



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

Final Audit Report

Subject:

AUDIT ON GLOBAL DUPLICATE CLAIM PAYMENTS FOR BLUECROSS AND BLUESHIELD PLANS

Report No. 1A-99-00-11-022

Date: January 11, 2012

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Office of the
Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

AUDIT REPORT

Federal Employees Health Benefits Program
Service Benefit Plan Contract CS 1039
BlueCross BlueShield Association
Plan Code 10

Global Duplicate Claim Payments
BlueCross and BlueShield Plans

REPORT NO. 1A-99-00-11-022

DATE: January 11, 2012

A handwritten signature in black ink, appearing to read "Michael R. Esser".

Michael R. Esser
Assistant Inspector General
for Audits



Office of the
Inspector General

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

EXECUTIVE SUMMARY

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This final audit report on the Federal Employees Health Benefits Program (FEHBP) operations at all BlueCross and BlueShield (BCBS) plans questions \$6,342,749 in duplicate claim payments. The BlueCross BlueShield Association and/or BCBS plans agreed with \$5,337,343 and disagreed with \$1,005,406 of the questioned charges.

Our limited scope audit was conducted in accordance with Government Auditing Standards. The audit covered health benefit payments from January 1, 2008 through December 31, 2010 as reported in the Annual Accounting Statements. Specifically, using our “best matches” and “near matches” search criteria, we identified and reviewed claims paid from April 1, 2009 through December 31, 2010 for duplicate payments charged to the FEHBP. Additionally, we identified and reviewed inpatient facility claims paid from January 1, 2008 through December 31, 2010 with duplicate or overlapping dates of service. We determined that the BCBS plans improperly charged the FEHBP for 6,592 duplicate claim payments. These payments were unnecessary and unallowable charges, resulting in overcharges of \$6,342,749 to the FEHBP.

CONTENTS

	<u>PAGE</u>
EXECUTIVE SUMMARY	i
I. INTRODUCTION AND BACKGROUND	1
II. OBJECTIVE, SCOPE, AND METHODOLOGY	3
III. AUDIT FINDING AND RECOMMENDATIONS	5
Duplicate Claim Payments	5
IV. MAJOR CONTRIBUTORS TO THIS REPORT	11
V. SCHEDULES	
A. QUESTIONED DUPLICATE CLAIM PAYMENTS BY PLAN	
B. QUESTIONED DUPLICATE CLAIM PAYMENTS BY PLAN – BREAKDOWN BY SELECTION CRITERIA	
APPENDIX (BlueCross BlueShield Association reply, dated June 7, 2011, to the draft audit report)	

I. INTRODUCTION AND BACKGROUND

INTRODUCTION

This final audit report details the findings, conclusions, and recommendations resulting from our limited scope audit of the Federal Employees Health Benefits Program (FEHBP) operations at all BlueCross and BlueShield (BCBS) plans.

The audit was performed by the Office of Personnel Management's (OPM) Office of the Inspector General (OIG), as established by the Inspector General Act of 1978, as amended.

BACKGROUND

The FEHBP was established by the Federal Employees Health Benefits (FEHB) Act (Public Law 86-382), enacted on September 28, 1959. The FEHBP was created to provide health insurance benefits for federal employees, annuitants, and dependents. OPM's Healthcare and Insurance Office has overall responsibility for administration of the FEHBP. The provisions of the FEHB Act are implemented by OPM through regulations, which are codified in Title 5, Chapter 1, Part 890 of the Code of Federal Regulations (CFR). Health insurance coverage is made available through contracts with various health insurance carriers.

The BlueCross BlueShield Association (Association), on behalf of participating BCBS plans, has entered into a Government-wide Service Benefit Plan contract (CS 1039) with OPM to provide a health benefit plan authorized by the FEHB Act. The Association delegates authority to participating local BCBS plans throughout the United States to process the health benefit claims of its federal subscribers. There are approximately 63 local BCBS plans participating in the FEHBP.

The Association has established a Federal Employee Program (FEP¹) Director's Office in Washington, D.C. to provide centralized management for the Service Benefit Plan. The FEP Director's Office coordinates the administration of the contract with the Association, member BCBS plans, and OPM.

The Association has also established an FEP Operations Center. The activities of the FEP Operations Center are performed by CareFirst BCBS, located in Washington, D.C. These activities include acting as fiscal intermediary between the Association and member plans, verifying subscriber eligibility, approving or disapproving the reimbursement of local plan payments of FEHBP claims (using computerized system edits), maintaining a history file of all FEHBP claims, and maintaining an accounting of all program funds.

Compliance with laws and regulations applicable to the FEHBP is the responsibility of the management for the Association and each BCBS plan. Also, management of each BCBS plan is responsible for establishing and maintaining a system of internal controls.

¹ Throughout this report, when we refer to "FEP" we are referring to the Service Benefit Plan lines of business at the Plan. When we refer to the "FEHBP", we are referring to the program that provides health benefits to federal employees.

Findings from our previous global duplicate claim payments audit of all BCBS plans (Report No. 1A-99-00-09-036, dated October 14, 2009) for contract years 2006 through March 31, 2009 are in the process of being resolved.

Our preliminary results of the potential duplicate claim payments were presented in detail in a draft report, dated February 25, 2011. The Association's comments offered in response to the draft report were considered in preparing our final report and are included as the Appendix to this report. Also, additional documentation provided by the Association and BCBS plans on various dates through August 31, 2011 was considered in preparing our final report.

II. OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The objective of this audit was to determine whether the BCBS plans complied with contract provisions relative to duplicate claim payments.

SCOPE

We conducted our limited scope performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The audit covered health benefit payments from January 1, 2008 through December 31, 2010 as reported in the Annual Accounting Statements. Specifically, we performed computer searches on the BCBS claims database, using our data warehouse function, to identify potential duplicate payments charged to the FEHBP from January 1, 2008 through December 31, 2010.

- Using our “best matches” and “near matches” search criteria, we identified 1,002,792 groups, totaling \$44,974,456 in potential duplicate claim payments, for the period April 1, 2009 through December 31, 2010. From this universe, we selected and reviewed 19,920 groups, totaling \$16,129,372 in potential duplicate claim payments. Our sample selections included all groups with potential duplicate payments of \$250 or more under the “best matches” criteria and \$350 or more under the “near matches” criteria.
- Using additional search criteria, we also identified 1,125 groups of inpatient facility claims with duplicate or overlapping dates of service, totaling \$6,065,125 in potential duplicate payments, for the period January 1, 2008 through December 31, 2010.² From this universe, we selected and reviewed 856 groups, totaling \$5,933,779 in potential duplicate claim payments. Our sample selections included all groups with potential duplicate payments of \$1,000 or more.

