September 14, 2022

FINAL HEALTHCARE CLAIMS AUDIT REPORT

City of Virginia Beach – Optima

AUDIT PERIOD: JANUARY – DECEMBER 2021

Healthcare Horizons Consulting Group, Inc.
800 S. Gay St., Suite 1600, Knoxville, TN 37929

(800) 646-9987 or (865) 444-2607
HHAdmin@healthcarehorizons.com

HEALTHCAREHORIZONS.COM

HEALTHCAREHORIZONS
CONSULTING GROUP, INC.

Table of Contents

Executive Summary 1

Process Overview 3

Site Visit Selection 4

Recoverable Findings 5

Disputed Findings 12

Informational Findings 14

Conclusion 15

Definitions - Areas of Testing 16

Appendix A – Site Visit Detail 21

Appendix B – Out-of-Sample Claims 25

HEALTHCAREHORIZONS
CONSULTING GROUP, INC.

Executive Summary

The City of Virginia Beach engaged Healthcare Horizons to perform an audit of claims processed by Optima Health (Optima) for paid dates of January through December 2021. Healthcare Horizons received $113,137,660.31 in paid claims data from Optima and performed a full electronic review of claims processing. Of this total amount, $65,234,160.70 was paid for the school system and $47,903,499.61 for city employees. The purpose of the audit was to identify claim errors resulting in incorrect payments and to assess underlying conditions contributing to any errors identified. Healthcare Horizons delivered 270 targeted sample claims to Optima as potential errors (based on mining of the data) or higher-dollar items in need of review. Optima provided detailed feedback on all sample claim submissions with minimal follow-up questions required during the process.

Healthcare Horizons identified a recoverable amount of $88,195.84 from the sample claims, representing above average performance by Optima based on our experience with similar projects. The majority of sample findings are related to the out-of-network allowable charge and ambulatory surgical center (ASC) pricing. We also noted $67,633.31 in claims with a refund requested prior to the audit. Optima later confirmed these claims as recovered with the majority of the dollars related to duplicate payments. The detailed results of all sample claims are presented in Appendix A. Based on the agreed in-sample findings, Healthcare Horizons queried the full claims population for additional claims with similar errors resulting in the delivery of ten additional out-of-sample claims in the coordination with other insurance category. These additional out-of-sample claims totaling $5,620.49 in recoveries are detailed in Appendix B. Finally, Healthcare Horizons is disputing a single payment of $102,400.00 due to potentially abusive billed charges on an out-of-network claim.

Our findings for the audit are summarized as follows.

Issue	Sample Recovery Amount	Refund Requested Prior	Sample Disputed Amount	Out-of-Sample Recovery Amount	Total Audit Potential (Excluding Refund Requested Prior and Disputed)
ASC Pricing	$38,402.12	$0.00	$0.00	$0.00	$38,402.12
OON Allowable Charge	$17,097.36	$0.00	$0.00	$0.00	$17,097.36
Other Insurance	$8,159.98	$0.00	$0.00	$5,620.49	$13,780.47
Duplicates	$6,950.44	$65,263.26	$0.00	$0.00	$6,950.44
Eligibility	$6,079.42	$0.00	$0.00	$0.00	$6,079.42
Benefit Exclusion - Morbid Obesity Surgery	$4,983.50	$0.00	$0.00	$0.00	$4,983.50
Pre-Admission Testing	$4,496.87	$0.00	$0.00	$0.00	$4,496.87
Benefit Exclusion - Foot Orthotics	$1,022.16	$157.74	$0.00	$0.00	$1,022.16
Surgery Global	$826.46	$0.00	$0.00	$0.00	$826.46
Benefit Exclusion - Blood Pressure Monitor	$177.53	$0.00	$0.00	$0.00	$177.53
OON Professional Pricing	$0.00	$0.00	$102,400.00	$0.00	$0.00
Benefit Exclusion - Administrative Exams	$0.00	$2,212.31	$0.00	$0.00	$0.00
Totals	**$88,195.84**	**$67,633.31**	**$102,400.00**	**$5,620.49**	**$93,816.33**

HEALTHCAREHORIZONS
CONSULTING GROUP, INC.

City

Issue	Site Visit Recovery Amount	Refund Requested Prior	Site Visit Disputed Amount	Out-of-Sample Recovery Amount	Total Audit Potential (Excluding Disputed)
ASC Pricing	$22,058.70	$0.00	$0.00	$0.00	$22,058.70
OON Allowable Charge	$8,229.36	$0.00	$0.00	$0.00	$8,229.36
Eligibility	$4,184.10	$0.00	$0.00	$0.00	$4,184.10
Benefit Exclusion - Morbid Obesity Surgery	$3,310.48	$0.00	$0.00	$0.00	$3,310.48
Pre-Admission Testing	$1,630.97	$0.00	$0.00	$0.00	$1,630.97
Duplicates	$910.48	$5,742.84	$0.00	$0.00	$910.48
Benefit Exclusion - Foot Orthotics	$509.71	$157.74	$0.00	$0.00	$509.71
Surgery Global	$356.19	$0.00	$0.00	$0.00	$356.19
Benefit Exclusion - Blood Pressure Monitor	$65.00	$0.00	$0.00	$0.00	$65.00
Benefit Exclusion - Administrative Exams	$0.00	$1,032.95	$0.00	$0.00	$0.00
Totals	**$41,254.99**	**$6,933.53**	**$0.00**	**$0.00**	**$41,254.99**

Schools

Issue	Site Visit Recovery Amount	Refund Requested Prior	Site Visit Disputed Amount	Out-of-Sample Recovery Amount	Total Audit Potential (Excluding Disputed)
ASC Pricing	$16,343.42	$0.00	$0.00	$0.00	$16,343.42
Other Insurance	$8,159.98	$0.00	$0.00	$5,620.49	$13,780.47
OON Allowable Charge	$8,868.00	$0.00	$0.00	$0.00	$8,868.00
Duplicates	$6,039.96	$59,520.42	$0.00	$0.00	$6,039.96
Pre-Admission Testing	$2,865.90	$0.00	$0.00	$0.00	$2,865.90
Eligibility	$1,895.32	$0.00	$0.00	$0.00	$1,895.32
Benefit Exclusion - Morbid Obesity Surgery	$1,673.02	$0.00	$0.00	$0.00	$1,673.02
Benefit Exclusion - Foot Orthotics	$512.45	$0.00	$0.00	$0.00	$512.45
Surgery Global	$470.27	$0.00	$0.00	$0.00	$470.27
Benefit Exclusion - Blood Pressure Monitor	$112.53	$0.00	$0.00	$0.00	$112.53
OON Professional Pricing	$0.00	$0.00	$102,400.00	$0.00	$0.00
Benefit Exclusion - Administrative Exams	$0.00	$1,179.36	$0.00	$0.00	$0.00
Totals	**$46,940.85**	**$60,699.78**	**$102,400.00**	**$5,620.49**	**$52,561.34**

The Optima responses to the draft audit report are incorporated into the report text by issue. Where appropriate, Healthcare Horizons has added a final audit comment to address the responses.

Process Overview

Healthcare Horizons systematically reviews 100% of claims payments by the administrator on behalf of our clients via our proprietary electronic claim edits. A series of standard algorithms are utilized to identify potential areas of claims overpayments in areas such as eligibility, pricing, duplicates and medical edits. In addition, customized queries are created specific to each client based on variable factors such as benefits design.

Based on the results of our electronic analysis, Healthcare Horizons targets areas with significant overpayment potential based on the dollar amount and our experience with the categories in question. Many areas are resolved by Healthcare Horizons without inclusion in the claims sample due to low findings from the electronic analysis or our determination that the claims flagged are exceptions rather than errors. For the areas that warrant additional research, a sample of claims is selected for review during the site visit with the administrator. Within each category, Healthcare Horizons strives to select a sample that is representative of all claims identified for the particular issue and covers significant potential errors. The goal of the site visit is to work with the administrator to verify the presence of an error on each claim and to solidify the logic used to identify the claims for full reports. Healthcare Horizons recommends the delivery of additional claims beyond the site visit sample for review and recovery by the administrator if warranted by the site visit findings. For example, if Healthcare Horizons and the administrator agreed that nineteen of twenty eligibility claims were recoverable overpayments, Healthcare Horizons would deliver a full report from the entire data set meeting the same criteria.

