. (CTI) provides the best value for the State of Delaware for retrospective medical and prescription audit services. It is recommended that the SEBC direct SBO to begin the negotiation of a contract with CTI.
- That SBO include in each retrospective audit scope of services that CTI include specific recommendations as to process and plan design improvements based upon findings and recommendations from each audit.
- That SBO work with CTI to include in the upcoming PBM and TPA RFPs and subsequent vendor contracts, the necessary language to ensure that timely and efficient audits can be conducted. Such points in the PBM and TPA RFPs should include specific deadlines for the PBM/TPA to work with the auditor in effectuating implementation of the awarded contracts and to provide information about claims needed by the auditor.
- Specific to real time, ongoing review services, the PRC has no recommendation for the award

of a contract.

- The PRC recommends the SEBC continue to monitor the emerging capabilities of the real time, ongoing review services as they might relate to upcoming PBM and TPA RFPs and contracts and as they might relate to the findings of the GHIP's retrospective audits.
- For the future, the PRC recommends the following:
 - Strengthen the audit rights, in upcoming RFPs and contracts.
 - Consider the administrative and financial impacts to the State, including potential costs imposed by medical third-party administrators and PBMs for additional and ongoing data exchanges as well as the implications of additional compensation to audit vendors conducting real time reviews through retaining a percentage of monies recovered.