Claim Audits of
Blue Cross Blue Shield of Montana
Medical and Dental Plans
Audit Period: 1/1/12-12/31/12

Prepared Under Contract With:
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The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the medical and dental claims for the state of Montana employee benefits plans for the year ended December 31, 2012.

The audit was conducted by Claim Technologies Incorporated under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

The agencies' written responses to the report recommendations are included in the back of the audit report.

Respectfully submitted,

/s/ Tori Hunthausen

Tori Hunthausen, CPA
Legislative Auditor

13C-09

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ELECTRONIC SCREENING REPORT

The State of Montana Medical Plans
Administered by:
Blue Cross and Blue Shield of Montana
Audit Period: January 1, 2012 – December 31, 2012

Prepared: November 8, 2013

ELECTRONIC SCREENING REPORT

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Overview

Electronic Screening Objective

The objective of our electronic screening is to identify and quantify claim administration system problems that appear to be causing payment errors.

Electronic Screening Scope

CTI performed electronic screening of 100 percent of each of the medical service lines that comprise a medical claim processed by BCBSMT during the 12 month period of January 1, 2012 – December 31, 2012 (plus any run-out claims processed through September 30, 2013). BCBSMT processed 438,992 claims (including adjustments) for 28,837 State claimants representing 1,053,378 separate medical service line items and resulting in $96,866,121 in payment by the plan.

A complete list of the ESAS® Screening Categories and Subcategories is shown in Figure 1. below.

Figure 1.

ESAS® Screening Categories to Identify Potential Amount at Risk				
Category	**Subsets**	**Evaluate Procedure**	**Quantify Errors**	**Reason Codes**
Duplicate Payments to Providers and/or Employees				
	Duplicates from two Claims	☑	☑	DP2A-D
	Duplicates from three or more Claims	☑	☑	DP3C
Plan Limitations				
	Specific to Plan Provisions such as: • Dollar Limitations • Number of Visit Limitations	☑	☑	PLxx
	Payments After Timely Filing Limit	☑	☑	TFLM
Plan Exclusions				
	Specific to Plan Provisions such as: • Hearing Aids • Cosmetic Surgery • Weight Loss Treatment • Dental • Nutritional Counseling •	☑ ☑ ☑ ☑ ☑	☑ ☑ ☑ ☑ ☑	EXxx DXxx
Multiple Surgical Procedures				
	Multiple Procedures Should be Reduced Fees	☑	☑	MSPC

Electronic Screening Methodology

CTI used its proprietary software, ESAS®, to screen each medical service line processed. ESAS® applies several hundred screening parameters to each line to identify claims that may be paid in error. Any service line edited by ESAS® is considered "red-flagged", meaning it has the potential for having been over- or under- paid based on the screening parameters set into ESAS® and the claim data provided by the claim administrator.

To validate ESAS® screening findings, CTI selects a targeted sampling from the "red-flagged" service lines to test. This is the targeted sampling component of our electronic screening process. Our experience has shown that this type of sampling is necessary in order to validate that the claim data provided was adequate to produce reliable screening results. While CTI is confident in the accuracy of our electronic screening results, it is important to note that the dollar amounts associated with the electronic screening results shown below represent potential, not actual, overpayments and process improvement opportunities. Additional testing of these claims by BCBSMT and the State would be required to substantiate the findings and to provide the basis for remedial action planning.

CTI is not authorized to tell the Claim Administrator to recover overpaid amounts. The process and impact of recovering overpayments should be discussed by the Plan Sponsor and the Claim Administrator. If recovery is not pursued, these findings still represent the opportunity for future savings if systems and procedures can be improved to eliminate future similar payment errors.

Procedures Followed

The specific procedures that were followed to complete this electronic screening and analysis of claims data for the State are as follows:

- **Document Review**

  We conducted an in-depth review of the State administrative services agreement and plan documents. These documents provided the specifications we used in setting the parameters in ESAS® and analyzing the electronically screened results.

- **Data Conversion**

  We converted claims data provided by BCBSMT into ESAS® database formats. The converted data was reconciled against control totals and checked for reasonableness before proceeding with electronic screening.

- **Electronic Screening**

  To the extent the claim data provided to us by BCBSMT supported the ESAS® algorithms, we utilized ESAS® to screen the State Plans claims data. In the case of the State Plans, CTI could not run the following ESAS® screens because the data did not support our doing so:

  – CB01; Paid Primary Should be Secondary to Other Group Insurance

- **Auditor Analysis**

  If the category represented Potential Amounts at Risk and the amount "red flagged" within that category was material, our auditors reviewed the category findings to confirm that the electronically screened potential errors appeared valid and to select the best examples of potential overpayments to conduct further substantive testing of.

- **Substantive Testing and Additional Analysis**

  For this State audit a total of 40 red flagged cases were selected and Substantive Testing Questionnaires were prepared for each and sent to BCBSMT for completion. A CTI auditor reviewed BCBSMT's questionnaire responses and supporting documentation. Copies of BCBSMT's responses to the questionnaires are provided in Exhibit A. (Questionnaire responses presented in Exhibit A. have been redacted to eliminate personal health information.)

  Based on the responses from BCBSMT and further analysis of the ESAS® findings in light of those responses, CTI removed any false positives that could be systematically identified from the Potential Amounts at Risk. False positives typically occur because certain claim data was misleading or inadequate.

- **Review of Preliminary ESAS® Findings and Reporting**
  We reviewed the preliminary findings from the electronic screening and analysis process with the Claim Administrator to ensure that we had complete understanding and agreement (where possible) on the reported results before preparing this report.

Findings by Screening Category

This section of the report includes the ESAS® Summary report showing by category the number of line items or claims and the total potential amount at risk that remain now at the conclusion of our analysis and substantive testing protocols.

Following the ESAS® Summary report is a detailed explanation of our Substantive Testing results, findings and recommendations if it is our opinion that process improvement or recovery/ savings opportunities exist.

Note: If CTI is making an improvement recommendation, it will be denoted by a “Yes” in the final column of the ESAS® Summary reports.

ESAS - Summary (as of 11/29/2013)

Client: Montana State - BCBSMT
Screening Period: 01/01/2012 - 09/30/2013

Categories for Potential Amount At Risk

Analysis Final Results

Claims Red Flagged	4,172
Claimants Red Flagged	2,142
Paid Amount Red Flagged	$596,778
Potential Amount at Risk:	$595,334

Category	Lines	Clmts	Description	Charge Amount	Paid Amount	Potential Amount At Risk	Improvement Recommended
Duplicate Payments to Providers and/or Employees							
DP2A	2	1	Duplicate Payments to Providers and/or Employees	$360	$438 *	$308**	Yes
DP2B	7	3	Duplicate Payments to Providers and/or Employees	$112	$224 *	$105**	Yes
DP2C	6	3	Duplicate Payments to Providers and/or Employees	$516	$1,004 *	$502**	Yes
Plan Limitations							
PL02	490	25	2012 Outpatient Rehabilitative Services 30/CY	$34,104	$21,530	$21,551	Yes
PL05	63	23	2012 Trad Acup/Chiro $30 Paid/Visit	$2,424	$1,880	$746**	Yes
PL09	1015	476	Routine Gyn Exam for Women 1 per Benefit Year	$153,410	$124,487	$124,484	
PL14	1	1	Urinalysis annually ages 2 to 18	$15	$7	$7	
PL16	31	9	Mammogram one every 24 months between ages 40 and 49	$2,866	$2,434	$2,434	Yes
PL17	54	23	Mammogram one every 12 months ages 50 and older	$4,357	$3,105	$3,105	
TFLM	1139	373	Timely Filing (Last service date to received date)	$320,333	$99,994	$99,994	
Plan Exclusions							
EX10	1	1	Custodial Care	$1,632	$1,133	$1,133	
EX15	39	16	Hearing Exam	$6,777	$4,306	$4,306	
EX17	13	4	Cochlear Implants, Analysis, Programming, Devices	$5,677	$2,430	$2,430	
EX19	48	47	Vision Refractions	$1,257	$941	$941	
EX22	2	2	Vision Trainint (Orthoptics, Eye Exercises)	$210	$53	$53	
EX23	142	59	Routine Foot Care (OK Diabetic/Vascular Insufficiency)	$10,163	$1,922	$1,922	
EX24	135	95	Orthotics (Testing & Training)	$10,634	$6,218	$6,218	
EX25	371	305	Orthotics	$85,182	$28,616	$28,616	
EX26	3	2	Arch Supports	$114	$77	$77	
EX27	10	10	Orthopedic Shoes	$1,634	$806	$806	

EX28	25	4	Abortions, Elective	$11,701	$8,864	$8,864	
EX33	8	3	Reverse Elective Sterilization	$408	$145	$145	
EX38	241	78	Impotency	$22,039	$9,090	$9,090	
EX40	19	15	Non-Emergency Transportation	$12,097	$11,551	$11,551	
EX53	13	2	Biofeedback	$4,043	$3,526	$3,526	
EX63	675	395	Physicals, Work, Insurance, School	$40,783	$22,736	$22,736	Yes
EX64	763	177	Massage Therapy	$20,707	$13,148	$13,148	
EX70	74	32	Weight Loss Surgical Treatment	$182,458	$129,837	$129,837	
EXC1	3	2	Abdominoplasty (Cosmetic)	$12,014	$3,378	$3,378	
EXC4	10	6	Breast Reduction (Female, also Gynomastia in Males)	$37,438	$18,658	$18,658	
EXC5	3	1	Collagen Injections (Cosmetic)	$638	$425	$425	
EXC8	17	8	Eye Surgery (Cosmetic) Blepharoplasty	$28,774	$8,472	$8,472	
EXC9	17	8	Face Recon. (Cosmetic/Genioplasty, Augmentation)	$108,528	$46,792	$46,792	
EXCC	10	1	Liposuction (Cosmetic)	$10,799	$6,233	$6,233	
EXCD	2	1	Maxillary & Mandibular Implants (Osseointergration)	$4,000	$2,272	$2,272	
EXCE	2	2	Nose Surgery--disguise plastic surgery as Med. Nec.	$7,511	$2,597	$2,597	
EXCF	60	31	Varicose Vein Treatment (sclerosing solutions)	$23,799	$8,107	$8,107	

