

*Cost Control > Health Benefits Audit*  
**Claims Systems Audit and Performance Tracking**

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| <b>CLIENT STATISTICS</b> | <p><b>Industry:</b> Manufacturing<br/> <b>Number of employees (US):</b> Approx. 36,000<br/> <b>Number of retirees:</b> Approx. 30,000<br/> <b>Annual healthcare expenditure/payments reviewed:</b> Over \$540 million</p> <p><b>Service:</b> Claims Systems Audit and Performance Tracking</p>  |
| <b>SITUATION</b>         | <p>After processing all health care claims in-house, this client made the decision to outsource benefit administration to a large national commercial administrator. From the start, one of the client's key concerns was how to best validate the claim payment accuracy of the outsourced administrator. Since this client utilizes a Six Sigma management strategy throughout its organization, it was critical that the outsourced benefit process be measured in a way that complimented and supported the Six Sigma process review approach. As in any business, there was also a concern to identify any wasted dollars from overpayments, and to create savings going forward as quickly as possible. At the time of the transition, there were nearly 50 individual plans to be administered, all with varying benefits. Additionally, the client owned a network in its main geographic area of business and required the administrator to adhere to their pre-negotiated pricing schedule for that area.</p> |
| <b>SOLUTION</b>          | <p>Client has engaged TFG Partners to perform on-going quarterly audits of their administrator. The client has worked closely with TFG Partners and the administrator to correct identified processing errors, and also recover the overpaid dollars as part of a Six Sigma initiative. TFG Partners custom tailored its reporting to fit the Six Sigma process and solved the client's problem of accurately tracking recoveries by combining focused audit findings with detailed claim line item based administrator performance reporting. This enabled the client to better understand what had been recovered. It also allowed us to track which problem areas were improving, which had been fixed, and which required additional system or operator corrections.</p>  |
| <b>OUTCOMES/ RESULTS</b> | <p>Over the last three years the TFG Partners audits have identified errors averaging \$1 million per year. To date, the TFG Partners' audits have generated nearly \$3.3 million in recovered and refunded items. More important than the cash recoveries, the audits have helped in the correction of various processing areas that now create six figure savings. In addition, the client's financial auditors review the TFG Partners' findings and leverage the detailed TFG Partners audit to supplement their company wide annual audit review. The cooperation has eliminated duplicate efforts and client expense. The financial auditors now review a minimal number of claims directly, and use the TFG Partners health benefit audit findings as the basis of their main auditing report in this area.</p>  |