We did not consider each BCBS plan’s internal control structure in planning and conducting our auditing procedures. Our audit approach consisted mainly of substantive tests of transactions and not tests of controls. Therefore, we do not express an opinion on each BCBS plan’s system of internal controls taken as a whole.

We also conducted tests to determine whether the BCBS plans had complied with the contract and the laws and regulations governing the FEHBP as they relate to duplicate claim payments. The results of our tests indicate that, with respect to the items tested, the BCBS plans did not fully comply with the provisions of the contract relative to duplicate claim payments. Exceptions noted in the areas reviewed are set forth in detail in the “Audit Finding and

² This universe excludes the inpatient facility claim groups for the BCBS plans’ years that were previously audited by the OIG.

Recommendations” section of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that the BCBS plans had not complied, in all material respects, with those provisions.

In conducting our audit, we relied to varying degrees on computer-generated data provided by the FEP Director’s Office, the FEP Operations Center, and the BCBS plans. Due to time constraints, we did not verify the reliability of the data generated by the various information systems involved. However, while utilizing the computer-generated data during our audit testing, nothing came to our attention to cause us to doubt its reliability. We believe that the data was sufficient to achieve our audit objective.

The audit was performed at our offices in Washington, D.C.; Cranberry Township, Pennsylvania; and Jacksonville, Florida from August 2011 through October 2011.

METHODOLOGY

To test each BCBS plan’s compliance with the FEHBP health benefit provisions related to duplicate claim payments, we selected judgmental samples of potential duplicate claims that were identified in computer searches. Specifically, we selected for review 19,920 groups, totaling \$16,129,372 (out of 1,002,792 groups, totaling \$44,974,456) in potential duplicate claim payments, using our “best matches” and “near matches” search criteria.³ Our sample selections included all groups with potential duplicate payments of \$250 or more under the “best matches” criteria and \$350 or more under the “near matches” criteria. Additionally, we selected for review 856 groups of inpatient facility claims with duplicate or overlapping dates of service, totaling \$5,933,779 (out of 1,125 groups, totaling \$6,065,125) in potential duplicate payments, using other search criteria. Our sample selections included all groups of inpatient facility claims with potential duplicate payments of \$1,000 or more.

The samples of potential duplicate claim payments were submitted to each applicable BCBS plan for their review and response. For each plan, we then conducted a limited review of their agreed responses and an expanded review of the disagreed responses to determine the appropriate questioned amount. We did not project the sample results to the universe of potential duplicate claim payments.

The determination of the questioned amount is based on the FEHBP contract, the Service Benefit Plan brochure, and the Association’s FEP administrative manual.

³ The sample selections included 8,888 groups, totaling \$7,045,096 (out of 214,910 groups, totaling \$13,592,458) in potential duplicate payments under our “best matches” criteria, and 11,032 groups, totaling \$9,084,276 (out of 787,882 groups, totaling \$31,381,998) in potential duplicate payments under our “near matches” criteria.

III. AUDIT FINDING AND RECOMMENDATIONS

Duplicate Claim Payments

\$6,342,749

The BCBS plans improperly charged the FEHBP \$6,342,749 for 6,592 duplicate claim payments from January 1, 2008 through December 31, 2010. These payments were unnecessary and unallowable charges to the FEHBP.

Contract CS 1039, Part III, section 3.2 (b)(1) states, “The Carrier may charge a cost to the contract for a contract term if the cost is actual, allowable, allocable, and reasonable.” Part II, section 2.3(g) states, “If the Carrier or OPM determines that a Member’s claim has been paid in error for any reason, the Carrier shall make a diligent effort to recover an overpayment”

Section 6(h) of the FEHB Act provides that rates should reasonably and equitably reflect the costs of benefits provided.

The following summarizes the results:

Duplicate Claim Payments - “Best Matches” and “Near Matches” Selection Criteria

We performed a computer search for potential duplicate payments on claims paid during the period April 1, 2009 through December 31, 2010. For all BCBS plans, we selected and reviewed 8,888 groups, totaling \$7,045,096 (out of 214,910 groups, totaling \$13,592,458) in potential duplicate payments, under our “best matches” criteria. We also selected and reviewed 11,032 groups, totaling \$9,084,276 (out of 787,882 groups, totaling \$31,381,998) in potential duplicate payments, under our “near matches” criteria. Our samples included all groups with potential duplicate payments of \$250 or more under the “best matches” criteria and \$350 or more under the “near matches” criteria.

Based on our review, we determined that 4,314 claim payments in our “best matches” sample were duplicates, resulting in overcharges of \$2,997,289 to the FEHBP. Also, we determined that 1,970 claim payments in our “near matches” sample were duplicates, resulting in overcharges of \$1,794,997 to the FEHBP. In total, 62 BCBS plans overcharged the FEHBP \$4,792,286 for these 6,284 duplicate claim payments from April 1, 2009 through December 31, 2010 (See Schedule B for a summary breakdown of these questioned duplicate claim payments for each BCBS plan by “best matches” and “near matches”).⁴

⁴ In addition, there were 1,035 duplicate claim payments, totaling \$1,186,170, that were identified by the BCBS plans before the start of our audit (i.e., February 1, 2011) and adjusted or voided by the Association’s original response due date (i.e., May 2, 2011) to the draft report. Since these duplicate claim payments were identified by the BCBS plans before the start of our audit and adjusted or voided by the Association’s original response due date to the draft report, we did not question these duplicate payments in the final report.

Our audit disclosed the following for these questioned duplicate claim payments:

- For 3,135 (50 percent) of the duplicate payments, the BCBS plans incorrectly paid the claims due to systematic processing errors. Generally, the claims were not deferred on the claims system as potential duplicates for review by the processors. As a result, the FEHBP was overcharged \$2,325,545 for these duplicate claim payments due to systematic processing errors.
- For 2,200 (35 percent) of the duplicate payments, the BCBS plans incorrectly paid the claims due to manual processing errors. Specifically, the claims were deferred as potential duplicates on the claims system, but the system edits were overridden by the processors. As a result, the FEHBP was overcharged \$1,671,210 for these duplicate claim payments due to manual processing errors.
- For 499 (8 percent) of the duplicate payments, we could not determine the specific causes of the claim payments errors. These duplicate claim payments totaled \$470,866.
- For 450 (7 percent) of the duplicate payments, the BCBS plans incorrectly paid the claims due to provider billing errors. These duplicate claim payments totaled \$324,665.