Categories for Operational Review

Analysis Final Results

Claims Red Flagged	82,814
Claimants Red Flagged	15,397
Paid Amount Red Flagged	$36,786,454
Potential Amount at Risk:	$892,429

Category	Lines	Clmts	Description	Charge Amount	Paid Amount	Potential Amount At Risk	Improvement Recommended
Duplicate Payments to Providers and/or Employees							
DP1C	11	2	Duplicate Payments to Providers and/or Employees	$148	$470	$242**	Yes
Fraud, Waste, and Abuse							
LGEE	734	308	Large Payments Direct to Employees	$551,639	$399,898		
NCST	133	48	Unnecessary Nerve Conduction Studies	$55,652	$23,070		
GENx	10	7	Gender Specific	$2,950	$2,093		
Subrogation/Right of Recovery from Third Party							
SBxx	41210	5115	Subrogation/Right of Recovery from Third Party	$13,062,579	$5,668,181		
Workers' Compensation							
WCxx	5280	765	Workers Compensation	$2,436,971	$1,088,888		
Coordination of Benefits							
MCAS	151	8	Active Employee Over 65, Plan Should Be Primary to Medicare	$39,635	$1,484		
MCRP	18303	2212	Retired Employee, Plan Should be Secondary to Medicare	$1,573,696	$333,656		
Denial of Mandated Benefits							
DE01	14	10	Denied, Possible Self-Inflicted Injury	$6,742	$0	($6,742)	
DE02	6	5	Denied, Reconstruction	$18,863	$0	($18,863)	

Large Claim Review							
CMLG	54568	122	Claimants over $100,000	$35,501,453	$24,122,474		
Case Management							
CMxx	20346	2293	Case Management	$5,350,768	$2,922,628		
HEMO	24	3	Hemophilia/Blood Products	$109,923	$106,093		
Provider Discounts and Fees							
PDSC	45320	10757	PPO Provider and No Discount Taken	$6,940,844	$5,929,244		
Dependent Child Eligibility							
GCxx	5418	302	Payments for Ineligible Grandchildren	$1,243,831	$821,703	$821,703	
OVxx	912	61	Payments for Over Age Dependents	$186,754	$96,008	$96,008	Yes

* The amount detailed is based on Benefit Total, which equals Coinsurance + Copayment + Deductible + Paid

**Confirmed by BCBSMT

Duplicate Payments

OBJECTIVES: To identify provider services paid more than once. Further, to identify procedural deficiencies of the administrative process and to quantify conservatively the additional cost to a plan caused by duplicate payments.

Initial Screening and Analysis

Electronic screening of all service lines processed revealed certain service lines to have potentially been paid more than once, resulting in a benefit total (the accumulation of payment, deductible and coinsurance applied to the out of pocket accumulation) greater than the charged amount for that service. Further analysis of the service lines flagged confirmed the potential for process improvement and overpayment of claims to be sufficiently material to warrant further testing.

Substantive Testing

Substantive Testing Questionnaire (QID) numbers 1- 6 were sent to BCBSMT which responded to all questionnaires submitted. Copies of the responses are found in Exhibit A.

Substantive Testing results are shown in the following report entitled: "Substantive Testing Detail Report – Duplicate Payments".

Although the tested claims were shown to be false positives and not to be duplicates, BCBSMT did further testing on the untested potential duplicates. These results confirm the potential for process improvement and overpayment of claims.

For QID numbers 1, 2, 3, 5, and 6, the responses provided by BCBSMT indicate the reason the services were not duplicates was due to procedure modifiers being billed for the services performed. Although requested, CTI did not receive these corresponding modifiers in the data provided by BCBSMT.

For QID number 4, the response provided by BCBSMT indicated the reason the services were not duplicates was two different providers at the same clinic (Mayo Clinic) were seen the same day; however the data provided by BCBSMT did not include unique provider identifiers in order to distinguish multiple providers billing under one tax identification number.

Recommendation(s)

In the category of Duplicate Payments, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. **Recovery Opportunity –** BCBSMT, after review of the additional potential overpayments report provided by CTI and running its own reports, confirmed overpayments totaling $1,186.83. BCBSMT will discuss with the State on how to proceed in correcting the agreed-to overpayments.

2. **Process Improvement Opportunity -** BCBSMT's system edits should be reviewed to determine if further refinement would allow for further reduction in the number of potentially overpaid claims.

Substantive Testing Detail Report
Duplicate Payments

Client: State of Montana BCBSMT Medical
Audit Period 1/1/2012 - 12/31/2012
Questionnaire ID Numbers: 1 - 6 (See Exhibit A. – Substantive Testing Questionnaire Responses)

QID No:	Flag Type	Flag Description	Overpaid Amt	BCBSMT Response (For full response see questionnaire in Exhibit A)
1	DP1C	Service line paid twice within same claim number	$0.00*	Disagree, provided documentation to show service line is not a duplicate
2	DP1C	Service line paid twice within same claim number	$0.00*	Disagree, provided documentation to show service line is not a duplicate
3	DP1C	Service line paid twice within same claim number	$0.00*	Disagree, provided documentation to show service line is not a duplicate
4	DP2C	Service line paid twice on separate claim numbers	$0.00*	Disagree, provided documentation to show service line is not a duplicate
5	DP2C	Service line paid twice on separate claim numbers	$0.00*	Disagree, provided documentation to show service line is not a duplicate
6	DP2C	Service line paid twice on separate claim numbers	$0.00*	Disagree, provided documentation to show service line is not a duplicate

*Potential overpayments that were tested and determined to not be overpaid have been removed from total potential overpaid, however other cases identified by ESAS® cannot be removed without further investigation.

Plan Limitations

OBJECTIVES: To identify services that have exceeded plan limitations on quantity, frequency or benefit amount. Further, to identify procedural deficiencies in the administrative process and to quantify conservatively the additional cost to a plan caused by payments in excess of the plan limitations.

Initial Screening and Analysis

Electronic screening of all service lines processed revealed no service lines to have been overpaid as a result of exceeding the plan's limitations.

Substantive Testing

Substantive Testing Questionnaire (QID) numbers 7 – 12 were sent to BCBSMT. BCBSMT responded to all questionnaires submitted. Copies of the responses are provided in Exhibit A.

Recommendation(s)

In the category of Plan Limitations, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

Limitation Subcategory	Potential Recovery Amount	# of Claimants	Recovery/Process Improvement Opportunity
2012 Outpatient Rehabilitative Services – 30 per CY (PL02)	$21,551	25	Discussion should be had with BCBSMT regarding a focused audit to determine recovery potential on these claims and discern if system edits could be refined to prevent paying claims that are specifically excluded by the Plan. Note: BCBSMT provided incorrect Plan IDs, therefore PL05 initially included false positives by including members who were actually in the Managed Care plan; and ran its own report to confirm those members who were in the Traditional Plan, identifying $746 overpaid on 23 members.
2012 Traditional Plan Acupuncture/Chiropractic – $30 Paid per Visit (PL05)	$746	23	
Mammograms – One every 24 months between Ages 40 and 49 (PL16)	$2,434	9	

Substantive Testing Detail Report
Plan Limitations

Client: State of Montana BCBSMT Medical
Audit Period 1/1/2012 - 12/31/2012
Questionnaire ID Numbers: 7 - 12 (See Exhibit A. – Substantive Testing Questionnaire Responses)

QID No:	Flag Type	Flag Description	Overpaid Amt	BCBSMT Response (For full response see questionnaire in Exhibit A)
7	PL02	2012 Outpatient Rehabilitative Services 30/CY	$485.94*	Agree, limitation was exceeded
8	PL05	2012 Trad Acup/Chiro $30 Paid/Visit	$0.00*	Disagree, provided documentation to show limitation was not exceeded
9	PL09	Routine Gyn Exam for Women 1 per Benefit Year	$0.00*	Disagree, provided documentation to show limitation was not exceeded
10	PL16	Mammogram one every 24 months between ages 40-49	$305.31*	Disagree, provided documentation to show limitation was not exceeded
11	PL17	Mammogram one every 12 months ages 50 and over	$0.00*	Disagree, provided documentation to show limitation was not exceeded
12	TFLM	Timely Filing Limit	$0.00*	Disagree, provided documentation to show limitation was not exceeded

Plan Exclusions

OBJECTIVES: To identify services that should have been denied due to specific Plan exclusions. Further, to identify procedural deficiencies in the administrative process and to quantify conservatively the additional cost to a plan caused by the payment of excluded expenses.

Initial Screening and Analysis

Electronic screening of all service lines processed revealed certain service lines to have potentially been overpaid as a result of paying services that should have been denied due to Plan exclusions.

Further analysis of the service lines flagged confirmed the potential for process improvement and overpayment of claims to be sufficiently material to warrant further testing.

Substantive Testing

Substantive Testing Questionnaire (QID) numbers 13 – 22 were sent to BCBSMT. BCBSMT responded to all the questionnaires submitted. Copies of the responses are provided in Exhibit A.

The results of the Substantive Testing are shown in the following report entitled "Substantive Testing Detail Report – Plan Exclusions".

Recommendation(s)

In the category of Plan Exclusions, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

Exclusion Subcategory	Potential Recovery Amount	# of Claimants	Recovery/Process Improvement Opportunity
Physicals, Work, Insurance, School (EX63)	$22,736	395	Discussion should be had with BCBSMT regarding focused audit to determine recovery potential on these service lines and whether system edits could be refined to allow for better control against claims being paid that are specifically excluded by the Plan.