Once an agreed listing of overpaid claims has been identified and placed into recovery by the administrator, Healthcare Horizons monitors the collections process to a point of completion that is satisfactory to both Healthcare Horizons and our client.

Site Visit Selection

The following chart details the composition of the site visit claims selection as well as the errors identified during the site visit.

Issue	Audit Items	Recovery		Refund Requested Prior		Disputed	
		Items	Amount	Items	Amount	Items	Amount
Duplicates - Claim Level	12	4	$1,436.63	1	$58,711.00	0	$0.00
Duplicates - Line Level	82	25	$5,513.81	7	$6,552.26	0	$0.00
Eligibility - After Termination	11	11	$6,079.42	0	$0.00	0	$0.00
Eligibility - Not on File	2	0	$0.00	0	$0.00	0	$0.00
Other Insurance	4	1	$8,159.98	0	$0.00	0	$0.00
ESRD	9	0	$0.00	0	$0.00	0	$0.00
OON Professional Pricing	1	0	$0.00	0	$0.00	1	$102,400.00
INN Facility Pricing	10	0	$0.00	0	$0.00	0	$0.00
OON Facility Pricing	5	0	$0.00	0	$0.00	0	$0.00
ASC Pricing	17	12	$38,402.12	0	$0.00	0	$0.00
INN Allowable Charge (Professional)	3	0	$0.00	0	$0.00	0	$0.00
OON Allowable Charge	10	5	$17,097.36	0	$0.00	0	$0.00
Readmissions	2	0	$0.00	0	$0.00	0	$0.00
Transfers	5	0	$0.00	0	$0.00	0	$0.00
Two Surgeons	2	0	$0.00	0	$0.00	0	$0.00
Outpatient with Admission	6	0	$0.00	0	$0.00	0	$0.00
Pre-Admission Testing	14	7	$4,496.87	0	$0.00	0	$0.00
Surgery Global	12	6	$826.46	0	$0.00	0	$0.00
Medical Edits	5	0	$0.00	0	$0.00	0	$0.00
Deductible	5	0	$0.00	0	$0.00	0	$0.00
Benefit Maximum - Hearing Aid	3	0	$0.00	0	$0.00	0	$0.00
Benefit Exclusion - Morbid Obesity Surgery	3	3	$4,983.50	0	$0.00	0	$0.00
Benefit Exclusion - Foot Orthotics	12	7	$1,022.16	1	$157.74	0	$0.00
Benefit Exclusion - Blood Pressure Monitor	3	3	$177.53	0	$0.00	0	$0.00
Benefit Exclusion - Administrative Exams	32	0	$0.00	32	$2,212.31	0	$0.00
Totals	**270**	**84**	**$88,195.84**	**41**	**$67,633.31**	**1**	**$102,400.00**

Recoverable Findings

1. Healthcare Horizons identified a minimal volume of duplicate payments. Healthcare Horizons performs a number of queries to identify potential duplicate payments and our initial analysis yielded a minimal volume of potential duplicates that were all submitted in the sample selection. Including both claim-level and line-level duplicate submissions, Optima agreed with 29 overpayments totaling $6,950.44 (audit items 2, 4, 6, 8, 14, 19, 21, 23, 25, 31, 33, 35, 41, 43, 50, 55, 58, 60, 63, 65, 67, 69, 76, 81, 82, 87, 88, 93, and 94). With the exception of audit item 8 (manual error), Optima responded that the system did not flag the claims as duplicates. Optima may choose to utilize the audit findings to determine why current duplicate edit logic did not flag these claims. In terms of trends identified for the duplicates, Healthcare Horizons noted (1) claims paid on the same day, (2) different informational modifiers, and (3) same rendering provider with different IDs. In addition, Healthcare Horizons notes audit items 11, 15, 27, 28, 36, 38, 44, and 51 totaling $65,263.26 as refund already requested prior to the audit. Specifically, Optima responded that the claims were already reversed and denied due to duplicate payments. We request for Optima to confirm cash collection for these claims on behalf of the City as part of the response to this draft audit report. In addition, we recommend for the City to independently confirm the refund for audit item 11 for $58,711.00. As all material potential duplicates were submitted in the sample selection, no additional out-of-sample review is required.

> ***Optima's Response:*** *The primary issue was the system did not flag the claim as possible duplicates for review. Root cause was conducted, and the identified issue has been corrected. Testing was conducted to confirm this is not an ongoing issue. There were a small population of claims manually processed incorrectly and those team members have been provided appropriate education.*
>
> *The health plan is disputing audit item 38 as being identified as an error as that was communicated as* ***no error*** *in the original response back to Healthcare Horizons. The Health plan confirmed that as a result of internal control mechanisms in place audit samples 11,15,27,28,36,44 & 51 were corrected prior to the audit engagement. That information can be found in the document title* ***2021 Final Report Response Document Tab 1 Duplicate Claims Finance Info.***
>
> **Healthcare Horizons' Final Comment**: For audit item 38, Optima responded that the claim was reversed and denied as the services were reconsidered on audit item 39. We agree that an error did not occur in this situation, however, the dollars ($155.71) for audit item 38 were outstanding for collection and therefore cited as refund requested prior to the audit. Otherwise, Optima confirmed the items cited as refund requested prior to the audit have now been recovered on behalf of the City.

2. A minimal number of recoverable claims were identified due to retroactive eligibility terminations. Healthcare Horizons utilized eligibility data provided by Optima to test coverage for all claims in the dataset and only eleven claims were identified with a service date after the eligibility termination date (audit items 95-105

totaling $6,079.42). While Optima disputes an error as the claims were correct at the time of processing, the claims are recoverable due to retroactive eligibility terminations.

> ***Optima's Response:*** *Claims were correct at the time of processing; the claims are now recoverable due to retroactive eligibility terminations. We have several processes in place to assist with identifying claims impacted by the receipt of retroactive other primary insurance information. Our recovery team runs reports weekly to identify any claims impacted by the receipt of retroactive other primary insurance information and our special projects team manages any adjustments needed. We will continue to work with our recovery team to identify ways to continue to strengthen this process.*

> **Healthcare Horizons' Final Comment**: As noted by Optima, a process is in place to identify and recover claims impacted by retroactive eligibility terminations.

3. Retroactive notification of other primary insurance resulted in the identification of recoverable claims**.** Healthcare Horizons utilizes the claims data to identify members with other primary insurance based on a coordination of benefits (COB) savings amount present on certain claims. We then test claims for the same members with no COB savings to determine if coordination with the primary carrier was missed. For audit item 109, Optima responded that the other primary insurance information was received after the claim was processed, however, the claim is now recoverable for $8,159.98 (final amount pending coordination). Based on the other insurance primary effective date noted, Healthcare Horizons delivered ten additional out-of-sample claims for review and recovery with an estimated potential of $5,672.79. We request claim-level feedback on these claims from Optima along with the written audit response. Finally, Optima should speak to processes in place to identify and adjust claims impacted by the receipt of retroactive other primary insurance information.

> ***Optima's Response****: Other primary insurance information was received after the claim was processed. Our recovery team runs reports weekly to identify any claims impacted by the receipt of retroactive other primary insurance information and our special projects team manages any adjustments needed. We will continue to work with our recovery team to identify ways to continue to strengthen this process.*
> *Claim Level feedback can be found in the accompanying document 2021 Final Report Response Document Tab 2 Retroactive Notification.*

> **Healthcare Horizons' Final Comment**: As noted by Optima, a process is in place to identify and recover claims impacted by retroactive other insurance changes. We appreciate the out-of-sample review by Optima confirming a final recovery amount of $5,620.49. All charts have been updated to reflect this amount.