Of the \$4,792,286 in questioned duplicate payments, \$447,146 (or 9 percent) was identified by the BCBS plans before the start of our audit (i.e., February 1, 2011). However, since the BCBS plans had not completed the recovery process and/or adjusted or voided these claims by the Association's original response due date (i.e., May 2, 2011) to the draft report, we are continuing to question these overcharges. The remaining questioned duplicate payments of \$4,345,140 (or 91 percent) were identified as a result of our audit.

Inpatient Facility Claims - Duplicate or Overlapping Dates of Service Selection Criteria

We performed a computer search for potential duplicate payments on inpatient facility claims paid during the period January 1, 2008 through December 31, 2010. For all BCBS plans, we selected and reviewed 856 groups of claims with duplicate or overlapping dates of service, totaling \$5,933,779 (out of 1,125 groups, totaling \$6,065,125) in potential duplicate payments.⁵ Our sample included all groups with potential duplicate payments of \$1,000 or more.

Based on our review, we determined that 308 claim payments in our sample were duplicates, resulting in overcharges of \$1,550,463 to the FEHBP from 36 BCBS plans (See Schedule B for a summary breakdown of these questioned duplicate claim payments by BCBS plan).⁶

⁵ This universe excludes the inpatient facility claim groups for the BCBS plans' years that were previously audited by the OIG.

⁶ In addition, there were 67 duplicate claim payments, totaling \$310,972, that were identified by the BCBS plans before the start of our audit (i.e., February 1, 2011) and adjusted or voided by the Association's original response due date (i.e., May 2, 2011) to the draft report. Since these duplicate claim payments were identified by the BCBS plans before the start of our audit and adjusted or voided by the Association's original response due date to the draft report, we did not question these duplicate payments in the final report.

Our audit disclosed the following for these questioned duplicate claim payments:

- For 122 (40 percent) of the duplicate payments, the BCBS plans incorrectly paid the claims due to systematic processing errors. Generally, the claims were not deferred on the claims system as potential duplicates for review by the processors. As a result, the FEHBP was overcharged \$397,735 for these duplicate claim payments due to systematic processing errors.
- For 100 (32 percent) of the duplicate payments, we could not determine the specific causes of the claim payments errors. These duplicate claim payments totaled \$593,543.
- For 55 (18 percent) of the duplicate payments, the BCBS plans incorrectly paid the claims due to provider billing errors. These duplicate claim payments totaled \$284,120.
- For 31 (10 percent) of the duplicate payments, the BCBS plans incorrectly paid the claims due to manual processing errors. Specifically, the claims were deferred as potential duplicates on the claims system, but the system edits were overridden by the processors. As a result, the FEHBP was overcharged \$275,065 for these duplicate claim payments due to manual processing errors.

Of the \$1,550,463 in questioned duplicate payments, \$235,297 (15 percent) was identified by the BCBS plans before the start of our audit (i.e., February 1, 2011). However, since the BCBS plans had not completed the recovery process and/or adjusted or voided these claims by the Association's original response due date (i.e., May 2, 2011) to the draft report, we are continuing to question these overcharges. The remaining questioned duplicate payments of \$1,315,166 (85 percent) were identified as a result of our audit.

Association's Response:

Duplicate Claim Payments – “Best Matches” and “Near Matches”

The Association agrees with \$3,894,579 of the questioned charges. The Association states that the BCBS plans have recovered \$1,508,875 of these duplicate payments to date.

For the contested claim payments, the Association states, “\$412,708 in duplicate claim payments are contested because recovery . . . was initiated prior to February 14, 2011 but not completed prior to the audit period. The remaining questioned claims . . . are contested due to the following:

- The claims were for a provider who provided different multiple procedures to the same patient.
- The claims were for confirmed repeated procedures, multiple births, round trip ambulance services, team surgery and medication doses provided more than once a day.
- The claims were for procedures performed on different body parts, or by different providers or on different family members.

- The claims were for additional payments to bring the original payment to the correct amount.”

Regarding corrective actions, the Association states, “We are in the process of implementing an enhanced action plan to identify potential duplicate claims in the post payment process. The action plan includes making technical edits to code logic to identify potential duplicate claims prior to payment. Given the degree of complexity with regards to system and process changes, our target date for implementation is 2nd quarter 2012. In the short term we will be making process improvement and working with the Plans to better identify potential duplicate claims.”

Inpatient Facility Claims - Duplicate or Overlapping Dates of Service

The Association agrees with \$1,188,781 of the questioned charges. The Association states that the BCBS plans have recovered \$351,296 of these duplicate payments to date.

For the contested duplicate claim payments, the Association states, “\$221,040 in duplicate claim payments are contested because recovery . . . was initiated prior to February 14, 2011 but not completed prior to the audit period. The remaining questioned claims . . . are contested due to the following:

- The claims were for a provider who provided different multiple procedures to the same patient.
- The claims were for confirmed repeated procedures, multiple births, round trip ambulance services, team surgery and medication doses provided more than once a day.
- The claims were for procedures performed on different body parts, or by different providers or on different family members.
- The claims were for additional payments to bring the payment to the correct amount.”

OIG Comments:

After reviewing the Association’s response and additional documentation provided by the BCBS plans, we revised the questioned charges from our draft report to \$6,342,749 (\$4,792,286 plus \$1,550,463). If duplicate claim payments were identified by the BCBS plans before the start of our audit (i.e., February 1, 2011) and adjusted or voided by the Association’s original response due date to the draft report (i.e., May, 2, 2011), we did not question these claim payment errors in the final report.

Based on the Association’s response and the BCBS plans’ additional documentation, we determined that the Association and/or plans agree with \$5,337,343 and disagree with \$1,005,406 of the questioned charges. Although the Association only agrees with \$5,083,360 (\$3,894,579 plus \$1,188,781) in its written response, the BCBS plans’ documentation supports concurrence with \$5,337,343.