Substantive Testing Detail Report
Plan Exclusions

Client: State of Montana BCBSMT Medical
Audit Period 1/1/2012 - 12/31/2012
Questionnaire ID Numbers: 9 - 22 (See Exhibit A – Substantive Testing Questionnaire Responses)

QID No:	Flag Type	Flag Description	Overpaid Amt	BCBSMT Response (For full response see questionnaire in Exhibit A)
13	EX19	Vision Refractions	$0.00*	Disagree, provided documentation to show payment was correct
14	EX28	Abortions, Elective	$0.00*	Disagree, provided documentation to show payment was correct
15	EX40	Non-Emergency Transportation	$0.00*	Disagree, provided documentation to show payment was correct
16	EX63	Physicals, Work, Insurance, School	$190.84*	Agree, claim should not have been allowed
17	EX70	Weight Loss Surgical Treatment	$0.00*	Disagree, provided documentation to show payment was correct
18	EXC4	Cosmetic, Breast Reduction	$0.00*	Disagree, provided documentation to show payment was correct
19	EXC8	Cosmetic, Eye Surgery (Blepharoplasty)	$0.00*	Disagree, provided documentation to show payment was correct
20	EXC9	Cosmetic, Face Reconstruction	$0.00*	Disagree, provided documentation to show payment was correct
21	EXCF	Cosmetic, Varicose Vein	$0.00*	Disagree, provided documentation to show payment was correct
22	EXC9	Cosmetic, Tissue Expander	$0.00*	Disagree, provided documentation to show payment was correct

*Potential overpayments that were tested and determined to not be overpaid have been removed from total potential overpaid, however other cases identified by ESAS® cannot be removed without further investigation.

Payments for Over Age Dependents

OBJECTIVES: To identify services that should have been denied due to an over-aged dependent. Further, to identify procedural deficiencies in the administrative process and to quantify conservatively the additional cost to a plan caused by the payment of claims for over age dependents.

Initial Screening and Analysis

Electronic screening of all service lines processed revealed certain service lines to have potentially been overpaid as a result of paying services that should have been denied due to an over-aged dependent.

Further analysis of the service lines flagged confirmed the potential for process improvement and overpayment of claims to be sufficiently material to warrant further testing.

Substantive Testing

Substantive Testing Questionnaire (QID) numbers 36 - 37 were sent to BCBSMT. BCBSMT responded to all the questionnaires submitted. Copies of the responses are provided in Exhibit A.

The results of the Substantive Testing are shown in the following report entitled "Substantive Testing Detail Report – Over Age Dependents". The results confirmed the potential for process improvement and overpayment of claims.

Recommendation(s)

In the category of Over Age Dependents, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

Screening Subcategory	Potential Recovery Amount	# of Claimants	Recovery/Process Improvement Opportunity
Payments for Over Age Dependents (OVxx)	$96,008	61	Discussion should be had with BCBSMT regarding focused audit to determine recovery potential on these service lines and whether system edits could be refined to allow for better control against claims being paid that are for an over age dependent.

Substantive Testing Detail Report
Payment for Over Age Dependents

Client: State of Montana BCBSMT Medical
Audit Period 1/1/2012 - 12/31/2012
Questionnaire ID Numbers: 36 - 37 (See Exhibit A – Substantive Testing Questionnaire Responses)

QID No:	Flag Type	Flag Description	Overpaid Amt	BCBSMT Response (For full response see questionnaire in Exhibit A)
36	OV29	Over Age Dependents	$0.00*	Disagree, stated verification is done only at time limiting age is reached
37	OV31	Over Age Dependents	$0.00*	Disagree, stated verification is done only at time limiting age is reached

*Potential overpayments that were tested and determined to not be overpaid have been removed from total potential overpaid, however other cases identified by ESAS® cannot be removed without further investigation.

Exhibits

A. Substantive Testing Questionnaire Responses and CTI Conclusions

B. BCBSMT Final Response to Working Draft Report

Exhibit A.

Substantive Testing Questionnaire Responses and CTI Conclusions

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	1
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to BCBSMT Duplicate Logic.pdf.

2. Please refer to QID 1 Claim.pdf.

3. These charges are from the Outpatient Surgery Center and are not subject to duplicate logic. CTI indicates lines 2 and 6 of claim [claim number removed] are duplicatees. From the procedures and the charges noted, it appears it should have been lines 4 and 5. Even if this claim was subject to duplicate logic, line 4 procedure 28285 was billed with modifiers SG, 59, T7, and 51. Line 5 procedure 28285 was billed with modifiers SG, 59, T5, and 51 so they would not be duplicates.

Conclusion

No procedural deficiencies identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

No payment error identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	2
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to BCBSMT Duplicate Logic.pdf.

2. Please refer to QID 2 Claim.pdf.

3. These charges are from the Outpatient Surgery Center and are not subject to duplicate logic. CTI indicates lines 2 and 3 of claim [claim number removed] are duplicatees. From the procedures and the charges noted, it appears it should have been lines 2 and 4. Even if this claim was subject to duplicate logic, line 2 was billed with modifiers SG, 59, RT, and 51. Line 4 was billed with modifiers SG, 59, LT, and 51 so they would not be duplicates.

Conclusion

No procedural deficiencies identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

No payment error identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	3
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to BCBSMT Duplicate Logic.pdf.

2. Please refer to QID 3 Claim.pdf.

3. The line numbers and procedures in the CTI document do no match what is on BCBSMT claims processing system. Assuming CTI meant to cite procedure 22851 for lines 3 (not 1) and line 5 (not 4), these are not duplicates. Line 3 was billed with no modifier and line 5 was billed with a 59 modifier. Assuming CTI meant to cite procedure 22845 for line 2 (not 3) amd line 4 (not 6), these are not duplicates. Line 2 was billed with no modifier and line 4 was billed with a 59 modifier.

Conclusion

No procedural deficiencies identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

No payment error identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	4
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to BCBSMT Duplicate Logic.pdf.

2. Please refer to QID 4 Claim.pdf.

3. These are not duplicates. The services were performed by two different providers.

Conclusion

No procedural deficiencies identified. Services performed by different providers. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

No payment error identified. Services performed by different providers. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	5
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to BCBSMT Duplicate Logic.pdf.

2. Please refer to QID 5 Claims.pdf.

3. These are not duplicates. Both claim were billed with a 62 modifier indicating "Two surgeons".

Conclusion

No procedural deficiencies identified. Services performed by different providers. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

No payment error identified. Services performed by different providers. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	6
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to BCBSMT Duplicate Logic.pdf.

2. Please refer to QID 6 Claims.pdf.

3. The line numbers and procedures in the CTI document do not match what is on BCBSMT claims processing system. Assuming CTI did specifically mean to cite procedure A0434 it is line 1 (not 7) on claim [claim number removed] with an HN modifier and line 1 (not 3) on claim [claim number removed] with an HN modifier. These claims are not duplicates.

Conclusion

No procedural deficiencies identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

No payment error identified. Charges are not duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	7
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for cardiac rehabiliation, occupational therapy, physical therapy, and/or speech therapy have not been exceeded based on the plan limitations.

Administrator's Response

The outpatient rehabilitation maximum was met on line 5 of claim [claim number removed]. BCBSMT agrees there is an overpayment of $485.94 (lines 6-72) on claim [claim number removed]. Services on claim [claim number removed] did not accumulate toward the outpatient rehabilitation services. They were paid under the SNF Ancillary benefit per Authorization [number removed]. Please refer to QID 7 Document.pdf

Conclusion

A procedural deficiency has been identified. The outpatient rehabilitative services maximum of 30 visits per calendar year was exceeded. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

A payment error was identified with a total of $485.94 overpaid. The outpatient rehabilitative services maximum of 30 visits per calendar year was exceeded. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	8
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for acupuncture and/or chiropractors or chiropractic care have not been exceeded based on the plan limitations.

Administrator's Response

Chiropractic maximum benefits for the Managed care plan are 20 visits per benefit period with no dollar maximum per day. This member only accumulated 11 chiropractic visits in 2012. The line numbers provided by CTI do not match what is on the claim system. Please refer to QID 8 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	9
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for routine exam have not been exceeded based on the plan limitations.

Administrator's Response

The member has had one paid Adult Preventive Exam and one paid Preventive Gynecological Exam. The maximum is one Preventive and one Gynecological exam per benefit period. Please refer to QID 9 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	10
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for mammogram have not been exceeded based on the plan limitations.

Administrator's Response

The mammogram benefit has not been exceeded. The maximum benefit for ages 40 and over is one routine mammogram every 335 days with no dollar maximum. Professional and Technical service for the mammograms were performed on 12/20/11 and 12/21/12. Please refer to QID 10 Document.pdf.

Conclusion

A procedural deficiency has been identified. The member has the Traditional plan which has a limit of one routine mammogram every 24 months, according to the plan documentation provided to CTI. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

A payment error was identified with a total of $305.31 overpaid. The member has the Traditional plan which has a limit of one routine mammogram every 24 months, according to the plan documentation provided to CTI. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	11
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for mammogram have not been exceeded based on the plan limitations.

Administrator's Response

The mammogram benefit has not been exceeded. The Technical component of the mammogram performed 5/14/12 but the Professional (interpretation) of the mammogram was not performed until 6/5/12. Please refer to QID 11 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Timely Filing (Last service date to received date)

Substantive Testing Questionnaire

Questionnaire ID:	12
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having claims paid when the claim submission exceeded the plan limitation for timely claim filing. The claim was received 14 months after the service date and the plan requires claims to be filed within 12 months from the service date. Please provide the following information regarding this claim payment and attach it to this form:

1. Provide all documentation that supports why these claims were paid after the timely filing limit.

Administrator's Response

The claim was originally denied for timely filing. The provider submitted documentation as proof that they had originally submitted the claim within the timely filing limitation days. Because of the documentation submitted by the provider, BCBSMT adjusted the claim for payment. Please refer to QID 12 Documentation.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

PRIVATE AND CONFIDENTIAL

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	13
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for vision refractions services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

In all 3 cases, there were medical indications for the eye exam. Refraction testing is normally performed as a part of a routine eye exam however, when another, non-optical problem with the eye is detected, it is important to perform refraction testing as part of the medical evaluation. So, in these instances, it is appropriate to allow the refraction as medical (366.19 Cataract) and not consider it routine vision non-covered. The purpose of the visits was for the medical diagnosis billed and not an annual/routine exam.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	14
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for elective abortions services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. They are investigated by diagnosis and procedure.

2. All claims/services were originally denied as an exclusion of the member's contract. The member appealed the denial and it was discovered that BCBSMT had provided incorrect benefit information to one of the providers. BCBSMT adjusted and paid all claims. Because this was a BCBSMT error, payment was made by BCBSMT and not from group funds. The group was credited for the payments made. Please refer to QID 14 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	15
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for non-emergency transportation services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. Non-Emergency Transportation services were approved by the State of Montana Health Care & Benefits Division.