4. Similar to prior audits, overpayments were identified for ambulatory surgical centers due to the incorrect payment of secondary surgical procedures. For certain facilities, the Optima contract only allows payment for the primary surgical procedure with all other lines to be denied for payment. Healthcare Horizons identified twelve overpayments totaling $38,402.12 for this issue (audit items 137, 139, 142, 143, 144, 145, 146, 148, 149,

150, 151, and 153. As this issue has been present in prior audits, we request that Optima address any planned root cause correction to prevent future overpayments.

Optima's Response: *All of these audit items are related to a single facility, CHKD. Currently this adjustment is a manual process, and it is not routine. Claims processors have been reeducated; additional training has since been provided to all processors who encounter these claim scenarios.*

Healthcare Horizons' Final Comment: Given the manual nature of the claims for this facility, Optima has provided additional training to its processors.

5. Healthcare Horizons identified isolated overpayments as part of the out-of-network allowable charge review. The plan document describes the allowable charge as follows:

ALLOWABLE CHARGE *is the amount the Plan determines will be paid to a Provider for a Covered Service. When You receive Covered Services from an In-Network Physician the Allowable Charge is the lesser of: (1) the Physician's contracted rate with the Plan or its third party administrator or (2) the Physician's actual charge for the Covered Service. When You receive Covered Services from an In-Network facility the Allowable Charge will be the facility's contracted rate with Plan. In-Network Providers will accept our Allowable Charge as payment in full. You will be responsible for any applicable In-network Deductible, Copayment or Coinsurance amounts. When You use Out-of-Network benefits from Non-Plan Providers the Allowable Charge may be a negotiated rate; or if there is no negotiated rate the Allowable Charge is Optima's In-Network contracted rate for the same service performed by the same type of Provider or the Provider's actual charge for the service, whichever is less.*

Medically Necessary Covered Services provided by a Non-Plan Provider during an authorized Admission to a Plan Facility, will be covered under In-Network Benefits. Emergency Care You get Out-of-Network from a Non-Plan Provider will be covered at the In-Network Copayment or Coinsurance level. Cost Sharing amounts You pay out of pocket for Out-of-Network Emergency Care will accumulate toward Your Plan's In-Network Deductible and Maximum Out-of-Pocket amounts. However, you may have to pay the difference between what the Non-Plan Provider charges and the Plan's Allowable Charge in addition to your in-network copayment, coinsurance and deductible amounts. Participants should notify Optima immediately if a balance bill is received.

All other Covered Services You receive from Non-Plan Providers will be Covered under Out of Network Benefits. However, You may have to pay the difference between what the Non-Plan Provider charges and the Plan's Allowable Charge in addition to Your Out-of-Network Copayment, Coinsurance and Deductible amounts. When You use an Out-of-Network Provider, the Allowable Charge is the lesser of the usual and customary rate for the service as determined by the Plan. Amounts You pay as a result of balance billing will not accumulate toward any Deductible and Maximum Out-of-Pocket amounts.

In testing out-of-network claims allowed at full billed charges, Healthcare Horizons identified overpayments due to multiple reasons as shown in the following table:

Audit Item	Overpayment	Description
160	$4,177.97	Missed PHCS pricing on adjustment
161	$4,051.39	Certified Surgical Assistant payment in error - not separately billable per Optima Surgical Assistant policy
162	$3,585.00	OON allowable charge not reapplied on adjustment for INN benefit
163	$2,979.00	Should have processed on behavioral health side with fee schedule rate
166	$2,304.00	Reprocessed incorrectly at in-network benefit and billed charges

Given the one-off nature of these overpayments, our impression is that Optima is correctly administering the allowable charge for out-of-network providers.

Optima's Response: *These errors manual processing errors that have been followed up with educational reminders for the team and with the individuals specifically responsible for the processing errors made. The health plan is actively working on a process improvement plan to address the manual process associated with repricing through PHCS to promote consistency and reduce/eliminate errors associated with this process.*

Healthcare Horizons' Final Comment: We are in agreement with manual processor error on these items with no cause for systemic concern.

6. Several pre-admission testing claims were paid in error as the provider contract prohibits separate payment of this testing prior to a planned inpatient admission. It is common for hospital contracts to state that pre-admission testing services (such as lab, X-ray, or EKG) are not paid separately from the subsequent inpatient reimbursement (based on case rate or per diem). As such, all services should be billed on a single inpatient claim. Healthcare Horizons identified seven claims paid in error for this issue for a total of $4,496.87 (audit items 182, 184, 186, 188, 190, 192, and 194). The root cause of these overpayments can be attributed to a provider billing error. Note that all potential overpayments were submitted in the sample selection.

Optima's Response: *The root cause of these overpayments can be attributed to a provider billing error. We will also follow up with additional education for the claims processors regarding looking for these items when processing an inpatient claim as well as provider education. Optima is also working with System Configuration identify how to effectively address these claims scenarios related to pre-admission testing with DX code Z01.818 to prevent future overpayments.*

Healthcare Horizons' Final Comment: These overpayments were the result of provider billing errors, however, Optima is working on system enhancements to capture pre-admission testing billed separately in error.

7. Recoverable claims were identified for evaluation and management procedures billed and paid during the surgery global period. For many surgical procedures, the professional fee is inclusive of any visits that occur between one day prior to the surgery or up to 90 days after the surgery for follow-ups. For audit items 196, 198, 200, 202, 204, and 206 paid a total of $826.46, Optima agreed the evaluations should be included as part of the global surgical package with no separate reimbursement. As such, the claims are recoverable on behalf of the City. As all questionable claims were submitted in the sample selection, no additional out-of-sample review is warranted.

> ***Optima's Response**: Optima agrees with the auditors' findings that evaluations should be included as part of the global surgical package with no separate reimbursement. These were manual processing errors follow up with education has been conducted with those team members associated with these findings as well as reminders distributed to the team.*
>
> **Healthcare Horizons' Final Comment**: Given the minimal volume of findings, we agree with a root cause of manual processor error with no indication of a systemic issue.

8. Based on a change in benefits, claims were identified for non-covered morbid obesity treatment including gastric bypass surgery. Based on a review of the 2021 plan documents, morbid obesity treatment including surgery is no longer a covered benefit. As such, audit items 221-223 were submitted for review and Optima agreed to a total overpayment amount of $4,983.50 as the plan no longer has the morbid obesity rider. As all obesity surgery claims were submitted in the sample selection, no additional out-of-sample review is warranted. Note that recovery of these claims will likely cause adverse member impact due to balance billing. Optima should ensure appropriate system configuration to deny these services moving forward.

> ***Optima's Response**: Based on a review of the 2021 plan documents, morbid obesity treatment including surgery is no longer a covered benefit. An exception report has been established to run monthly, to catch claims paid incorrectly so that they can be reversed. Additionally, Optima worked with the benefits configuration team to review/ enhance the configuration related to excluded benefits prior to the audit engagement. Defined procedures were put into place to ensure all benefit exclusions are configured to deny appropriately.*
>
> **Healthcare Horizons' Final Comment**: Optima has established a monthly report to capture claims allowed in error and has defined a list of gastric bypass procedure codes to deny systematically.

9. Non-covered foot orthotics were agreed as paid in error per the plan design. As part of our comprehensive benefits testing, Healthcare Horizons evaluates all claims against benefit exclusions present in the plan document. Based on a review of the plan documents, foot orthotics of any kind are excluded from coverage including customized or non-customized shoes, boots, and inserts. Optima agreed to overpayments totaling $1,022.16 for this issue (audit items 226, 229, 230, 231, 232, 233, and 235). In addition, audit item 227 for $157.74 was noted as refund requested prior to the audit. Note that the sample claims deemed as correct were for members with a

history of diabetes. As all foot orthotic claims were submitted in the sample selection, no additional out-of-sample review is warranted. Note that recovery of these claims will likely cause adverse member impact due to balance billing. Finally, Optima should ensure appropriate system configuration to deny these supplies moving forward.