Based on the Association’s response and/or the BCBS plans’ documentation, the contested amount of \$1,005,406 represents the following items:

- \$682,443 of the contested amount represents 607 duplicate claim payments that were identified by the BCBS plans before the audit started. However, the plans had not recovered these duplicate payments and adjusted or voided the claims by the Association's original response due date to the draft report. Since these duplicate payments had not been recovered and returned to the FEHBP by the Association's original response due date, we are continuing to question this amount in the final report.
- \$96,906 of the contested amount represents 109 duplicate claim payments where the recovery adjustments were reported incorrectly by BCBS of Florida. Specifically, when BCBS of Florida responded to these sample items, the plan stated that these duplicate claim payments were already recovered and adjusted. However, when we reviewed these claims in the FEP Direct System, we found that these duplicate claim payments had not been adjusted or voided. Therefore, we are continuing to question this amount in the final report.
- \$85,370 of the contested amount represents 103 duplicate claim payments where the BCBS plans did not provide sufficient documentation to support these contested items. Therefore, we are continuing to question this amount in the final report.
- \$70,430 of the contested amount represents 53 duplicate claim payments that the BCBS plans agree were paid incorrectly. However, due to overpayment recovery time limitations with providers, the plans state that these duplicate payments are uncollectible. The plans did not provide sufficient documentation to support the overpayment recovery time limitations with providers or the attempted recovery efforts for these duplicate payments. Therefore, we are continuing to question this amount in the final report.
- \$46,166 of the contested amount represents 43 duplicate claim payments that were identified by the BCBS plans after the audit started. Even though the plans recovered these duplicate payments and adjusted or voided the claims by the Association's original response due date to the draft report, we are continuing to question this amount in the final report since these duplicate payments were identified after the start of the audit.
- \$24,091 of the contested amount represents 12 duplicate claim payments that BCBS of Minnesota incorrectly paid due to provider billing errors. In each instance, the service(s) were submitted once on a facility claim and once on a provider claim. As a result, the claim payments were duplicates.

Recommendation 1

We recommend that the contracting officer disallow \$6,342,749 for duplicate claim payments charged to the FEHBP, and verify that the BCBS plans return all amounts recovered to the FEHBP (See Schedules A and B for summaries of these questioned duplicate claims payments by BCBS plan).

Recommendation 2

We recommend that the contracting officer require the Association to have the FEP Operations Center identify the root cause(s) why the FEP Direct System allows claims to bypass duplicate system edits.

Recommendation 3

We recommend that the contracting officer ensure that the Association's additional corrective actions for improving the prevention and detection of duplicate claim payments are being implemented. These additional corrective actions are included in the Association's response to the draft report.

IV. MAJOR CONTRIBUTORS TO THIS REPORT

Experience-Rated Audits Group

██████████, Lead Auditor

██████████, Auditor

██████████, Auditor

██████████, Auditor

██████████, Chief (██████████)