2. Please refer to QID 15 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	16
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for physicals for work, insurance, or school services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. They are analyzed by Diagnosis and/or procedure code.

2. The procedure (99385) is a Preventive Medicine Service code for evaluation and management of an individual including an age and gender appropriate history, examination etc. Because of the procedure code billed, this claim was paid under the preventive benefit. Please refer to QID 16 Document.pdf.

Conclusion

A procedural deficiency has been identified. While the procedure billed is a Preventive Medice Service code, the diagnosis submitted (V70.30) indicates the examination was for "Other medical examination for administrative purposes" such as school admission and sports competition, for example. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

A payment error of $190.84 overpaid was identified. While the procedure billed is a Preventive Medice Service code, the diagnosis submitted (V70.30) indicates the examination was for "Other medical examination for administrative purposes" such as school admission and sports competition, for example. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	17
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for weight loss surgical treatment services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. Services for the surgical treatment for weight loss are identified by diagnosis and procedure codes. These services must be prior authorized.

2. Please refer to QID 17 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	18
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for breast reduction services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. Breast reduction services are identified by procedure code and must be prior authorized.

2. Please refer to QID 18 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	19
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for blepharoplasty services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. Blepharoplasty services are identified by procedure code and must be prior authorized.

2. Please refer to QID 19 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	20
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for facial reconstruction services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. Facial reconstruction services are identified by procedure code. These services were prior authorized.

2. Please refer to QID 20.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	21
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for varicose vein treatment (sclerosis solutions) services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. Varicose vein treatment services are identified by procedure code. These services were prior authorized.

2. Please refer to QID 21.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only beconsidered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Exclusions

Substantive Testing Questionnaire

Questionnaire ID:	22
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are excluded under this Plan.

The claim(s) for the treatment in question are listed below. Please respond to the following:

1. How are claims for tissue expander services identified and investigated?

2. Provide the documentation that supports the payment of these claims.

Administrator's Response

1. This is breast reconstruction for a member with a personal history of breast cancer. These services did edit in BCBSMT's claim processing system and were investigated for possible cosmetic reconstruction.

2. This service is and integral part of the reconstructive surgery and as such, payment for these services is mandated in the Women's Health and Cancer Rights Act (WHCRA).

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Large Payments Direct to Employees

Substantive Testing Questionnaire

Questionnaire ID:	23
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred material amounts of claims payments paid directly to the individual instead of the health care provider. Please provide the following information regarding this individual and attach it to this form:

1. Explain why the claim(s) listed below were paid to the individual instead of the provider.

2. Provide a copy of the entire claim(s) showing the assignment of benefits.

Administrator's Response

1. These providers are not contracting with the Host plan Blue Cross Shield of Pennsylvania. Because these are out of state provider they are not able to contract with BCBSMT either. The only existing contract is with the member so payment is made to the member. Whether or not benefits have been assigned to the provider, they will not be paid to the provider because there is no contract with the provider.

2. Please refer to QID 23 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Large Payments Direct to Employees

Substantive Testing Questionnaire

Questionnaire ID:	24
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred material amounts of claims payments paid directly to the individual instead of the health care provider. Please provide the following information regarding this individual and attach it to this form:

1. Explain why the claim(s) listed below were paid to the individual instead of the provider.

2. Provide a copy of the entire claim(s) showing the assignment of benefits.

Administrator's Response

1. These providers are not contracting with the Host plan Blue Cross Shield District of Columbia. Because this is and out of state provider they are not able to contract with BCBSMT either. The only existing contract is with the member so payment is made to the member. Whether or not benefits have been assigned to the provider, they will not be paid to the provider because there is no contract with the provider.

2. Please refer to QID 24 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Invalid Procedure Codes

Substantive Testing Questionnaire

Questionnaire ID:	25
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims payments for procedures in which an invalid CPT procedure code was used and would warrant further investigation prior to claim payment.

The following are the list of claims with the offending procedure code(s). Please provide the following:

1. Documentation of the procedure actually performed and billed as listed below.

2. How was the coverage of and benefit allowance determined for this procedure code(s)?

Administrator's Response

1. The revenue code 1002 is Behavioral Heath Accomodation in a Residential Treatment Facility for Chemical Dependency which is the actual service provided.

2. The Services were precertified and paid according to the contract benefits for Chemical Dependency. Please refer to QID 25 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Invalid Procedure Codes

Substantive Testing Questionnaire

Questionnaire ID:	26
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims payments for procedures in which an invalid CPT procedure code was used and would warrant further investigation prior to claim payment.

The following are the list of claims with the offending procedure code(s). Please provide the following:

1. Documentation of the procedure actually performed and billed as listed below.

2. How was the coverage of and benefit allowance determined for this procedure code(s)?

Administrator's Response

1. The revenue code 1002 is Behavioral Heath Accomodation in a Residential Treatment Facility for Chemical Dependency which is the actual service provided.

2. The provider submitted a request for precertification and the services were paid according to the contract benefits for Chemical Dependency. The date(s) of service were not transferred from the BlueCard system into BCBSMT's claim processing system correctly. Line 1 is correct but line 2 should be 1/28/12, line 3 should be 1/28/12, line 4 should be 1/30/12 and line 5 should be 1/31/12. Please refer to QID 26 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Subrogation/Right of Recovery from Third Party

Substantive Testing Questionnaire

Questionnaire ID:	27
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred material amounts of claims payments for condition(s) for which investigation into the potential for Subrogation and/or the exercise of the Right of Recovery provision was warranted.

The following list of claims appear to be related to accidental injury. In some cases more than one accident may have occurred. For each accidental injury represented, please provide the following:

1. A copy of the documentation used to determine if a third party was potentially liable for the injury that resulted.

2. If Subrogation/Right of Recovery follow-up was determined to be necessary and is ongoing, provide copies of all correspondence pertaining to your initial investigation and follow-up activity to date. Note: Copies of the telephone logs should be included.

3. If Subrogation/Right of Recovery follow-up was determined not to be necessary (ie there is no third party involvement), provide copies of all correspondence pertaining to your initial investigation that allowed that determination to be made.

4. If Subrogation/Right of Recovery reimbursement has been received, provide copies of refund checks, screen prints to support that claims history for this individual has been adjusted to reflect the refund, and documentation to support that the refunds have been credited to the client's claim account.

Administrator's Response

1. Please refer to QID 27 Document.pdf.

2. N/A

3. Please refer to QID 27 Document.pdf.

4. N/A

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

PRIVATE AND CONFIDENTIAL

Subrogation/Right of Recovery from Third Party

Substantive Testing Questionnaire

Questionnaire ID:	28
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred material amounts of claims payments for condition(s) for which investigation into the potential for Subrogation and/or the exercise of the Right of Recovery provision was warranted.

The following list of claims appear to be related to accidental injury. In some cases more than one accident may have occurred. For each accidental injury represented, please provide the following:

1. A copy of the documentation used to determine if a third party was potentially liable for the injury that resulted.

2. If Subrogation/Right of Recovery follow-up was determined to be necessary and is ongoing, provide copies of all correspondence pertaining to your initial investigation and follow-up activity to date. Note: Copies of the telephone logs should be included.

3. If Subrogation/Right of Recovery follow-up was determined not to be necessary (ie there is no third party involvement), provide copies of all correspondence pertaining to your initial investigation that allowed that determination to be made.

4. If Subrogation/Right of Recovery reimbursement has been received, provide copies of refund checks, screen prints to support that claims history for this individual has been adjusted to reflect the refund, and documentation to support that the refunds have been credited to the client's claim account.

Administrator's Response

1. Please refer to QID 27 Document.pdf.

2. N/A

3. Please refer to QID 27 Document.pdf.

4. N/A

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

PRIVATE AND CONFIDENTIAL

Workers Compensation

Substantive Testing Questionnaire

Questionnaire ID:	29
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having received claim payments for conditions that may be work related and the responsibility of the individual's workers' compensation plan. Please respond to the following:

1. Was an investigation conducted to determine if the condition on the claim(s) listed below was work related?

[ ] Yes - What were the results of the investigation?
[ ] No - Explain why no investigation was conducted.

2. If found to be a work-related condition, has recovery of payments made by this Plan been initiated?

[ ] Yes - What is the status of recovery? (i.e. how much has been recovered, when was the last follow up made)
[ ] No - Explain why recovery has not been initiated.

Administrator's Response

1. The condition was not work related. Please refer to QID 29 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Workers Compensation

Substantive Testing Questionnaire

Questionnaire ID:	30
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having received claim payments for conditions that may be work related and the responsibility of the individual's workers' compensation plan. Please respond to the following:

1. Was an investigation conducted to determine if the condition on the claim(s) listed below was work related?

[ ] Yes - What were the results of the investigation?
[ ] No - Explain why no investigation was conducted.

2. If found to be a work-related condition, has recovery of payments made by this Plan been initiated?

[ ] Yes - What is the status of recovery? (i.e. how much has been recovered, when was the last follow up made)
[ ] No - Explain why recovery has not been initiated.

Administrator's Response

1. The condition was not the result of an accident. Please refer to QID 30 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Retired Employee, Plan Should be Secondary to Medicare

Substantive Testing Questionnaire

Questionnaire ID:	31
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as being eligible for Medicare as a Retired employee over age 65. There is no primary insurance coverage indicated in the data provided. Please respond to the following:

1. Is the individual a Retired employee?

   ___ Yes
   ___ No

2. Does the claim administration system reflect that Medicare is the primary insurance?

   Yes - Date Medicare became primary on this individual's claims: ___/___/___

   No - Provide an explanation as to why Medicare is not reflected in the system as the primary Plan.

Administrator's Response

1. Yes

2. 1/1/2004 Please refer to QID 31 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Denial of Mandated Benefits

Substantive Testing Questionnaire

Questionnaire ID:	32
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims for conditions which are required to be covered under the Women's Health and Cancer Rights Act (effective in 1998), specifically reconstruction of the breast(s) following a mastectomy.