> ***Optima's Response****: Non-covered foot orthotics were agreed as paid in error per the plan design. Based on a review of the plan documents, foot orthotics of any kind are excluded from coverage including customized or non-customized shoes, boots, and inserts. An exception report has been established to run monthly, to catch claims paid incorrectly so that they can be reversed. Additionally, Optima worked with the benefits configuration team to review/ enhance the configuration related to excluded benefits prior to the audit engagement. Defined procedures were put into place to ensure all benefit exclusions are configured to deny appropriately.*

> **Healthcare Horizons' Final Comment**: Optima has established a monthly report to capture claims allowed in error and has defined a list of foot orthotics codes to deny systematically.

10. Non-covered blood pressure monitors were agreed as paid in error per the plan design. The plan document notes blood pressure monitors as a benefit exclusion unless authorized by the plan. Healthcare Horizons identified three claims in the dataset for blood pressure monitors and all were agreed as overpayments by Optima as no authorization was on file (audit items 236-238 for $177.53). As all blood pressure monitors were submitted in the sample selection, no additional out-of-sample review is warranted. Note that recovery of these claims will likely cause adverse member impact due to balance billing. Finally, Optima should ensure appropriate system configuration to this item moving forward.

> ***Optima's Response****: Non-covered blood pressure monitors were agreed as paid in error per the plan design. The plan document notes blood pressure monitors as a benefit exclusion unless authorized by the plan. An exception report has been established to run monthly, to catch claims paid incorrectly so that they can be reversed. Additionally, Optima worked with the benefits configuration team to review/ enhance the configuration related to excluded benefits prior to the audit engagement. Defined procedures were put into place to ensure all benefit exclusions are configured to deny appropriately.*

> **Healthcare Horizons' Final Comment**: Optima has established a monthly report to capture claims allowed in error and has defined a list of blood pressure monitor codes to deny systematically.

11. Healthcare Horizons identified overpayments due to non-covered administrative exams. Per the plan document, physicals for employment, insurance or recreational activities are not covered services**.** Based on this exclusion, Healthcare Horizons submitted 32 claims for review, and all were noted as refund requested prior to the audit. Specifically, Optima responded that the claims were already reversed and denied as a non-covered benefit (audit items 239-270 for $$2,206.02). We request for Optima to confirm cash collection for these claims on behalf of the City as part of the response to this draft audit report. The diagnosis codes for the findings were as follows:

- Z02.1 - Encounter for pre-employment examination
- Z02.5 - Encounter for examination for participation in sport

In reviewing the entire paid claims dataset for 2021, Healthcare Horizons estimates a total financial impact of $8,727.32 for this issue (including the sample claims). As Optima indicated that all sample claims were already adjusted, we have not provided additional out-of-sample claims detail based on the assumption that all claims are already in recovery. We do request for Optima to offer any internal impact report totals to the City to ensure that all claims have been identified for correction.

Optima's Response: *Non-covered administrative exams were agreed as paid in error per the plan design. The plan document notes physicals for employment, insurance or recreational activities are not covered services. Optima worked with the benefits configuration team to review/ enhance the configuration related to this excluded benefit prior to the audit engagement. Defined procedures were put into place to ensure all benefit exclusions are configured to deny appropriately including non-covered administrative exams. As a result of these actions Optima identified all impacted claims and took the appropriate actions to correct and reprocess claims identified as paid incorrectly. As requested, please refer to the accompanying document* ***2021 Final Report Response Document Tab 3 Administrative Exams*** *for claim level details impacted claims****.***

Healthcare Horizons' Final Comment: Optima confirmed final recovery for all sample claims totaling $2,212.31 (all charts have been updated to reflect this amount on the sample claims). The City should request a final impact report for this issue including claim count, total overpayment, and total collections.

Disputed Findings

1. Healthcare Horizons requests clarification on whether the plan requires Medicare estimation. Medicare estimation requires the administrator to process claims as if the participant had enrolled in Medicare when so entitled. The effect is that the plan's liability is the same whether or not the participant enrolls in Medicare (Part A and B) when eligible. For audit items 111 ($9,413.51 in the other insurance category) and 116 ($1,941.51 in the ESRD category), Optima responded that the member had Medicare Part A only, therefore, coordination of benefits was not applicable. Based on the language presented below, our impression is that Medicare Part B estimation should apply, however, we request plan intent clarification from the City.

Except as otherwise provided by applicable federal law that would require the Plan to be the primary payor, the benefits under this Summary Plan Description for Covered Persons aged sixty-five (65) and older, or Covered Persons otherwise eligible for Medicare, do not duplicate any benefit to which such Covered Persons are eligible under the Medicare Act, including Part B of such Act.

Pending additional clarification, we are disputing the paid amounts on these claims. If it is determined that Medicare estimation should occur, it will be necessary to produce full impact reports for claims with missed Medicare estimation.

> ***Optima's Response:*** *Per Healthcare Horizons confirmation was received on 7.14.22 the plans intent is not to estimate. The error will be removed accordingly.*
>
> **Healthcare Horizons' Final Comment**: We confirmed that the plan intent is to not estimate Medicare benefits. As such, we have dismissed these findings and updated all charts to reflect no error for audit items 111 and 116.

2. Healthcare Horizons is disputing the out-of-network professional surgeon charges for a total disc replacement as unreasonable. Audit item 121 included four surgical procedures related to a total disc replacement with a total billed charge amount of $146,000.00. After application of a PHCS percent of billed charges discount, the claim was allowed at $102,400.00. In comparison, the total national Medicare reimbursement would be $4,264 for these professional surgery procedures. While the claim was authorized, Healthcare Horizons requests for Optima to review the case to determine the reasonableness of the billed charges and resulting allowed amount. Note that the services were performed in an outpatient setting with no indication of an emergency.

> ***Optima's Response:*** *As a result of findings from an audit performed in 2019 by Healthcare Horizons confirmation was received from VBCS related to PHCS and contracted rates. VBCS acknowledged that*

PHCS is considered in network. VBCS communicated PHCS is included under the in-network column within the Summary of Benefits and the Health plan follows contracted rates returned from PHCS.

Healthcare Horizons' Final Comment: The City should request additional review by Optima to determine the reasonableness of the billed charges (and subsequent reimbursement based on a percent of billed charges).

Informational Findings

1. Healthcare Horizons identified several members on dialysis due to end stage renal disease (ESRD) with no Medicare coverage information on file with Optima. Healthcare Horizons suggests that the City and Optima work to confirm the dialysis start date and the resulting Medicare primary effective date for the members identified on audit items 112, 113, 117, 118, 119, and 120. We are glad to provide the member information upon request.

> ***Optima's Response****: Refer to* ***2021 Final Report Response Document Tab 4 ESRD Follow up.***

> **Healthcare Horizons' Final Comment**: We have provided the details on these members to the City for additional review. In addition, Optima conducted an additional review of these members with the following updated information:
>
> - Audit Item 112 – Medicare primary 8/1/21
> - Audit Item 113 – Medicare primary 8/1/22
> - Audit Item 117 – No Medicare information on file
> - Audit Item 118 – Medicare primary 1/1/23
> - Audit Item 119 – Medicare primary 2/1/22
> - Audit Item 120 – No Medicare information on file

2. MinuteClinic is considered as a facility (versus professional) by Optima when considering allowable charge. As in-network professional claims are limited to billed charge per the allowable charge language, Healthcare Horizons submitted audit items 154-156 as the MinuteClinic office visit procedures were allowed more than billed charges. Optima responded that MinuteClinic claims are reimbursed via case rate, therefore, payment higher than charges is correct. While we do not disagree with this assessment, further discussion between the City and Optima may be warranted as we estimate a total impact of $24,340.45 (allowed more than billed) in 2021. Note that we identified this as an observation in the 2020 audit as well.

> ***Optima's Response****: Per our provider contractual agreements the case rate does not follow the lesser of logic and pays the case rate for the code billed. This is standard operating policy and procedure, and we agree would require discussion with the group to establish intent if so needed.*

> **Healthcare Horizons' Final Comment**: We recommend further discussion between the City and Optima to ensure current administration matches plan intent.