Community-Rated Audits Group

██████████, Chief

Information Systems Audits Group

██████████, Senior Information Technology Specialist

**Global Duplicate Claim Payments
BlueCross and BlueShield Plans
Claims Paid from January 1, 2008 - December 31, 2010**

QUESTIONED DUPLICATE CLAIM PAYMENTS BY PLAN

Site Number	Plan Name	State	Number of DUPS	Number of Agrees	Number of Disagrees	Reasons for the Duplicate Claim Payments				Amounts Questioned by Year			Total Questioned	Plan Agrees	Plan Disagrees
						Systematic	Manual	Billing	Other	2008	2009	2010			
003	BCBS of New Mexico	NM	38	18	20	\$ 10,546	\$ 23,028	\$ 80,845	\$ 6,044	\$ 85,474	\$ 13,000	\$ 21,988	\$ 120,462	\$ 102,641	\$ 17,821
005	WellPoint BCBS of Georgia	GA	66	48	18	\$ 22,236	\$ 15,213	\$ 10,572	\$ 14,390	\$ 435	\$ 21,005	\$ 40,970	\$ 62,410	\$ 36,387	\$ 26,023
006	CareFirst BCBS (MD Service Area)	MD	437	431	6	\$ 387,316	\$ 50,721	\$ 926	\$ 144,501	\$ 3,653	\$ 90,039	\$ 489,772	\$ 583,464	\$ 579,290	\$ 4,174
007	BCBS of Louisiana	LA	100	97	3	\$ 584	\$ 112,317	\$ 4,292	\$ 31,660	\$ 64,490	\$ 21,874	\$ 62,489	\$ 148,853	\$ 130,021	\$ 18,832
009	BCBS of Alabama	AL	84	84	0	\$ 150,656	\$ 1,379	\$ -	\$ -	\$ -	\$ 102,525	\$ 49,510	\$ 152,035	\$ 152,035	\$ -
010	BCBS of Idaho Health Service	ID	6	4	2	\$ 369	\$ 1,013	\$ 2,163	\$ -	\$ -	\$ 1,045	\$ 2,501	\$ 3,545	\$ 2,539	\$ 1,006
011	BCBS of Massachusetts	MA	49	37	12	\$ 7,566	\$ 85,379	\$ 4,472	\$ 5,253	\$ 31,416	\$ 63,825	\$ 7,429	\$ 102,670	\$ 97,417	\$ 5,253
012	BCBS of Western New York	NY	9	9	0	\$ 7,298	\$ -	\$ -	\$ -	\$ -	\$ 2,487	\$ 4,811	\$ 7,298	\$ 7,298	\$ -
013	Highmark BCBS	PA	99	94	5	\$ 57,431	\$ 11,664	\$ 7,756	\$ 10,475	\$ 1,340	\$ 20,079	\$ 65,907	\$ 87,326	\$ 77,863	\$ 9,462
015	BCBS of Tennessee	TN	191	189	2	\$ 146,509	\$ 32,067	\$ 691	\$ -	\$ 56,124	\$ 41,998	\$ 81,145	\$ 179,267	\$ 178,827	\$ 440
016	BCBS of Wyoming	WY	25	3	22	\$ -	\$ 381	\$ 22,770	\$ 6,325	\$ 29,095	\$ 105	\$ 276	\$ 29,476	\$ 1,646	\$ 27,830
017	BCBS of Illinois	IL	215	134	81	\$ 104,379	\$ 80,766	\$ 14,153	\$ 12,874	\$ 33,085	\$ 73,631	\$ 105,455	\$ 212,172	\$ 133,911	\$ 78,260
021	WellPoint BCBS of Ohio	OH	198	177	21	\$ 71,904	\$ 126,708	\$ 12,564	\$ 18,055	\$ 2,146	\$ 107,183	\$ 119,902	\$ 229,231	\$ 156,650	\$ 72,580
024	BCBS of South Carolina	SC	11	11	0	\$ 1,762	\$ 3,768	\$ 857	\$ 2,396	\$ 2,396	\$ 1,451	\$ 4,936	\$ 8,783	\$ 8,783	\$ -
027	WellPoint BCBS of New Hampshire	NH	61	60	1	\$ 4,583	\$ 12,675	\$ 23,592	\$ 3,186	\$ 1,842	\$ 23,373	\$ 18,821	\$ 44,036	\$ 43,860	\$ 176
028	BCBS of Vermont	VT	5	5	0	\$ 1,152	\$ 2,021	\$ -	\$ -	\$ 600	\$ 2,021	\$ 552	\$ 3,173	\$ 3,173	\$ -
029	BCBS of Texas	TX	527	318	209	\$ 195,424	\$ 104,315	\$ 53,879	\$ 25,347	\$ 19,429	\$ 135,953	\$ 223,583	\$ 378,965	\$ 256,838	\$ 122,127
030	WellPoint BCBS of Colorado	CO	95	81	14	\$ 56,023	\$ 18,759	\$ -	\$ 14,591	\$ 1,085	\$ 60,051	\$ 28,237	\$ 89,373	\$ 49,870	\$ 39,503
031	Wellmark BCBS of Iowa	IA	18	10	8	\$ 1,797	\$ 5,639	\$ 1,690	\$ -	\$ 112	\$ 2,709	\$ 6,305	\$ 9,126	\$ 4,836	\$ 4,290
032	BCBS of Michigan	MI	111	109	2	\$ 19,918	\$ 9,298	\$ 3,797	\$ 1,474	\$ 21	\$ 14,529	\$ 19,936	\$ 34,486	\$ 33,509	\$ 976
033	BCBS of North Carolina	NC	313	311	2	\$ 97,574	\$ 39,526	\$ 61,033	\$ 11,977	\$ 2,740	\$ 102,982	\$ 104,387	\$ 210,109	\$ 207,863	\$ 2,246
034	BCBS of North Dakota	ND	5	3	2	\$ 3,621	\$ 963	\$ -	\$ -	\$ 47	\$ -	\$ 4,537	\$ 4,584	\$ 3,621	\$ 963
036	Capital BC	PA	14	14	0	\$ 7,021	\$ -	\$ -	\$ -	\$ -	\$ 3,657	\$ 3,364	\$ 7,021	\$ 7,021	\$ -
037	BCBS of Montana	MT	3	3	0	\$ 586	\$ 668	\$ -	\$ -	\$ -	\$ 586	\$ 668	\$ 1,253	\$ 1,253	\$ -
038	BCBS of Hawaii	HI	4	3	1	\$ 547	\$ -	\$ 744	\$ -	\$ -	\$ 744	\$ 547	\$ 1,291	\$ 802	\$ 489
039	WellPoint BCBS of Indiana	IN	99	83	16	\$ 27,582	\$ 26,720	\$ 409	\$ 76,130	\$ 4,060	\$ 107,360	\$ 19,421	\$ 130,841	\$ 113,860	\$ 16,980
040	BCBS of Mississippi	MS	196	195	1	\$ 65,703	\$ 48,536	\$ 16,316	\$ 6,353	\$ 1,410	\$ 41,087	\$ 94,412	\$ 136,909	\$ 136,126	\$ 783
041	BCBS of Florida	FL	881	751	130	\$ 172,027	\$ 451,612	\$ 44,561	\$ 56,362	\$ 51,665	\$ 272,377	\$ 400,519	\$ 724,562	\$ 602,797	\$ 121,765
042	BCBS of Kansas City (Missouri)	MO	63	62	1	\$ 121,465	\$ 23,021	\$ -	\$ 61,365	\$ 1,050	\$ 118,497	\$ 86,304	\$ 205,851	\$ 186,339	\$ 19,512
043	Regence BS of Idaho	ID	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
044	Arkansas BCBS	AR	31	28	3	\$ 8,436	\$ 3,999	\$ 2,638	\$ 79,412	\$ -	\$ 6,687	\$ 87,797	\$ 94,484	\$ 92,568	\$ 1,917
045	WellPoint BCBS of Kentucky	KY	145	107	38	\$ 40,437	\$ 75,505	\$ 2,050	\$ 29,525	\$ 7,825	\$ 53,676	\$ 86,017	\$ 147,518	\$ 122,292	\$ 25,226
047	WellPoint BCBS United of Wisconsin	WI	44	41	3	\$ 18,512	\$ 5,475	\$ 18,924	\$ 3,914	\$ 1,753	\$ 36,911	\$ 8,161	\$ 46,825	\$ 44,921	\$ 1,904
048	Empire BCBS	NY	65	33	32	\$ 5,370	\$ 26,805	\$ 12,296	\$ 13,956	\$ 4,736	\$ 19,182	\$ 34,509	\$ 58,428	\$ 19,837	\$ 38,591
049	Horizon BCBS of New Jersey	NJ	127	121	6	\$ 31,231	\$ 31,710	\$ 24,762	\$ 37,501	\$ 11,966	\$ 39,560	\$ 73,678	\$ 125,203	\$ 117,192	\$ 8,012
050	WellPoint BCBS of Connecticut	CT	95	90	5	\$ 14,553	\$ 6,762	\$ -	\$ 1,978	\$ 668	\$ 12,361	\$ 10,264	\$ 23,294	\$ 21,081	\$ 2,213
052	WellPoint BC of California	CA	35	35	0	\$ 14,107	\$ 18,896	\$ 1,157	\$ 8,724	\$ 426	\$ 1,861	\$ 40,597	\$ 42,884	\$ 42,884	\$ -
053	BCBS of Nebraska	NE	72	72	0	\$ 71,072	\$ 7,093	\$ 2,207	\$ 2,335	\$ -	\$ 9,513	\$ 73,195	\$ 82,708	\$ 82,708	\$ -
054	Mountain State BCBS	WV	29	28	1	\$ 12,569	\$ 8,186	\$ 3,153	\$ -	\$ 204	\$ 6,659	\$ 17,045	\$ 23,907	\$ 19,930	\$ 3,977
055	Independence BC	PA	34	34	0	\$ 25,750	\$ 2,496	\$ -	\$ -	\$ 176	\$ 5,082	\$ 22,988	\$ 28,246	\$ 28,246	\$ -
056	BCBS of Arizona	AZ	46	35	11	\$ 8,927	\$ 12,934	\$ 1,200	\$ 5,862	\$ -	\$ 12,278	\$ 16,645	\$ 28,923	\$ 22,381	\$ 6,542
058	Regence BCBS of Oregon	OR	46	35	11	\$ 27,109	\$ 4,756	\$ 13,025	\$ 8,835	\$ 19,703	\$ 16,955	\$ 17,067	\$ 53,726	\$ 47,060	\$ 6,666
059	WellPoint BCBS of Maine	ME	74	73	1	\$ 12,955	\$ 22,863	\$ 3,599	\$ 22,139	\$ -	\$ 9,340	\$ 52,216	\$ 61,556	\$ 61,434	\$ 122
060	BCBS of Rhode Island	RI	22	22	0	\$ 3,591	\$ 2,401	\$ 741	\$ 6,067	\$ 2,048	\$ 6,633	\$ 4,119	\$ 12,800	\$ 12,800	\$ -
061	WellPoint BCBS of Nevada	NV	75	72	3	\$ 23,104	\$ 35,665	\$ 600	\$ 567	\$ 175	\$ 11,822	\$ 47,939	\$ 59,936	\$ 56,915	\$ 3,021
062	WellPoint BCBS of Virginia	VA	369	349	20	\$ 113,013	\$ 62,296	\$ 8,041	\$ 80,521	\$ 2,742	\$ 78,240	\$ 182,889	\$ 263,871	\$ 255,321	\$ 8,550
064	Excellus BCBS of the Rochester	NY	2	2	0	\$ -	\$ 341	\$ -	\$ 435	\$ -	\$ 776	\$ -	\$ 776	\$ 776	\$ -
066	Regence BCBS of Utah	UT	53	53	0	\$ 19,273	\$ 9,499	\$ 1,611	\$ 545	\$ -	\$ 11,930	\$ 19,000	\$ 30,929	\$ 30,929	\$ -
067	BS of California	CA	108	77	31	\$ 31,753	\$ 23,535	\$ 10,351	\$ 6,731	\$ 2,657	\$ 41,911	\$ 27,803	\$ 72,371	\$ 58,356	\$ 14,014
069	Regence BS of Washington	WA	19	19	0	\$ 3,369	\$ 4,510	\$ -	\$ 150	\$ 150	\$ 2,483	\$ 5,396	\$ 8,029	\$ 8,029	\$ -
070	BCBS of Alaska	AK	52	51	1	\$ 20,644	\$ 5,251	\$ 16,239	\$ 406	\$ -	\$ 9,445	\$ 33,095	\$ 42,540	\$ 40,932	\$ 1,608