The claim(s) for the treatment in question are listed below. No payment was made for this claim(s). Please respond to the following:

1. Why was no payment issued for this claim(s)?

2. How are claims for breast reconstruction identified and investigated?

3. Provide documentation that supports the denial of this claim(s).

Administrator's Response

1. The claims were originally denied because the member did not return the COB letter of inquiry within 10 business days.

2. Diagnosis and/or procedure trigger an edit to investigate for possible cosmetic.

3. Please refer to QID 32 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Denial of Mandated Benefits

Substantive Testing Questionnaire

Questionnaire ID:	33
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims for conditions which are required to be covered under the Women's Health and Cancer Rights Act (effective in 1998), specifically reconstruction of the breast(s) following a mastectomy.

The claim(s) for the treatment in question are listed below. No payment was made for this claim(s). Please respond to the following:

1. Why was no payment issued for this claim(s)?

2. How are claims for breast reconstruction identified and investigated?

3. Provide documentation that supports the denial of this claim(s).

Administrator's Response

1. The primary insurance paid the allowed amount in full so there was no balance remaining to be paid under the State of Montana secondary coverage.

2. Diagnosis and/or procedure trigger an edit to investigate for possible cosmetic.

3. Please refer to QID 33 Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

PPO Provider and No Discount Taken

Substantive Testing Questionnaire

Questionnaire ID:	34
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having received claim payments for services from a provider participating in a network contracted with this Plan. However, no discount was taken on the claim according to the data provided to CTI. Please respond to the following:

1. Was the provider participating in the network at the time this claim was paid?

___ Yes - Explain why a discount was not taken on this claim.

___ No - Provide documentation such as screen prints that show the provider's participation status.

Administrator's Response

1. This provider is a participating PPO provider with BCBS Utah. Participating status is not a guarantee of a discount arrangement. In this case, even though the provider is participating, there is no contracted discount arrangement.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Payments for Ineligible Grandchildren

Substantive Testing Questionnaire

Questionnaire ID:	35
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as potentially being a grandchild of the employee. Please provide the following information:

1. Documentation that the dependent listed above is a:
   ___ Natural child
   ___ Stepchild
   ___ Child under the employee's legal guardianship
   ___ Legally adopted child
   ___ Grandchild

2. A copy of the enrollment form or other authorization from the employer showing that this dependent is eligible for coverage.

3. A copy of or written explanation of your procedures for recognizing and investigating dependents that may be grandchildren and not eligible for coverage.

Administrator's Response

1. From the State of Montana 834 report...

2. BCBSMT is not responsible for verification of a dependent grandchild past the 31 day baby coverage. BCBSMT performs investigation upon the birth of a newborn to determine 31 day baby coverage only. Past the 31 day baby coverage the State of Montana group determines the eligibility and passes this information to BCBSMT in an electronic 834 report. Please see Dependent Eligibiltiy.docx.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Payments for Over Age Dependents

Substantive Testing Questionnaire

Questionnaire ID:	36
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as being a dependent over the limiting age. The plan states that in order to remain a covered dependent over the limiting age, the dependent must be an unmarried full-time student or handicapped. Please provide the following:

1. A copy of the documentation received during the audit period that verified that this dependent continued to be eligible for coverage under the plan after reaching the limiting age. (i.e. unmarried full-time student status, verification of handicapped status)

2. A copy or a written explanation of your administrative protocols for updating verification of unmarried full-time student status and handicapped child status.

Administrator's Response

1. Please refer to QID 36 Document.pdf.

2. Please see Dependent Eligibility.docx.

Conclusion

A procedural deficiency has been identified as no current documentation was provided to show the claimant continued to be eligible beyond the limiting age of the plan. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Payments for Over Age Dependents

Substantive Testing Questionnaire

Questionnaire ID:	37
Client:	Montana State - BCBSMT
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as being a dependent over the limiting age. The plan states that in order to remain a covered dependent over the limiting age, the dependent must be an unmarried full-time student or handicapped. Please provide the following:

1. A copy of the documentation received during the audit period that verified that this dependent continued to be eligible for coverage under the plan after reaching the limiting age. (i.e. unmarried full-time student status, verification of handicapped status)

2. A copy or a written explanation of your administrative protocols for updating verification of unmarried full-time student status and handicapped child status.

Administrator's Response

1. Please refer to QID 37 Document.pdf. Please also see below from the State of Montana 834 report.

2. Please see Dependent Eligibility.docx.

Conclusion

A procedural deficiency has been identified as no current documentation was provided to show the claimant continued to be eligible beyond the limiting age of the plan. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

NCCI Medically Unlikely Edits (MUEs)

Substantive Testing Questionnaire

Questionnaire ID:	38 (Off-line)
Date:	10/14/2013
Client:	Montana State BCBS
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having potential overpaid claim payment(s) according to The Centers for Medicare & Medicaid Services (CMS) National Correct Coding Initiatives (NCCI) Medically Unlikely Edits (MUEs).

The claim listed below appears to contain improper coding conventions as defined by NCCI edits. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing the maximum number of daily service units from being exceeded.
2. A copy of each bill.
3. If the listed claim is improperly coded, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

Neither the Administrative Services Agreement (ASA) between BCBSMT and the State of Montana nor the Plan Document prescribes the use and application of NCCI claims edits. BCBSMT utilizes OPTUMInsight's (formerly known as Ingenix) iCES Professional Claims Editing system rather than NCCI. Although BCBSMT does not use NCCI exactly we do use it as a guideline for some of the iCES edits.

Conclusion

No procedural or payment deficiencies identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly if documentation the services billed on the claim were appropriately allowed together can be provided.

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NCCI Procedure-to-Procedure Edits

Substantive Testing Questionnaire

Questionnaire ID:	39 (Off-line)
Date:	10/14/2013
Client:	Montana State BCBS
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having potential overpaid claim payment(s) according to The Centers for Medicare & Medicaid Services (CMS) National Correct Coding Initiatives (NCCI) Procedure-to-Procedure Edits.

The claim listed below appears to contain improper coding conventions as defined by NCCI edits. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing improper coding conventions.
2. A copy of each bill.
3. If the listed claim is improperly coded, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

Neither the Administrative Services Agreement (ASA) between BCBSMT and the State of Montana nor the Plan Document prescribes the use and application of NCCI claims edits. BCBSMT utilizes OPTUMInsight's (formerly known as Ingenix) iCES Professional Claims Editing system rather than NCCI. Although BCBSMT does not use NCCI exactly we do use it as a guideline for some of the iCES edits.

Conclusion

No procedural or payment deficiencies identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly if documentation the services billed on the claim were appropriately allowed together can be provided.

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NCCI Procedure-to-Procedure Edits

Substantive Testing Questionnaire

Questionnaire ID:	40 (Off-line)
Date:	10/14/2013
Client:	Montana State BCBS
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having potential overpaid claim payment(s) according to The Centers for Medicare & Medicaid Services (CMS) National Correct Coding Initiatives (NCCI) Procedure-to-Procedure Edits.

The claim listed below appears to contain improper coding conventions as defined by NCCI edits. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing improper coding conventions.
2. A copy of each bill.
3. If the listed claim is improperly coded, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

Neither the Administrative Services Agreement (ASA) between BCBSMT and the State of Montana nor the Plan Document prescribes the use and application of NCCI claims edits. BCBSMT utilizes OPTUMInsight's (formerly known as Ingenix) iCES Professional Claims Editing system rather than NCCI. Although BCBSMT does not use NCCI exactly we do use it as a guideline for some of the iCES edits.

Conclusion

No procedural or payment deficiencies identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly if documentation the services billed on the claim were appropriately allowed together can be provided.

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Exhibit B.

BCBSMT Final Response to Working Draft Report

BlueCross BlueShield of Montana

560 N. Park Avenue
PO Box 4309
Helena, Montana 59604
Customer Information Line: 800.447.7828

www.bcbsmt.com

November 27, 2013

BCBSMT RESPONSE TO MEDICAL ELECTRONIC SCREENING SPEC FINDINGS WD 11.8.13 FOR THE STATE OF MONTANA

- **Duplicate Payments – Recommendation(s)**

In the category of Duplicate Payments, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. ***Recovery Opportunity** – untested $23,292 on 109 claimants involving 414 lines of service. Discussion should be had with BCBSMT regarding focused audit to determine recovery potential on these service lines.*

   - BCBSMT reviewed the file named Medical Potential (untested) Duplicates.xlsx provided by CTI. Of the 414 claim lines in the file, BCBSMT validated that 14 were duplicates with a total overpayment of $1,186.83. BCBSMT will discuss with the State of Montana group how they would like to settle the confirmed overpayments and will also accommodate any request by the State of Montana group for a focused audit as a result of this recommendation.

2. ***Process Improvement Opportunity** – BCBSMT's system edits should be reviewed to determine if further refinement would allow for further reduction in the number of overpaid claims.*

- BCBSMT consistently reviews and updates system edits for all reasons including duplicates. BCBSMT agrees there is a marginal risk of error for overpayment but believes the numbers and dollars cited for potential amount at risk are overstated.

- **Plan Limitations – Recommendation(s)**

In the category of after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. *Discussion should be had with BCBSMT regarding focused audit to determine recovery potential on these claims and discern if system edits could be refined to prevent paying claims that are specifically excluded by the Plan.*

   - *2012 Outpatient Rehabilitative Services – 30 per CY* BCBSMT agrees with this recommendation and will accommodate any request by the State of Montana group for a focused audit as a result of this recommendation.

- *2012 Traditional Plan Acupuncture/Chiropractic - $30 Paid per Visit* BCBSMT disagrees with the numbers and the dollars in this finding but will accommodate any request by the State of Montana group for a focused audit as a result of this recommendation. The root cause of this finding was due to the fact that BCBSMT did not list the correct coverage (Managed Care or Traditional) in the original report. As requested by BCBSMT, CTI sent a report of all Acupuncture and Chiropractic claims that exceeded the $30 per visit maximum. After review of the report, and removing all the Managed Care claims that had been erroneously reported as Traditional, BCBSMT confirmed that 48 claim lines had exceeded the $30 visit maximum for a total overpayment of $331.11. BCBSMT will discuss with the State of Montana group how they would like to settle the confirmed overpayments.