Conclusion

Healthcare Horizons appreciates the opportunity to perform this claims audit on behalf of The City of Virginia Beach. We would also like to recognize the cooperation exhibited by the entire Optima team during this process.

We recommend the following actions in order to maximize the effectiveness of the audit:

- Optima should initiate recovery on all agreed overpayments and report any negative potential member impact to both Healthcare Horizons and the City prior to any recovery activity.
- The City and Optima should work to identify the Medicare primary effective dates for the ESRD members cited with no Medicare information on file with Optima.
- Optima should ensure system configuration to deny non-covered services and supplies.
- Optima should confirm the reasonableness of charges for the out-of-network disc replacement cited.

Definitions - Areas of Testing

Duplicate Claims

Healthcare Horizons runs a series of duplicate claim edits across the claims data set to identify claims that have been billed and paid more than once. Healthcare Horizons identifies duplicate claims at both the claim level and individual procedure level. The duplicate claim queries vary with matches and mismatches on fields such as patient, provider, service date, billed charge, and procedure code. While most clients would expect duplicate claims to be rare, they are quite common in healthcare claims payments and usually result in recoveries on every project conducted by Healthcare Horizons.

Eligibility

In addition to claims data, Healthcare Horizons requests a full eligibility file from the administrator to validate coverage on the service date. Employer groups often submit retroactive terminations to the administrator, resulting in an opportunity for overpayments unless the administrator has a process in place to identify and recover these claims. Every administrator should have a process for identifying and recovering claims affected by a retroactive termination as they are common in the claims industry. In addition to claims paid after the termination date, Healthcare Horizons identifies claims paid during a gap in coverage and claims paid without an eligibility record on file.

Contract Audit

Healthcare Horizons normally requests a review of the signed provider contracts for the top 30 utilized hospitals for each group. While on-site at the administrator, Healthcare Horizons uses the claims data to test pricing and other contractual terms present in the contract for all claims paid to that provider in the claims data set. Other terms in the contract may include readmissions, outpatient services on the day of admission, pre-admission testing, timely filing, and transfers.

Some administrators do not allow this type of comprehensive audit of provider contracts in which Healthcare Horizons tests all claims according to the terms present in the contracts. If this is not made available, Healthcare Horizons selects site visit sample claims to test pricing and the following items on a more limited basis.

- Readmissions - If provider contracts have Diagnosis-Related Group (DRG) case rate reimbursement, readmissions to treat the same illness may not be allowed if the patient is readmitted within a certain number of days. This prevents facilities from being compensated a greater amount for an inappropriate discharge.

- Outpatient Services on Day of Admission - If a patient receives outpatient services such as an emergency room visit, and is later admitted on the same day, these charges should be combined with the inpatient claim

according to most provider contracts. If the provider is reimbursed based on per diems or DRG case rate, no additional payment is made for the outpatient services.

- Pre-admission Testing - If a patient undergoes tests related to a scheduled admission within 24 to 72 hours, these services may be included with the inpatient claim and not paid in addition to the inpatient stay for per diem or DRG case rate reimbursement. Examples of these tests include lab work and a baseline chest x-ray.

- Timely Filing - Provider contracts often state that claims must be submitted to the administrator within a certain time period (such as one year) to be eligible for payment. Otherwise the claim should be denied and the patient is held harmless.

- Transfers - Provider contracts based on DRG case rate inpatient reimbursement often contain special pricing if the patient is transferred to another acute care hospital for treatment. Since the patient was transferred, the initial hospital is not due the full case rate amount to treat the illness. Transfer payments are often based on a specific per diem rate in the contract.

Assistant Surgeon

In some circumstances, a procedure may require the services of an assistant in addition to the primary surgeon. Healthcare Horizons tests two common areas of overpayments for assistant surgeons: pricing and coding. Assistant surgeons usually receive 20-25% of the normal fee schedule rate for the codes used with assistant modifiers. Healthcare Horizons utilizes the claims data to identify the payment to the primary surgeon and then isolates assistant surgeon claims paid greater than 20-25% of this rate. In our experience, this analysis yields a high rate of assistant surgeon lines that are overpaid. In addition, The Center for Medicare Services produces a publicly available listing of procedure codes for which it does not allow a payment for assistant surgery. These are services that, by their nature, do not lend themselves to requiring an assistant. Healthcare Horizons identifies assistant surgeon claims for these procedures as possible overpayments. Although this Medicare guideline is not a requirement that must be followed by commercial insurance carriers, most administrators should have some similar list of codes not payable for assistants.

Multiple Procedure Reductions

When multiple services are performed in the same session, secondary procedures are priced at a reduced percentage (usually 50%) of the normal contract rate to account for economies and efficiency gained by not having to duplicate preparation of the patient for each procedure. Healthcare Horizons flags claims that may have missed this standard discount by reviewing the secondary procedure allowance in relation to the primary procedure allowance for the session of care.

Benefits

Healthcare Horizons creates customized queries to model the benefits present in the summary plan documents (SPDs) provided by the employer group. Likely areas of testing for benefits are application of copayments and coinsurance, annual dollar or visit maximums, non-covered benefits, coordination of benefit rules, and other specific items flagged by our auditors as potential errors. A Healthcare Horizons auditor reviews the SPDs in full for each claims audit and selects the benefit areas where testing is possible. Some benefits do not lend themselves to systematic testing in the data and can only be reviewed on selected sample claims.

Pricing

Healthcare Horizons takes steps to verify accurate pricing of certain claims in the data set such as high dollar, no discount, and those with variability in pricing. These steps are described further below.

Healthcare Horizons selects the highest paid claims in the data set to ensure correct pricing by the administrator. Often these claims are more complex, which raises the possibility of error.

Claims priced at billed charges with no discount are targeted for pricing verification. Given the broad networks of the larger administrators, as well as the availability of national rental networks, the majority of claims should receive some type of discount. Healthcare Horizons verifies that pricing was not missed in error on higher paid claims.

Healthcare Horizons profiles top facilities and establishes payment patterns and trends. Claims that fall outside of the normal patterns will be questioned for payment errors. This area is especially important if a contract audit is not available as part of the audit process.

Since Healthcare Horizons has found that pricing of claims is one of the largest categories of errors at many administrators, we take aggressive steps to identify as many potential errors as possible for detailed review.

Other Insurance

The presence of other primary insurance usually reduces the payment due by the employer group if they are secondary. In some cases, a secondary policy will pay as primary, such as when primary benefits are exhausted or the primary policy does not cover a particular service. Healthcare Horizons utilizes the claims data to identify claims paid as primary that may have other insurance based on the following categories:

- **Other Claims Paid as Secondary** – Healthcare Horizons utilizes the claims data to create a date range for each patient where claims have been paid as secondary based on the presence of a coordination of benefits (COB) savings amount. Any claims paid within this date range without a COB amount may be questioned for the presence of other primary coverage.

- **ESRD** – After 33 months of treatment for ESRD, Medicare automatically becomes the primary insurer for the patient. Healthcare Horizons identifies patients with an extended period of treatment for ESRD to ensure the administrator is correctly tracking the Medicare primary effective date.
- **COBRA** – While exceptions do apply, Medicare should be the primary payer for members on COBRA coverage that are age-eligible for Medicare.
- **Retirees** – Medicare should be primary for members, age 65 and higher, on a retiree plan.

Healthcare Horizons also scrutinizes claims that are paid as secondary with a paid amount higher than that of the primary carrier. Normally, the secondary payment is lower than the primary plan payment as it likely only covers remaining member responsibility after the primary payment.

Fraud

Healthcare Horizons analyzes provider billing patterns to detect possible instances of fraud. While these cases may prove difficult to recover, it is important to identify these providers and stop future payments.

High Units

Healthcare Horizons queries the claims data for unit counts that are abnormally high for the procedure code billed. An error in units may cause the claim to default to billed charges as the fee schedule is multiplied by an incorrect unit count.