Global Duplicate Claim Payments
BlueCross and BlueShield Plans
Claims Paid from January 1, 2008 - December 31, 2010

QUESTIONED DUPLICATE CLAIM PAYMENTS BY PLAN

Site Number	Plan Name	State	Number of DUPS	Number of Agrees	Number of Disagrees	Reasons for the Duplicate Claim Payments				Amounts Questioned by Year			Total Questioned	Plan Agrees	Plan Disagrees
						Systematic	Manual	Billing	Other	2008	2009	2010			
074	Wellmark BCBS of South Dakota	SD	7	4	3	\$ -	\$ 268	\$ 3,120	\$ 13	\$ -	\$ 1,455	\$ 1,945	\$ 3,400	\$ 1,434	\$ 1,967
075	Premera BC (Washington)	WA	56	55	1	\$ 54,525	\$ 12,596	\$ 7,129	\$ 533	\$ 2,703	\$ 54,138	\$ 17,941	\$ 74,782	\$ 73,682	\$ 1,100
076	WellPoint BCBS of Missouri	MO	108	103	5	\$ 11,637	\$ 33,486	\$ -	\$ 19,437	\$ 9,315	\$ 21,908	\$ 33,337	\$ 64,560	\$ 57,785	\$ 6,774
078	BCBS of Minnesota	MN	21	6	15	\$ 10,483	\$ 12,769	\$ -	\$ 10,233	\$ -	\$ 19,314	\$ 14,171	\$ 33,485	\$ 14,163	\$ 19,322
079	Excellus BCBS of Central New York	NY	14	14	0	\$ 4,085	\$ 985	\$ -	\$ 985	\$ -	\$ 5,671	\$ 385	\$ 6,056	\$ 6,056	\$ -
082	BCBS of Kansas	KS	7	6	1	\$ 2,903	\$ 262	\$ -	\$ -	\$ -	\$ 529	\$ 2,635	\$ 3,164	\$ 2,903	\$ 262
083	BCBS of Oklahoma	OK	296	191	105	\$ 81,442	\$ 69,547	\$ 94,742	\$ 66,246	\$ 78,609	\$ 90,529	\$ 142,838	\$ 311,977	\$ 159,477	\$ 152,499
084	Excellus BCBS of Utica-Watertown	NY	20	20	0	\$ 2,906	\$ 2,115	\$ -	\$ 3,126	\$ -	\$ 3,410	\$ 4,737	\$ 8,147	\$ 8,147	\$ -
085	CareFirst BCBS (DC Service Area)	DC	469	451	18	\$ 243,901	\$ 141,882	\$ 11,888	\$ 62,142	\$ 3,284	\$ 60,840	\$ 395,689	\$ 459,813	\$ 449,036	\$ 10,778
088	BC of Northeastern Pennsylvania	PA	4	3	1	\$ 2,274	\$ -	\$ -	\$ 10,069	\$ 10,069	\$ 1,543	\$ 731	\$ 12,343	\$ 2,274	\$ 10,069
089	BCBS of Delaware	DE	29	28	1	\$ 6,641	\$ 9,666	\$ 1,100	\$ -	\$ -	\$ 7,655	\$ 9,752	\$ 17,407	\$ 16,788	\$ 619
092	CareFirst BCBS (Overseas)		95	63	32	\$ 53,131	\$ 3,567	\$ 131	\$ 73,263	\$ 25,935	\$ 42,659	\$ 61,499	\$ 130,092	\$ 41,931	\$ 88,161
Totals			6,592	5,665	927	\$ 2,723,279	\$ 1,946,275	\$ 608,785	\$ 1,064,410	\$ 578,861	\$ 2,149,127	\$ 3,614,761	\$ 6,342,749	\$ 5,337,343	\$ 1,005,406