- *Mammograms – One every 24 months between Ages 40 and 49* BCBSMT disagrees with this finding. As stated in the State of Montana 2012 Self Funded Application, Routine Mammograms for ages 40 and over allow 1 mammogram every 335 days.

- **Plan Exclusions – Recommendation(s)**

In the category of Plan Exclusions, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. *Discussion should be had with BCBSMT regarding focused audit to determine recovery potential on these service lines and whether system edits could be refined to allow for better control against claims being paid that are specifically excluded by the Plan.*

    - *Physicals, Work, Insurance, School* BCBSMT agrees with this finding but believes the numbers and the dollars are overstated. BCBSMT will accommodate any request by the State of Montana group for a focused audit as a result of this recommendation.

- **Payments for Over Age Dependents**

In the category of Over Age Dependents, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. *Discussion should be had with BCBSMT regarding focused audit to determine recovery potential on these service lines and whether system edits could be refined to allow for better control against claims being paid that are for an over age dependent.*

    - *Payments for Overage Dependents* BCBSMT disagrees with this finding. BCBSMT was able to substantiate eligibility for the over age dependents

reviewed in the audit. However, we will accommodate any request by the State of Montana group for a focused audit as a result of this recommendation.

ELECTRONIC SCREENING REPORT

The State of Montana Dental Plan
Administered by:
Blue Cross and Blue Shield of Montana
Audit Period: January 1, 2012 – December 31, 2012

Prepared: November 8, 2013

ELECTRONIC SCREENING REPORT

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Overview

Electronic Screening Objective

The objective of our electronic screening is to identify and quantify claim administration system problems that appear to be causing payment errors.

Electronic Screening Scope

CTI performed electronic screening of 100 percent of each of the dental service lines that comprise a dental claim processed by BCBSMT during the 12 month period of January 1, 2012 – December 31, 2012 (plus any run-out claims processed through September 30, 2013). BCBSMT processed 58,958 claims (including adjustments) for 22,789 State claimants representing 145,331separate dental service line items and resulting in $7,435,215 in payment by the plan.

A complete list of the ESAS® Screening Categories and Subcategories is shown in Figure 1. below.

Figure 1.

ESAS® Dental Plan Control Risk Categories			
Category	**Subsets**	**Evaluate for Process Improvement**	**Quantify Errors**
Duplicate Payments to Providers and/or Employees			
		☑	☑
Plan Limitations			
	Specific to Plan Provisions; • Dollar Limitations, • Number of Visit Limitations	☑	☑
	Payments for Claims Filed After Timely Filing Limit	☑	☑
3. Plan Exclusions			
	Specific to Plan Provisions such as: • Prosthetic Appliances • Dental Implants • Cosmetic Procedures • Orthodontia	☑	☑
4. Fraud, Waste and Abuse			
	Large Payments Made Direct to Employees	☑	
	Invalid or Unlisted Procedure Codes	☑	
5. Coordination of Benefits			
	Paid Primary; Should be Secondary to Other Group Insurance	☑	☑
6. Dependent Child Eligibility			
	Ineligible Grandchildren	☑	☑
	Over Age Dependents	☑	☑

Electronic Screening Methodology

CTI used its proprietary software, ESAS®, to screen each dental service line processed. ESAS® applies several hundred screening parameters to each line to identify claims that may be paid in error. Any service line edited by ESAS® is considered "red-flagged", meaning it has the potential for having been over- or under- paid based on the screening parameters set into ESAS® and the claim data provided by the claim administrator.

To validate ESAS® screening findings, CTI selects a targeted sampling from the "red-flagged" service lines to test. This is the targeted sampling component of our electronic screening process. Our experience has shown that this type of sampling is necessary in order to validate that the claim data provided was adequate to produce reliable screening results. While CTI is confident in the accuracy of our electronic screening results, it is important to note that the dollar amounts associated with the electronic screening results shown below represent potential, not actual, overpayments and process improvement opportunities. Additional testing of these claims by BCBSMT and the State would be required to substantiate the findings and to provide the basis for remedial action planning.

CTI is not authorized to tell the Claim Administrator to recover overpaid amounts. The process and impact of recovering overpayments should be discussed by the Plan Sponsor and the Claim Administrator. If recovery is not pursued, these findings still represent the opportunity for future savings if systems and procedures can be improved to eliminate future similar payment errors.

Procedures Followed

The specific procedures that were followed to complete this electronic screening and analysis of claims data for the State are as follows:

- **Document Review**

  We conducted an in-depth review of the State administrative services agreement and plan documents. These documents provided the specifications we used in setting the parameters in ESAS® and analyzing the electronically screened results.

- **Data Conversion**

  We converted claims data provided by BCBSMT into ESAS® database formats. The converted data was reconciled against control totals and checked for reasonableness before proceeding with electronic screening.

- **Electronic Screening**

  To the extent the claim data provided to us by BCBSMT supported the ESAS® algorithms, we utilized ESAS® to screen the State Plans claims data. In the case of the State Plans, CTI could not run the following ESAS® screens because the data did not support our doing so:

  – CB01; Paid Primary Should be Secondary to Other Group Insurance

- **Auditor Analysis**

  If the category represented Potential Amounts at Risk and the amount "red flagged" within that category was material, our auditors reviewed the category findings to confirm that the electronically screened potential errors appeared valid and to select the best examples of potential overpayments to conduct further substantive testing.

- **Substantive Testing and Additional Analysis**

  For this State audit a total of 25 red flagged cases were selected and Substantive Testing Questionnaires were prepared for each and sent to BCBSMT for completion. A CTI auditor reviewed BCBSMT's questionnaire responses and supporting documentation. Copies of BCBSMT's responses to the questionnaires are provided in Exhibit A. (Questionnaire responses presented in Exhibit A. have been redacted to eliminate personal health information.)

  Based on the responses from BCBSMT and further analysis of the ESAS® findings in light of those responses, CTI removed any false positives that could be systematically identified from the Potential Amounts at Risk. False positives typically occur because certain claim data was misleading or inadequate.

- **Review of Preliminary ESAS® Findings and Reporting**

  We reviewed the preliminary findings from the electronic screening and analysis process with the Claim Administrator to ensure that we had complete understanding and agreement (where possible) on the reported results before preparing this report.

Findings by Screening Category

This section of the report includes the ESAS® Summary report showing by category the number of line items or claims and the total potential amount at risk that remain now at the conclusion of our analysis and substantive testing protocols.

Following the ESAS® Summary report is a detailed explanation of our Substantive Testing results, findings and recommendations if it is our opinion that process improvement or recovery/ savings opportunities exist.

Note: If CTI is making an improvement recommendation, it will be denoted by a “Yes” in the final column of the ESAS® Summary reports.

ESAS® Summary (as of 11/14/2013)

Client: Montana State - Dental
Screening Period: 01/01/2012 - 09/30/2013

Categories for Potential Amount At Risk

Analysis Final Results

Claims Red Flagged	1,295
Claimants Red Flagged	1,050
Paid Amount Red Flagged	$43,269
Potential Amount at Risk:	$43,482

Category	Lines	Clmts	Description	Charge Amount	Paid Amount	Potential Amount At Risk	Improvement Recommended
Plan Limitations							
PL01	981	785	Oral Exam Twice per CY	$46,690	$29,195	$29,207	
PL02	168	155	Bitewing X-rays once every 180 days	$6,519	$4,292	$4,292	Yes
PL04	1	1	Routine Cleaning Twice per CY	$79	$57	$57**	Yes
TFLM	139	50	Timely Filing (Last service date to received date)	$13,337	$7,498	$7,498	
Plan Exclusions							
DX07	144	114	Dental, Topical Fluoride Treatment	$3,452	$2,428	$2,428	

Categories for Operational Review

Analysis Final Results

Claims Red Flagged	3,622
Claimants Red Flagged	1,869
Paid Amount Red Flagged	$591,123
Potential Amount at Risk:	$586,140

Category	Lines	Clmts	Description	Charge Amount	Paid Amount	Potential Amount At Risk	Improvement Recommended
Duplicate Payments to Providers and/or Employees							
DP1C	32	16	Duplicate Payments to Providers and/or Employees	$4,190	$7,511 *	$2,029**	Yes
Fraud, Waste, and Abuse							
LGEE	29	15	Large Payments Direct to Employees	$26,137	$9,912		
Subrogation/Right of Recovery from Third Party							
SBxx	1	1	Subrogation/Right of Recovery from Third Party	$305	$204		
Dependent Child Eligibility							
GCxx	1396	205	Payments for Ineligible Grandchildren	$94,333	$57,024	$57,024	
OVxx	8735	1659	Payments for Over Age Dependents	$956,619	$527,067	$527,067	

* The amount detailed is based on Benefit Total, which equals Coinsurance + Copayment + Deductible + Paid

**Confirmed by BCBSMT

Duplicate Payments

OBJECTIVES: To identify provider services paid more than once. Further, to identify procedural deficiencies of the administrative process and to quantify conservatively the additional cost to a plan caused by duplicate payments.

Initial Screening and Analysis

Electronic screening of all service lines processed revealed certain service lines to have potentially been paid more than once, resulting in a benefit total (the accumulation of payment, deductible and coinsurance applied to the out of pocket accumulation) greater than the charged amount for that service. Further analysis of the service lines flagged confirmed the potential for process improvement and overpayment of claims to be sufficiently material to warrant further testing.

Substantive Testing

Substantive Testing Questionnaire (QID) numbers 1-5 were sent to BCBSMT which responded to all questionnaires submitted. Copies of the responses are provided in Exhibit A.

Substantive Testing results are shown in the following report entitled: "Substantive Testing Detail Report – Duplicate Payments".

The results confirmed the potential for process improvement and overpayment of claims.

Recommendation(s)

In the category of Duplicate Payments, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. **Recovery Opportunity –** Following its response to QIDs 1-5 that confirmed $190.77 in overpayments, BCBSMT, after review of the additional potential overpayments report provided by CTI and running its own reports, confirmed additional overpayments of $1,838.47 for a total of $2,029.24 confirmed overpayments. BCBSMT will discuss with the State on how to proceed in correcting the agreed-to overpayments.

2. **Process Improvement Opportunity -** BCBSMT's system edits should be reviewed to determine if further refinement would allow for further reduction in the number of overpaid claims.