Medical Edits

Healthcare Horizons applies medical edits to the claims data to identify mutually exclusive procedures and cases of procedure unbundling. Mutually exclusive edits identify procedure combinations that cannot be reasonably performed on the same patient on the same day. Unbundling occurs when a provider bills multiple component codes versus a single comprehensive code, often resulting in higher reimbursement. Payers have much discretion over which medical edits to apply as there is not a commonly accepted group of these throughout the industry; therefore, Healthcare Horizons is generally looking for a reasonable application of a set of edits and questions selected claims that seem to be clear errors.

Overlapping Inpatient

Healthcare Horizons identifies cases where patients have claims reporting that they are inpatient at different facilities for the same service date. These are often the result of provider billing errors or manual data entry mistakes.

Subrogation

Healthcare Horizons queries the claims data for possible subrogation opportunities where third party liability (TPL) may exist. A common example is medical services related to an auto accident where the auto insurer is liable for a portion of the medical claims. These claims are identified via accident-related diagnosis codes.

Hospital Mistakes

Many payers across the country have adopted policies to investigate and subsequently deny payment for hospital mistakes and avoidable conditions, such as objects left in patient during surgery, fractures incurred in the hospital, blood incompatibility, and certain types of infections. Healthcare Horizons examines the claims data for these types of hospital errors and expects recovery opportunities for these errors as more administrators adopt such policies.

Cosmetic Surgery

Healthcare Horizons maintains a listing of procedure codes that may be considered as cosmetic, but judgments on these claims are highly subjective. Healthcare Horizons is usually looking at the total paid for these types of codes to make sure it is not excessive. If any of these claims are selected for the sample, we request that the administrator provide evidence that the claim was considered for medical review and that reasonable review took place. Medical necessity issues such as cosmetic surgery are not areas that result in significant recovery, but can be issues that our clients want to address proactively for future cost savings.

Reinsurance

If the employer group has stop loss or reinsurance coverage, Healthcare Horizons utilizes the claims data to identify members that should have resulted in a credit due back to the group. Healthcare Horizons verifies with the administrator that the credits have been issued to the group.

Appendix A – Site Visit Detail

Audit Item	Issue	Recovery Amount	Refund Already Requested	Disputed Amount	Comment	Group
1	Duplicates - Claim Level	$0.00	$0.00	$0.00	Correct claim for 1/2 combo	Schools
2	Duplicates - Claim Level	$244.63	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
3	Duplicates - Claim Level	$0.00	$0.00	$0.00	Correct claim for 3/4 combo	Schools
4	Duplicates - Claim Level	$244.63	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
5	Duplicates - Claim Level	$0.00	$0.00	$0.00	Correct claim for 5/6 combo	Schools
6	Duplicates - Claim Level	$117.75	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
7	Duplicates - Claim Level	$0.00	$0.00	$0.00	Correct claim for 7/8 combo	Schools
8	Duplicates - Claim Level	$829.62	$0.00	$0.00	Agreed duplicate (manual error)	Schools
9	Duplicates - Claim Level	$0.00	$0.00	$0.00	No duplicate - twins	Schools
10	Duplicates - Claim Level	$0.00	$0.00	$0.00	No duplicate - twins	Schools
11	Duplicates - Claim Level	$0.00	$58,711.00	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
12	Duplicates - Claim Level	$0.00	$0.00	$0.00	Correct claim for 11/12 combo	Schools
13	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 13/14 combo	Schools
14	Duplicates - Line Level	$119.11	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
15	Duplicates - Line Level	$0.00	$393.57	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
16	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 15/16 combo	Schools
17	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 17/18/19 combo	Schools
18	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 17/18/19 combo	Schools
19	Duplicates - Line Level	$196.45	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
20	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 20/21 combo	Schools
21	Duplicates - Line Level	$72.80	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
22	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 22/23 combo	Schools
23	Duplicates - Line Level	$78.70	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
24	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 24/25 combo	City
25	Duplicates - Line Level	$59.18	$0.00	$0.00	Agreed duplicate (system did not flag)	City
26	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 26/27 combo	Schools
27	Duplicates - Line Level	$0.00	$181.44	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
28	Duplicates - Line Level	$0.00	$5,028.58	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
29	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 28/29 combo	City
30	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 30/31 combo	City
31	Duplicates - Line Level	$117.75	$0.00	$0.00	Agreed duplicate (system did not flag)	City
32	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 32/33 combo	City
33	Duplicates - Line Level	$117.75	$0.00	$0.00	Agreed duplicate (system did not flag)	City
34	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 34/35 combo	City
35	Duplicates - Line Level	$78.70	$0.00	$0.00	Agreed duplicate (system did not flag)	City
36	Duplicates - Line Level	$0.00	$78.70	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
37	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 36/37 combo	Schools
38	Duplicates - Line Level	$0.00	$155.71	$0.00	Adjusted to deny prior to audit - need to confirm cash recovery	Schools
39	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 38/39 combo	Schools
40	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 40/41 combo	Schools
41	Duplicates - Line Level	$98.71	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
42	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 42/43 combo	City
43	Duplicates - Line Level	$117.75	$0.00	$0.00	Agreed duplicate (system did not flag)	City
44	Duplicates - Line Level	$0.00	$301.21	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
45	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 44/45 combo	City
46	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 46/47/48/49/50 combo	Schools
47	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 46/47/48/49/50 combo	Schools
48	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 46/47/48/49/50 combo	Schools
49	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 46/47/48/49/50 combo	Schools
50	Duplicates - Line Level	$628.00	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
51	Duplicates - Line Level	$0.00	$413.05	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
52	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 51/52 combo	City
53	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 53/54/55 combo	Schools
54	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 53/54/55 combo	Schools
55	Duplicates - Line Level	$235.50	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
56	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 56/57/58 combo	City
57	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 56/57/58 combo	City
58	Duplicates - Line Level	$183.85	$0.00	$0.00	Agreed duplicate (system did not flag)	City
59	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 59/60 combo	Schools
60	Duplicates - Line Level	$269.93	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
61	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 61/62/63 combo	City
62	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 61/62/63 combo	City
63	Duplicates - Line Level	$235.50	$0.00	$0.00	Agreed duplicate (system did not flag)	City
64	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 64/65 combo	Schools
65	Duplicates - Line Level	$67.29	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools

Audit Item	Issue	Recovery Amount	Refund Already Requested	Disputed Amount	Comment	Group
66	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 66/67 combo	Schools
67	Duplicates - Line Level	$126.19	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
68	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 68/39 combo	Schools
69	Duplicates - Line Level	$78.70	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
70	Duplicates - Line Level	$0.00	$0.00	$0.00	Different providers	Schools
71	Duplicates - Line Level	$0.00	$0.00	$0.00	Different providers	Schools
72	Duplicates - Line Level	$0.00	$0.00	$0.00	Different providers	City
73	Duplicates - Line Level	$0.00	$0.00	$0.00	Different providers	City
74	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 74/75/76 combo	Schools
75	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 74/75/76 combo	Schools
76	Duplicates - Line Level	$196.45	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
77	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 77/78/79/80/81/82 combo	Schools
78	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 77/78/79/80/81/82 combo	Schools
79	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 77/78/79/80/81/82 combo	Schools
80	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 77/78/79/80/81/82 combo	Schools
81	Duplicates - Line Level	$353.25	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
82	Duplicates - Line Level	$588.75	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
83	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 83/84/85/86/87/88 combo	Schools
84	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 83/84/85/86/87/88 combo	Schools
85	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 83/84/85/86/87/88 combo	Schools
86	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 83/84/85/86/87/88 combo	Schools
87	Duplicates - Line Level	$275.15	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
88	Duplicates - Line Level	$392.90	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
89	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 89/90//91/92/93/94 combo	Schools
90	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 89/90//91/92/93/94 combo	Schools
91	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 89/90//91/92/93/94 combo	Schools
92	Duplicates - Line Level	$0.00	$0.00	$0.00	Correct claim for 89/90//91/92/93/94 combo	Schools
93	Duplicates - Line Level	$353.85	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
94	Duplicates - Line Level	$471.60	$0.00	$0.00	Agreed duplicate (system did not flag)	Schools
95	Eligibility - After Termination	$101.28	$0.00	$0.00	Recoverable retroactive termination	City
96	Eligibility - After Termination	$379.90	$0.00	$0.00	Recoverable retroactive termination	City
97	Eligibility - After Termination	$88.61	$0.00	$0.00	Recoverable retroactive termination	City
98	Eligibility - After Termination	$418.09	$0.00	$0.00	Recoverable retroactive termination	City
99	Eligibility - After Termination	$379.90	$0.00	$0.00	Recoverable retroactive termination	City
100	Eligibility - After Termination	$1,531.35	$0.00	$0.00	Recoverable retroactive termination	City
101	Eligibility - After Termination	$90.19	$0.00	$0.00	Recoverable retroactive termination	City
102	Eligibility - After Termination	$1,194.78	$0.00	$0.00	Recoverable retroactive termination	City
103	Eligibility - After Termination	$74.74	$0.00	$0.00	Recoverable retroactive termination	Schools
104	Eligibility - After Termination	$102.48	$0.00	$0.00	Recoverable retroactive termination	Schools
105	Eligibility - After Termination	$1,718.10	$0.00	$0.00	Recoverable retroactive termination	Schools
106	Eligibility - Not on File	$0.00	$0.00	$0.00	Member eligible	City
107	Eligibility - Not on File	$0.00	$0.00	$0.00	Member eligible	City
108	Other Insurance	$0.00	$0.00	$0.00	Other insurance primary 6/1/21 (DOS prior)	City
109	Other Insurance	$8,159.98	$0.00	$0.00	Other insurance primary 8/1/21 (notified 12/31/21)	Schools
110	Other Insurance	$0.00	$0.00	$0.00	Other insurance primary 5/20/21 (DOS prior)	City
111	Other Insurance	$0.00	$0.00	$0.00	Medicare estimation not applicable	City
112	ESRD	$0.00	$0.00	$0.00	No Medicare information on file - will follow-up with City	City
113	ESRD	$0.00	$0.00	$0.00	Medicare secondary but no ESRD information on file - will follow-up with City	Schools
114	ESRD	$0.00	$0.00	$0.00	Medicare primary 8/1/21 (DOS prior)	City
115	ESRD	$0.00	$0.00	$0.00	Medicare primary 12/1/22 (DOS prior)	City
116	ESRD	$0.00	$0.00	$0.00	No Medicare information on file - will follow-up with City	City
117	ESRD	$0.00	$0.00	$0.00	No ESRD information on file - will follow-up with City	Schools
118	ESRD	$0.00	$0.00	$0.00	Medicare secondary but no ESRD information on file - will follow-up with City	Schools
119	ESRD	$0.00	$0.00	$0.00	No ESRD information on file - will follow-up with City	Schools
120	ESRD	$0.00	$0.00	$0.00	No ESRD information on file - will follow-up with City	Schools
121	OON Professional Pricing	$0.00	$0.00	$102,400.00	OON charges are abusive - reimbursed via percent discount	Schools
122	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - DRG case rate plus stop loss	Schools
123	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - transfer per diem	City
124	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - DRG case rate plus stop loss	City
125	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - DRG case rate plus stop loss	Schools
126	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - DRG case rate plus stop loss	Schools
127	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - stop loss percent of charges	City
128	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - percent of charges	Schools
129	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - stop loss percent of charges	City
130	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - stop loss percent of charges	Schools
131	INN Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - DRG case rate	Schools
132	OON Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - PHCS percent discount	Schools
133	OON Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - PHCS percent discount	Schools
134	OON Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - PHCS percent discount	City
135	OON Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - PHCS percent discount	City
136	OON Facility Pricing	$0.00	$0.00	$0.00	Priced correctly - PHCS percent discount	Schools

Audit Item	Issue	Recovery Amount	Refund Already Requested	Disputed Amount	Comment	Group
137	ASC Pricing	$2,475.00	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	Schools
138	ASC Pricing	$0.00	$0.00	$0.00	Colonoscopy and endoscopy considered as separate procedures	Schools
139	ASC Pricing	$621.35	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	City
140	ASC Pricing	$0.00	$0.00	$0.00	Colonoscopy and endoscopy considered as separate procedures	Schools
141	ASC Pricing	$0.00	$0.00	$0.00	Colonoscopy and endoscopy considered as separate procedures	City
142	ASC Pricing	$5,533.50	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	City
143	ASC Pricing	$3,248.00	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	City
144	ASC Pricing	$3,045.00	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	Schools
145	ASC Pricing	$6,075.80	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	Schools
146	ASC Pricing	$3,692.40	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	City
147	ASC Pricing	$0.00	$0.00	$0.00	Colonoscopy and endoscopy considered as separate procedures	Schools
148	ASC Pricing	$1,343.85	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	Schools
149	ASC Pricing	$7,555.00	$0.00	$0.00	Recoverable retroactive termination	City
150	ASC Pricing	$2,939.30	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	Schools
151	ASC Pricing	$464.47	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	Schools
152	ASC Pricing	$0.00	$0.00	$0.00	Colonoscopy and endoscopy considered as separate procedures	City
153	ASC Pricing	$1,408.45	$0.00	$0.00	Agreed error - only 1 procedure allowed per contract	City
154	INN Allowable Charge (Professional)	$0.00	$0.00	$0.00	Optima states payment at case rate over charges is appropriate	Schools
155	INN Allowable Charge (Professional)	$0.00	$0.00	$0.00	Optima states payment at case rate over charges is appropriate	Schools
156	INN Allowable Charge (Professional)	$0.00	$0.00	$0.00	Optima states payment at case rate over charges is appropriate	Schools
157	OON Allowable Charge	$0.00	$0.00	$0.00	Priced at billed per MultiPlan (lesser of)	Schools
158	OON Allowable Charge	$0.00	$0.00	$0.00	Priced at per diem rate (lesser of)	City
159	OON Allowable Charge	$0.00	$0.00	$0.00	Priced at per diem rate (lesser of)	Schools
160	OON Allowable Charge	$4,177.97	$0.00	$0.00	Missed PHCS pricing on adjustment	City
161	OON Allowable Charge	$4,051.39	$0.00	$0.00	CSA payment in error - not separately billable per Optima Surgical Assistant policy	City
162	OON Allowable Charge	$3,585.00	$0.00	$0.00	OON allowable charge not reapplied on adjustment for INN benefit	Schools
163	OON Allowable Charge	$2,979.00	$0.00	$0.00	Should have processed on behavioral health side with fee schedule rate	Schools
164	OON Allowable Charge	$0.00	$0.00	$0.00	Priced at billed per PHCS (lesser of)	City
165	OON Allowable Charge	$0.00	$0.00	$0.00	Priced at billed per PHCS (lesser of)	Schools
166	OON Allowable Charge	$2,304.00	$0.00	$0.00	Processed incorrectly at in-network benefit and billed charges	Schools
167	Readmissions	$0.00	$0.00	$0.00	Original admission - informational only	City
168	Readmissions	$0.00	$0.00	$0.00	Non related diagnosis on readmission per Optima	City
169	Transfers	$0.00	$0.00	$0.00	Priced correctly at transfer per diem	Schools
170	Transfers	$0.00	$0.00	$0.00	Priced correctly at transfer per diem	Schools
171	Transfers	$0.00	$0.00	$0.00	Full DRG rate applied per clinical review	Schools
172	Transfers	$0.00	$0.00	$0.00	Priced correctly at transfer per diem	Schools
173	Transfers	$0.00	$0.00	$0.00	Priced correctly at transfer per diem	City
174	Two Surgeons	$0.00	$0.00	$0.00	Pricing correct per clinical review	City
175	Two Surgeons	$0.00	$0.00	$0.00	Pricing correct per clinical review	City
176	Outpatient with Admission	$0.00	$0.00	$0.00	Patient admitted after prior discharge to home	City
177	Outpatient with Admission	$0.00	$0.00	$0.00	Informational inpatient claim	City
178	Outpatient with Admission	$0.00	$0.00	$0.00	Patient admitted after prior discharge to home	City
179	Outpatient with Admission	$0.00	$0.00	$0.00	Informational inpatient claim	City
180	Outpatient with Admission	$0.00	$0.00	$0.00	Patient admitted after prior discharge to home	City
181	Outpatient with Admission	$0.00	$0.00	$0.00	Informational inpatient claim	City
182	Pre-Admission Testing	$1,040.05	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	Schools
183	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	Schools
184	Pre-Admission Testing	$531.18	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	City
185	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	City
186	Pre-Admission Testing	$493.03	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	Schools
187	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	Schools
188	Pre-Admission Testing	$641.20	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	City
189	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	City
190	Pre-Admission Testing	$1,008.61	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	Schools
191	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	Schools
192	Pre-Admission Testing	$324.21	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	Schools
193	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	Schools
194	Pre-Admission Testing	$458.59	$0.00	$0.00	Agreed overpayment - provider should have billed on IP claim	City
195	Pre-Admission Testing	$0.00	$0.00	$0.00	Informational inpatient claim	City
196	Surgery Global	$72.07	$0.00	$0.00	Agreed error - billed during global period	Schools
197	Surgery Global	$0.00	$0.00	$0.00	Informational surgery claim	Schools
198	Surgery Global	$136.30	$0.00	$0.00	Agreed error - billed during global period	City
199	Surgery Global	$0.00	$0.00	$0.00	Informational surgery claim	City
200	Surgery Global	$83.59	$0.00	$0.00	Agreed error - billed during global period	City
201	Surgery Global	$0.00	$0.00	$0.00	Informational surgery claim	City
202	Surgery Global	$231.80	$0.00	$0.00	Agreed error - billed during global period	Schools
203	Surgery Global	$0.00	$0.00	$0.00	Informational surgery claim	Schools
204	Surgery Global	$166.40	$0.00	$0.00	Agreed error - billed during global period	Schools
205	Surgery Global	$0.00	$0.00	$0.00	Informational surgery claim	Schools
206	Surgery Global	$136.30	$0.00	$0.00	Agreed error - billed during global period	City
207	Surgery Global	$0.00	$0.00	$0.00	Informational surgery claim	City