Plan Sites Reviewed = 63

Plan Sites with Duplicate Claim Payments = 62

Global Duplicate Claim Payments
BlueCross and BlueShield Plans
Claims Paid from January 1, 2008 - December 31, 2010

QUESTIONED DUPLICATE CLAIM PAYMENTS BY PLAN - BREAKDOWN BY SELECTION CRITERIA

Site Number	Plan Name	State	Best Matches		Near Matches		Inpatient Facility Claims with Duplicate or Overlapping Dates		Total Questioned	
			Number of DUPS	Questioned Charges	Number of DUPS	Questioned Charges	Number of DUPS	Questioned Charges	Number of DUPS	Questioned Charges
003	BCBS of New Mexico	NM	28	\$ 33,640	8	\$ 4,909	2	\$ 81,913	38	\$ 120,462
005	WellPoint BCBS of Georgia	GA	49	\$ 38,415	12	\$ 19,566	5	\$ 4,430	66	\$ 62,410
006	CareFirst BCBS (MD Service Area)	MD	298	\$ 297,426	106	\$ 85,257	33	\$ 200,781	437	\$ 583,464
007	BCBS of Louisiana	LA	83	\$ 60,703	2	\$ 2,432	15	\$ 85,718	100	\$ 148,853
009	BCBS of Alabama	AL	10	\$ 5,891	73	\$ 145,144	1	\$ 1,000	84	\$ 152,035
010	BCBS of Idaho Health Service	ID	2	\$ 1,756	4	\$ 1,790	0	\$ -	6	\$ 3,545
011	BCBS of Massachusetts	MA	43	\$ 16,003	3	\$ 1,721	3	\$ 84,946	49	\$ 102,670
012	BCBS of Western New York	NY	3	\$ 1,712	6	\$ 5,586	0	\$ -	9	\$ 7,298
013	Highmark BCBS	PA	46	\$ 32,707	52	\$ 51,715	1	\$ 2,904	99	\$ 87,326
015	BCBS of Tennessee	TN	142	\$ 94,377	44	\$ 34,523	5	\$ 50,367	191	\$ 179,267
016	BCBS of Wyoming	WY	2	\$ 381	23	\$ 29,095	0	\$ -	25	\$ 29,476
017	BCBS of Illinois	IL	153	\$ 110,818	50	\$ 54,238	12	\$ 47,116	215	\$ 212,172
021	WellPoint BCBS of Ohio	OH	126	\$ 92,800	61	\$ 28,536	11	\$ 107,895	198	\$ 229,231
024	BCBS of South Carolina	SC	6	\$ 2,713	4	\$ 3,674	1	\$ 2,396	11	\$ 8,783
027	WellPoint BCBS of New Hampshire	NH	52	\$ 37,187	9	\$ 6,849	0	\$ -	61	\$ 44,036
028	BCBS of Vermont	VT	2	\$ 1,152	3	\$ 2,021	0	\$ -	5	\$ 3,173
029	BCBS of Texas	TX	280	\$ 160,408	232	\$ 163,791	15	\$ 54,766	527	\$ 378,965
030	WellPoint BCBS of Colorado	CO	59	\$ 58,185	33	\$ 20,728	3	\$ 10,460	95	\$ 89,373
031	Wellmark BCBS of Iowa	IA	16	\$ 7,436	2	\$ 1,690	0	\$ -	18	\$ 9,126
032	BCBS of Michigan	MI	91	\$ 24,846	20	\$ 9,640	0	\$ -	111	\$ 34,486
033	BCBS of North Carolina	NC	236	\$ 141,209	73	\$ 53,228	4	\$ 15,671	313	\$ 210,109
034	BCBS of North Dakota	ND	2	\$ 963	3	\$ 3,621	0	\$ -	5	\$ 4,584
036	Capital BC	PA	1	\$ 290	13	\$ 6,732	0	\$ -	14	\$ 7,021
037	BCBS of Montana	MT	2	\$ 668	1	\$ 586	0	\$ -	3	\$ 1,253
038	BCBS of Hawaii	HI	4	\$ 1,291	0	\$ -	0	\$ -	4	\$ 1,291
039	WellPoint BCBS of Indiana	IN	64	\$ 31,088	32	\$ 24,022	3	\$ 75,730	99	\$ 130,841
040	BCBS of Mississippi	MS	98	\$ 73,420	97	\$ 62,388	1	\$ 1,100	196	\$ 136,909
041	BCBS of Florida	FL	572	\$ 424,435	256	\$ 210,458	53	\$ 89,668	881	\$ 724,562
042	BCBS of Kansas City (Missouri)	MO	34	\$ 94,891	27	\$ 90,399	2	\$ 20,562	63	\$ 205,851
043	Regence BS of Idaho	ID	0	\$ -	0	\$ -	0	\$ -	0	\$ -
044	Arkansas BCBS	AR	23	\$ 9,385	7	\$ 5,687	1	\$ 79,412	31	\$ 94,484
045	WellPoint BCBS of Kentucky	KY	105	\$ 86,692	34	\$ 32,054	6	\$ 28,772	145	\$ 147,518
047	WellPoint BCBS United of Wisconsin	WI	39	\$ 21,426	4	\$ 6,475	1	\$ 18,924	44	\$ 46,825
048	Empire BCBS	NY	40	\$ 31,496	25	\$ 26,931	0	\$ -	65	\$ 58,428
049	Horizon BCBS of New Jersey	NJ	79	\$ 67,775	39	\$ 34,339	9	\$ 23,090	127	\$ 125,203
050	WellPoint BCBS of Connecticut	CT	83	\$ 16,935	12	\$ 6,358	0	\$ -	95	\$ 23,294
052	WellPoint BC of California	CA	16	\$ 16,269	17	\$ 17,955	2	\$ 8,660	35	\$ 42,884
053	BCBS of Nebraska	NE	39	\$ 27,617	32	\$ 53,991	1	\$ 1,100	72	\$ 82,708
054	Mountain State BCBS	WV	13	\$ 12,899	14	\$ 7,856	2	\$ 3,153	29	\$ 23,907
055	Independence BC	PA	26	\$ 20,307	8	\$ 7,939	0	\$ -	34	\$ 28,246