Substantive Testing Detail Report
Duplicate Payments

Client: State of Montana BCBSMT Dental
Audit Period 1/1/2012 - 12/31/2012
Questionnaire ID Numbers: 1 - 5

QID No:	Flag Type	Flag Description	Overpaid Amt	BCBSMT Response
1	DP1C	Service line paid twice within same claim number	$20.61*	Agree, service line is a duplicate
2	DP1C	Service line paid twice within same claim number	$56.77*	Agree, service line is a duplicate
3	DP1C	Service line paid twice within same claim number	$15.00*	Agree, service line is a duplicate
4	DP1C	Service line paid twice within same claim number	$56.77*	Agree, service line is a duplicate
5	DP1C	Service line paid twice within same claim number	$41.62*	Agree, service line is a duplicate

*Potential overpayments that were tested and determined to not be overpaid have been removed from total potential overpaid, however other cases identified by ESAS® cannot be removed without further investigation.

Plan Limitations

OBJECTIVES: To identify services that have exceeded plan limitations on quantity, frequency or benefit amount. Further, to identify procedural deficiencies in the administrative process and to quantify conservatively the additional cost to a plan caused by payments in excess of the plan limitations.

Initial Screening and Analysis

Electronic screening of all service lines processed revealed no service lines to have been overpaid as a result of exceeding the plan's limitations.

Substantive Testing

Substantive Testing Questionnaire (QID) numbers 6-13, 16-19, and 22-25 were sent to BCBSMT. BCBSMT responded to all questionnaires submitted. Copies of the responses are provided in Exhibit A.

Substantive Testing results are shown in the following report entitled: "Substantive Testing Detail Report – Plan Limitations".

The results confirmed the potential for process improvement and overpayment of claims.

Recommendation(s)

In the category of Plan Limitations, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

Limitation Subcategory	Potential Recovery Amount	# of Claimants	Recovery/Process Improvement Opportunity
Bitewings X-rays once every 180 days (PL02)	$4,292	155	Discussion should be had with BCBSMT regarding a focused audit to determine recovery potential on these claims and discern if system edits could be refined to prevent paying claims that are specifically excluded by the Plan.

Substantive Testing Detail Report
Plan Limitations

Client: State of Montana BCBSMT Dental
Audit Period 1/1/2012 - 12/31/2012
Questionnaire ID Numbers: 6-13, 16-19, and 22-25 (See Exhibit A. – Substantive Testing Questionnaire Responses)

QID No:	Flag Type	Flag Description	Overpaid Amt	BCBSMT Response (For full response see questionnaire in Exhibit A)
6	PL04	Routine Cleaning Twice per CY	$56.77*	Agree, limitation was exceeded
7	PL06	Sealants once per LT per molar	$0.00*	Disagree, provided documentation to show limitation was not exceeded
8	PL06	Sealants once per LT per molar	$0.00*	Disagree, provided documentation to show limitation was not exceeded
9	PL07	Dental Implants $1,500 per LT	$0.00*	Disagree, provided documentation to show limitation was not exceeded
10	PL07	Dental Implants $1,500 per LT	$0.00*	Disagree, provided documentation to show limitation was not exceeded
11	PL07	Dental Implants $1,500 per LT	$0.00*	Disagree, provided documentation to show limitation was not exceeded
12	TFLM	Timely Filing Limit	$0.00*	Disagree, provided documentation to show limitation was not exceeded
13	TFLM	Timely Filing Limit	$0.00*	Disagree, provided documentation to show limitation was not exceeded
16	Offline	Annual Maximum - $1,200	$0.00*	Disagree, provided documentation to show limitation was not exceeded
17	Offline	Annual Maximum - $1,200	$0.00*	Disagree, provided documentation to show limitation was not exceeded
18	Offline	Annual Maximum - $1,200	$0.00*	Disagree, provided documentation to show limitation was not exceeded
19	Offline	Annual Maximum - $1,200	$0.00*	Disagree, provided documentation to show limitation was not exceeded
22	DL01	Dental, Oral Examination	$0.00*	Disagree, provided documentation to show limitation was not exceeded
23	DL01	Dental, Oral Examination	$0.00*	Disagree, provided documentation to show limitation was not exceeded
24	DL02	Dental, BiteWing X-rays	$0.00*	Disagree, provided documentation to show limitation was not exceeded
25	DL02	Dental, BiteWing X-rays	$7.38*	Agree, limitation was exceeded

Exhibits

A. Substantive Testing Questionnaire Responses and CTI Conclusions

B. BCBSMT Final Response to Working Draft Report

Exhibit A.

Substantive Testing Questionnaire Responses and CTI Conclusions

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	1
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to Dental Duplicate Logic.docx.

2. Please refer to QID 1 D Claim.pdf dcoument.

3. This is not a duplicate. Line 6 was performed on tooth 2 and line 7 was performed on tooth 15. As demonstrated in page 2 of the QID 1 D Claim.pdf document, this is the only time sealants have been paid on tooth 2 and tooth 15.

11.14.13 CTI correction to BCBSMT response: The tested potential duplicate services were for two D1203s, Topical Application of Fluoride, for which BCBSMT responded during follow-up review confirming $20.61overpaid with an explanation "D1203 (Topical Application of Fluoride) paid twice on the same day (same claim) in error". The original response from BCBSMT above pertains to services for D1351, which were not part of the initial tested potential duplicates.

Conclusion

A procedural deficiency has been identified. Charges are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

A payment error with $20.61 overpaid has been identified. Charges are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	2
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to Dental Duplicate Logic.docx.

2. Please refer to QID 2 D Claim.pdf document.

3. BCBSMT agrees there is an overpayment of $56.77 on this claim which will be refunded to the group.

Conclusion

A procedural deficiency has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

A payment error with a $56.77 overpayment has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	3
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to Dental Duplicate Logic.docx.

2. Please refer to QID 3 D Claim.pdf document.

3. BCBSMT agrees there is an overpayment of $15 on this claim which will be refunded to the group.

Conclusion

A procedural deficiency has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

A payment error with a $15.00 overpayment has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

PRIVATE AND CONFIDENTIAL

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	4
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to Dental Duplicate Logic.docx.

2. Please refer to QID 4 D Claim.pdf document.

3. BCBSMT agrees there is an overpayment of $56.77 on this claim which will be refunded to the group.

Conclusion

A procedural deficiency has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

A payment error with a $56.77 overpayment has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Duplicate Payments to Providers and/or Employees

Substantive Testing Questionnaire

Questionnaire ID:	5
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having potential duplicate claim payments.

The claims listed below appear to be duplicates. For each claim, please provide the following:

1. A copy of your administrative procedures used in identifying and preventing duplicate claim payments.

2. A copy of each bill.

3. If the listed claim(s) are duplicates, provide documentation that the overpayment has been refunded and credited to the client's account.

Administrator's Response

1. Please refer to Dental Duplicate Logic.docx.

2. Please refer to QID 5 D Claim.pdf document.

3. BCBSMT agrees there is an overpayment of $41.62 on this claim which will be refunded to the group.

Conclusion

A procedural deficiency has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

A payment error with a $41.62 overpayment has been identified. Services in question are duplicates. Any other claim can only be considered correct when a procedure that is billed multiple times is valid.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	6
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for prophylaxis have not been exceeded based on the plan limitations.

Administrator's Response

1. BCBSMT agrees there is and overpayment of $56.77 for payment of the third Prophylaxis (D1110) on claim [claim number removed], date of service 9/4/12. The member had Medical and Dental coverage 01/01/12 - 05/31/12. Effective 6/1/12 the Medical coverage was terminated and the member had Dental coverage only. It appears the change in coverage may have affected the accumulator calculation causing the third Prophylaxis to pay in error. The overpayment will be refunded to the group.

Conclusion

A procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

A payment error with a $56.77 overpayment has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	7
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for other preventative services have not been exceeded based on the plan limitations.

Administrator's Response

1. The dental sealant maximum (for members under age 16) once per tooth per lifetime has not been exceeded. Please refer to QID 7 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	8
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for other preventative services have not been exceeded based on the plan limitations.

Administrator's Response

1. The dental sealant maximum (for members under age 16) once per tooth per lifetime has not been exceeded. Please refer to QID 8 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	9
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for implants have not been exceeded based on the plan limitations.

Administrator's Response

1. The lifetime maximum of $1,500 has not been exceeded for this member. Only $1,263.69 has been paid under the LTM Implant Benefit. Please see QID 9 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	10
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for implants have not been exceeded based on the plan limitations.

Administrator's Response

1. The lifetime maximum of $1,500 has not been exceeded for this member. The $1,500 LTM Implant Benefit has been paid. Please see QID 10 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	11
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for implants have not been exceeded based on the plan limitations.

Administrator's Response

1. The lifetime maximum of $1,500 has not been exceeded for this member. The $1,500 LTM Implant Benefit has been paid. Please see QID 11 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Timely Filing (Last service date to received date)

Substantive Testing Questionnaire

Questionnaire ID:	12
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having claims paid when the claim submission exceeded the plan limitation for timely claim filing. The claim was received 13 months after the service date and the plan requires claims to be filed within 12 months from the service date. Please provide the following information regarding this claim payment and attach it to this form:

1. Provide all documentation that supports why these claims were paid after the timely filing limit.

Administrator's Response

1. The claim was originally denied too old to process. The claim was adjusted to pay after the provider called in questioning the denial and the information provided to him regarding 30 day grace period on timely filing. Please see QID 12 D Document.pdf for supporting documentation of payment made past the timely filing limit.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Timely Filing (Last service date to received date)

Substantive Testing Questionnaire

Questionnaire ID:	13
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having claims paid when the claim submission exceeded the plan limitation for timely claim filing. The claim was received 17 months after the service date and the plan requires claims to be filed within 12 months from the service date. Please provide the following information regarding this claim payment and attach it to this form:

1. Provide all documentation that supports why these claims were paid after the timely filing limit.

Administrator's Response

1. Please see QID 13 D Document.pdf for supporting documentation of payment made past the timely filing limit.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Large Payments Direct to Employees

Substantive Testing Questionnaire

Questionnaire ID:	14
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred material amounts of claims payments paid directly to the individual instead of the health care provider. Please provide the following information regarding this individual and attach it to this form:

1. Explain why the claim(s) listed below were paid to the individual instead of the provider.

2. Provide a copy of the entire claim(s) showing the assignment of benefits.

Administrator's Response

1. This is an out of state dentist and as such is not able to contract with BCBSMT. The only existing contract is with the member so no payment is made to the member. Whether or not benefits have been assigned to the provider, they will not be paid to the provider because there is no contract with the provider.