Audit Item	Issue	Recovery Amount	Refund Already Requested	Disputed Amount	Comment	Group
208	Medical Edits	$0.00	$0.00	$0.00	Informational primary procedure	Schools
209	Medical Edits	$0.00	$0.00	$0.00	Allowed per Optima edits	Schools
210	Medical Edits	$0.00	$0.00	$0.00	Informational primary procedure	Schools
211	Medical Edits	$0.00	$0.00	$0.00	Allowed per clinical review	Schools
212	Medical Edits	$0.00	$0.00	$0.00	Allowed per Optima edits	Schools
213	Deductible	$0.00	$0.00	$0.00	Correctly applied to in-network deductible	City
214	Deductible	$0.00	$0.00	$0.00	Correctly applied to in-network deductible	City
215	Deductible	$0.00	$0.00	$0.00	Correctly applied to out-of-network deductible (par flag incorrect in data)	City
216	Deductible	$0.00	$0.00	$0.00	Correctly applied to in-network deductible	City
217	Deductible	$0.00	$0.00	$0.00	Correctly applied to in-network deductible	City
218	Benefit Maximum - Hearing Aid	$0.00	$0.00	$0.00	Assessment for hearing aid not included in maximum	City
219	Benefit Maximum - Hearing Aid	$0.00	$0.00	$0.00	Assessment for hearing aid not included in maximum	Schools
220	Benefit Maximum - Hearing Aid	$0.00	$0.00	$0.00	Assessment for hearing aid not included in maximum	City
221	Benefit Exclusion - Morbid Obesity Surgery	$1,673.02	$0.00	$0.00	Agreed error - not covered	Schools
222	Benefit Exclusion - Morbid Obesity Surgery	$1,693.20	$0.00	$0.00	Agreed error - not covered	City
223	Benefit Exclusion - Morbid Obesity Surgery	$1,617.28	$0.00	$0.00	Agreed error - not covered	City
224	Benefit Exclusion - Foot Orthotics	$0.00	$0.00	$0.00	Covered due to diabetes	City
225	Benefit Exclusion - Foot Orthotics	$0.00	$0.00	$0.00	Covered due to diabetes	Schools
226	Benefit Exclusion - Foot Orthotics	$94.64	$0.00	$0.00	Agreed error - not covered	City
227	Benefit Exclusion - Foot Orthotics	$0.00	$157.74	$0.00	Adjusted to deny prior to audit - need to confirm cash recovery	City
228	Benefit Exclusion - Foot Orthotics	$0.00	$0.00	$0.00	Covered due to diabetes	Schools
229	Benefit Exclusion - Foot Orthotics	$48.70	$0.00	$0.00	Agreed error - not covered	Schools
230	Benefit Exclusion - Foot Orthotics	$63.75	$0.00	$0.00	Agreed error - not covered	Schools
231	Benefit Exclusion - Foot Orthotics	$297.50	$0.00	$0.00	Agreed error - not covered	City
232	Benefit Exclusion - Foot Orthotics	$117.57	$0.00	$0.00	Agreed error - not covered	City
233	Benefit Exclusion - Foot Orthotics	$50.00	$0.00	$0.00	Agreed error - not covered	Schools
234	Benefit Exclusion - Foot Orthotics	$0.00	$0.00	$0.00	Covered due to diabetes	City
235	Benefit Exclusion - Foot Orthotics	$350.00	$0.00	$0.00	Agreed error - not covered	Schools
236	Benefit Exclusion - Blood Pressure Monitor	$65.00	$0.00	$0.00	Agreed error - not covered	City
237	Benefit Exclusion - Blood Pressure Monitor	$47.53	$0.00	$0.00	Agreed error - not covered	Schools
238	Benefit Exclusion - Blood Pressure Monitor	$65.00	$0.00	$0.00	Agreed error - not covered	Schools
239	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
240	Benefit Exclusion - Administrative Exams	$0.00	$171.14	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
241	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
242	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
243	Benefit Exclusion - Administrative Exams	$0.00	$145.58	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
244	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
245	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
246	Benefit Exclusion - Administrative Exams	$0.00	$145.58	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
247	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
248	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
249	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
250	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
251	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
252	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
253	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
254	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
255	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
256	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
257	Benefit Exclusion - Administrative Exams	$0.00	$79.23	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
258	Benefit Exclusion - Administrative Exams	$0.00	$67.41	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
259	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
260	Benefit Exclusion - Administrative Exams	$0.00	$18.85	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
261	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
262	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
263	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
264	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
265	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
266	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
267	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
268	Benefit Exclusion - Administrative Exams	$0.00	$58.22	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
269	Benefit Exclusion - Administrative Exams	$0.00	$63.99	$0.00	Adjusted to deny prior to audit - recovery confirmed	Schools
270	Benefit Exclusion - Administrative Exams	$0.00	$123.25	$0.00	Adjusted to deny prior to audit - recovery confirmed	City
		$88,195.84	**$67,633.31**	**$102,400.00**		

HEALTHCAREHORIZONS
CONSULTING GROUP, INC.

Appendix B – Out-of-Sample Claims

Audit Item	Issue	Recovery Amount	Comment	Group
271	Other Insurance	$3,067.49	Other insurance primary 8/1/21	Schools
272	Other Insurance	$116.98	Other insurance primary 8/1/21	Schools
273	Other Insurance	$110.12	Other insurance primary 8/1/21	Schools
274	Other Insurance	$191.06	Other insurance primary 8/1/21	Schools
275	Other Insurance	$112.92	Other insurance primary 8/1/21	Schools
276	Other Insurance	$387.67	Other insurance primary 8/1/21	Schools
277	Other Insurance	$176.43	Other insurance primary 8/1/21	Schools
278	Other Insurance	$227.74	Other insurance primary 8/1/21	Schools
279	Other Insurance	$335.86	Other insurance primary 8/1/21	Schools
280	Other Insurance	$894.22	Other insurance primary 8/1/21	Schools
	Total	**$5,620.49**		