2. Please see QID 14 D Claim.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Large Payments Direct to Employees

Substantive Testing Questionnaire

Questionnaire ID:	15
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred material amounts of claims payments paid directly to the individual instead of the health care provider. Please provide the following information regarding this individual and attach it to this form:

1. Explain why the claim(s) listed below were paid to the individual instead of the provider.

2. Provide a copy of the entire claim(s) showing the assignment of benefits.

Administrator's Response

1. This is an out of state dentist and as such is not able to contract with BCBSMT. The only existing contract is with the member so no payment is made to the member. Whether or not benefits have been assigned to the provider, they will not be paid to the provider because there is no contract with the provider.

2. Please see QID 15 D Claim.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Annual Maximum

Substantive Testing Questionnaire

Questionnaire ID:	16 (Off-line)
Client:	Montana State - Dental
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims payments that exceeded the $1,200 annual maximum. Payments for Type A Services and Implant services are not included in this annual maximum, however Type B Services and Type C Services payments may have exceeded this limit.

Please provide detailed documentation that the annual maximum was not exceeded for this member.

Administrator's Response

The $1,200 annual maximum has not been exceeded. Only $1,166.09 was paid on type B & C services for dates of service in 2012. It appears some level A services may have been inadvertently included in the CTI calculation. Please see QID 16 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

PRIVATE AND CONFIDENTIAL

Annual Maximum

Substantive Testing Questionnaire

Questionnaire ID:	17 (Off-line)
Client:	Montana State - Dental
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims payments that exceeded the $1,200 annual maximum. Payments for Type A Services and Implant services are not included in this annual maximum, however Type B Services and Type C Services payments may have exceeded this limit.

Please provide detailed documentation that the annual maximum was not exceeded for this member.

Administrator's Response

The $1,200 annual maximum has not been exceeded. Only $1,041.16 was paid on type B & C services for dates of service in 2012. It appears some level A services may have been inadvertently included in the CTI calculation. Please see QID 17 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Annual Maximum

Substantive Testing Questionnaire

Questionnaire ID:	18 (Off-line)
Client:	Montana State - Dental
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims payments that exceeded the $1,200 annual maximum. Payments for Type A Services and Implant services are not included in this annual maximum, however Type B Services and Type C Services payments may have exceeded this limit.

Please provide detailed documentation that the annual maximum was not exceeded for this member.

Administrator's Response

The $1,200 annual maximum has not been exceeded. The $1,200 BP maximum was paid on type B services for dates of service in 2012. It appears some level A services may have been inadvertently included in the CTI calculation. Please see QID 18 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Annual Maximum

Substantive Testing Questionnaire

Questionnaire ID:	19 (Off-line)
Client:	Montana State - Dental
Audit Period:	01/01/2012 – 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claims payments that exceeded the $1,200 annual maximum. Payments for Type A Services and Implant services are not included in this annual maximum, however Type B Services and Type C Services payments may have exceeded this limit.

Please provide detailed documentation that the annual maximum was not exceeded for this member.

Administrator's Response

The $1,200 annual maximum has not been exceeded. The $1,200 BP maximum was paid on type B & C services for dates of service in 2012. It appears some level A services may have been inadvertently included in the CTI calculation. Please see QID 19 D Document.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Payments for Ineligible Grandchildren

Substantive Testing Questionnaire

Questionnaire ID:	20
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as potentially being a grandchild of the employee. Please provide the following information:

1. Documentation that the dependent listed above is a:
   ___ Natural child
   ___ Stepchild
   ___ Child under the employee's legal guardianship
   ___ Legally adopted child
   ___ Grandchild

2. A copy of the enrollment form or other authorization from the employer showing that this dependent is eligible for coverage.

3. A copy of or written explanation of your procedures for recognizing and investigating dependents that may be grandchildren and not eligible for coverage.

Administrator's Response

1. BCBSMT is not responsible for verification of a dependent grandchild past the 31 day baby coverage. BCBSMT performs investigation upon the birth of a newborn to determine 31 day baby coverage only. Past the 31 day baby coverage the State of Montana group determines the eligibility and passes the information to BCBSMT in an 834 report. Please see Dependent Eligibility.docx.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Payments for Over Age Dependents

Substantive Testing Questionnaire

Questionnaire ID:	21
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as being a dependent over the limiting age. The plan states that in order to remain a covered dependent over the limiting age, the dependent must be an unmarried full-time student or handicapped. Please provide the following:

1. A copy of the documentation received during the audit period that verified that this dependent continued to be eligible for coverage under the plan after reaching the limiting age. (i.e. unmarried full-time student status, verification of handicapped status)

2. A copy or a written explanation of your administrative protocols for updating verification of unmarried full-time student status and handicapped child status.

Administrator's Response

1. The eligibility verification and decision for Over Age Dependents is done once. BCBSMT requires affidavits from the Subscriber and the Care Provider. BCBSMT also reviews the claims history to ensure it is in agreement with the information provided in the affidavits. If the information in the affidavit agrees with the claims history information BCBSMT then approves continued coverage for the Over Age Dependent. This is a handicapped [diagnosis removed] dependent with Medicalre Primary coverage since 1/1/04. No additional documentation was received during the audit period.

2. Please see Dependent Eligibility.docx.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Dental Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	22
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for oral examination have not been exceeded at the time of this claim payment.

Administrator's Response

1. BCBSMT disagrees the oral examination has been exceeded. Please see QID 22 D Document.docx.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Dental Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	23
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for oral examination have not been exceeded at the time of this claim payment.

Administrator's Response

1. BCBSMT disagrees the oral examination has been exceeded. Please see QID 23 D Document.docx.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Dental Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	24
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for bitewing x-rays have not been exceeded at the time of this claim payment.

Administrator's Response

1. BCBSMT disagrees that the maximum benefit for bitewing x-rays has been exceeded for the 2012 benefit period. The first claim cited was for the 2011 benefit period. Please see Bitewing x-ray Benefit.pdf.

Conclusion

No procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

No payment error was identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Dental Plan Limitations

Substantive Testing Questionnaire

Questionnaire ID:	25
Client:	Montana State - Dental
Audit Period:	01/01/2012 - 09/30/2013

The above referenced individual was identified by ESAS® as having incurred claim payment(s) for conditions which are limited under this Plan.

1. The claims relating to charges for the plan limitation in question are listed below. Please provide documentation showing that the benefits for bitewing x-rays have not been exceeded at the time of this claim payment.

Administrator's Response

1. BCBSMT agrees the maximum benefit for bitewing x-rays has been exceeded for the 2012 benefit period by 1. The claim for date of service 5/2/12 is overpaid by $7.38. BCBSMT will refund the overpayment to the group. BCBSMT is investigating the cause of the overpayment. Please see Bitewing x-ray Benefit.pdf.

Conclusion

A procedural deficiency has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

A payment error with a $7.38 overpayment has been identified. Any other claim like this one flagged by ESAS can only be considered to be processed correctly when paid at the direction of the State of Montana.

Exhibit B.

BCBSMT Final Response to Working Draft Report

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www.bcbsmt.com

November 27, 2013

BCBSMT RESPONSE TO ELECTRONIC SCREENING SPEC FINDINGS WD 11.8.13 DENTAL (DRAFT) REPORT FOR THE STATE OF MONTANA

- ***Duplicate Payments – Recommendation(s)***

In the category of Duplicate Payments, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. ***Recovery Opportunity*** *- $8,066 on 77 claimants involving 179 lines of service. Discussion should be had with BCBSMT regarding a focused audit to determine recovery potential on these service lines. As noted below, BCBSMT confirmed additional overpayments; however, without further testing any additional potential recoveries that exist cannot be identified and recouped.*

   - BCBSMT reviewed the file named Dental Potential (untested) Duplicates.xlxs provided by CTI. Of the 161 claim lines in the file, BCBSMT validated that 2 claim lines were actual duplicates with a $221.07 overpayment. Additionally 5 claims were overpaid ($1,018.85) because at the time the claims processed BCBSMT desk level procedure for Partial Dentures indicated a single line as submitted by the provider be split into 2 separate lines. The desk level procedure has been updated so lines are not longer split. BCBSMT will discuss with the State of Montana group about how they would like us to settle the confirmed overpayments. BCBSMT agrees there is a marginal risk of error for overpayment but believes the numbers and dollars cited for potential amount at risk due to duplicate payments are overstated.

2. ***Process Improvement Opportunity*** *– BCBSMT's system edits should be reviewed to determine if further refinement would allow for further reduction in the number of overpaid claims.*

   - BCBSMT agrees with this recommendation and notes that we consistently review and update all system edits including duplicate edits.

- ***Plan Limitations – Recommendation(s)***

In the category of Plan Limitations, after removal of any cases that BCBSMT was able to document as not having been overpaid, the following recommendations are made:

1. *Bitewings X-rays once every 180 days, potential recovery amount $4,292. Discussion should be had with BCBSMT regarding a focused audit to determine recovery potential on these claims and discern if system edits could be refined to prevent paying claims that are specifically excluded by the plan.*

   - BCBSMT identified an inconsistency in the bitewing X-ray benefits between the group application, which is what we use to configure benefits, and the Employee Annual Change Booklet. As stated in Bitewing x-ray Benefit.pdf document provided to CTI by BCBSMT, the Bitewing x-ray benefit is "maximum of two sets per Benefit period" as stated in the group application, rather than "One set of supplementary bitewing x-rays in any 180 day period" as stated in the HCBD Employee Annual Change Booklet. BCBSMT agrees there is a marginal risk of error for overpayment but believes the numbers and dollars cited for potential amount at risk are overstated. BCBSMT will accommodate any request by the State of Montana group for a focused audit as a result of this recommendation.