**Global Duplicate Claim Payments
BlueCross and BlueShield Plans
Claims Paid from January 1, 2008 - December 31, 2010**

QUESTIONED DUPLICATE CLAIM PAYMENTS BY PLAN - BREAKDOWN BY SELECTION CRITERIA

Site Number	Plan Name	State	Best Matches		Near Matches		Inpatient Facility Claims with Duplicate or Overlapping Dates		Total Questioned	
			Number of DUPS	Questioned Charges	Number of DUPS	Questioned Charges	Number of DUPS	Questioned Charges	Number of DUPS	Questioned Charges
056	BCBS of Arizona	AZ	31	\$ 18,530	8	\$ 6,532	7	\$ 3,861	46	\$ 28,923
058	Regence BCBS of Oregon	OR	26	\$ 8,862	14	\$ 8,307	6	\$ 36,558	46	\$ 53,726
059	WellPoint BCBS of Maine	ME	44	\$ 33,496	30	\$ 28,060	0	\$ -	74	\$ 61,556
060	BCBS of Rhode Island	RI	11	\$ 3,196	7	\$ 3,339	4	\$ 6,265	22	\$ 12,800
061	WellPoint BCBS of Nevada	NV	55	\$ 15,940	20	\$ 43,996	0	\$ -	75	\$ 59,936
062	WellPoint BCBS of Virginia	VA	286	\$ 181,663	65	\$ 36,696	18	\$ 45,511	369	\$ 263,871
064	Excellus BCBS of the Rochester	NY	2	\$ 776	0	\$ -	0	\$ -	2	\$ 776
066	Regence BCBS of Utah	UT	30	\$ 15,939	23	\$ 14,990	0	\$ -	53	\$ 30,929
067	BS of California	CA	58	\$ 32,028	50	\$ 40,343	0	\$ -	108	\$ 72,371
069	Regence BS of Washington	WA	9	\$ 5,234	10	\$ 2,795	0	\$ -	19	\$ 8,029
070	BCBS of Alaska	AK	25	\$ 16,171	27	\$ 26,369	0	\$ -	52	\$ 42,540
074	Wellmark BCBS of South Dakota	SD	4	\$ 1,689	3	\$ 1,711	0	\$ -	7	\$ 3,400
075	Premera BC (Washington)	WA	36	\$ 17,902	10	\$ 16,363	10	\$ 40,518	56	\$ 74,782
076	WellPoint BCBS of Missouri	MO	88	\$ 52,956	20	\$ 11,603	0	\$ -	108	\$ 64,560
078	BCBS of Minnesota	MN	14	\$ 10,189	6	\$ 13,482	1	\$ 9,814	21	\$ 33,485
079	Excellus BCBS of Central New York	NY	11	\$ 5,003	3	\$ 1,053	0	\$ -	14	\$ 6,056
082	BCBS of Kansas	KS	5	\$ 1,703	2	\$ 1,462	0	\$ -	7	\$ 3,164
083	BCBS of Oklahoma	OK	232	\$ 165,979	51	\$ 35,973	13	\$ 110,024	296	\$ 311,977
084	Excellus BCBS of Utica-Watertown	NY	18	\$ 7,216	2	\$ 931	0	\$ -	20	\$ 8,147
085	CareFirst BCBS (DC Service Area)	DC	330	\$ 232,414	100	\$ 122,372	39	\$ 105,027	469	\$ 459,813
088	BC of Northeastern Pennsylvania	PA	0	\$ -	3	\$ 2,274	1	\$ 10,069	4	\$ 12,343
089	BCBS of Delaware	DE	6	\$ 1,681	21	\$ 10,006	2	\$ 5,720	29	\$ 17,407
092	CareFirst BCBS (Overseas)		26	\$ 11,111	54	\$ 42,419	15	\$ 76,563	95	\$ 130,092
Totals			4,314	\$ 2,997,289	1,970	\$ 1,794,997	308	\$ 1,550,463	6,592	\$ 6,342,749

**BlueCross BlueShield
Association**An Association of Independent
Blue Cross and Blue Shield Plans

June 7, 2011

Federal Employee Program
1310 G Street, N.W.
Washington, D.C. 20005
202.942.1000

[REDACTED]
Group Chief
Experience-Rated Audits Group
Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, N.W., Room 6400
Washington, D.C. 20415

**Reference: OPM DRAFT AUDIT REPORT
Global Duplicate Claim Payments Audit
Audit Report 1A-99-00-11-022**

Dear [REDACTED]

This is our draft response to the above referenced U.S. Office of Personnel Management (OPM) Draft Audit Report concerning the Global Duplicate Claim Payments Audit. Our comments concerning the findings in the report are as follows:

Duplicate Claim Payments – Best and Near Matches \$16,129,372

The OPM Office of Inspector General (OIG) conducted the Duplicate Claims Payment Audit from February 14th through June 1, 2011. For the period April 1, 2009 through December 31, 2010, OPM OIG selected and reviewed 8,888 groups, totaling \$7,045,096 (out of 214,910 groups, totaling \$13,592,458) in potential duplicate payments, under its "best matches" criteria. OPM OIG also selected and reviewed 11,032 groups, totaling \$9,084,276 (out of 787,882 groups, totaling \$31,381,998) in potential duplicate payments, under its "near matches" criteria. OPM OIG samples included all groups with potential duplicate payments of \$250 or more under the "best matches" criteria and \$350 or more under the "near matches" criteria.

Recommendation 1:

OPM OIG recommended that the Association and/or BCBS Plans review the samples of 19,920 duplicate groupings, totaling \$16,129,372 in potential duplicate claim payments charged to the FEHBP, for the purpose of verifying if the payments were paid properly. For all duplicate claim payments and/or claim payment errors, the BCBS Plans should initiate recovery efforts immediately as required by the FEHBP contract, and return all amounts recovered to the FEHBP.

BCBSA Response to Recommendation 1:

We have reviewed the potential duplicate claim payments identified by OPM OIG and initiated recovery \$3,894,579 that the Plans agreed to and contest claim payments totaling \$12,234,793. See Attachment A which identifies total confirmed duplicates and the amount recovered by each Plan location. To date, Plans have recovered \$1,508,875 of the \$3,894,579 in overpayments identified.

Of the \$12,234,793 in contested claim payments, \$412,708 in duplicate claim payments are contested because recovery of the duplicate claim was initiated prior to February 14, 2011 but not completed prior to the audit period. The remaining questioned claims totaling \$ 11,822,085 are contested due to the following:

- The claims were for the same provider who performed multiple procedures to the same patient.
- The claims were for confirmed repeated procedures, multiple births, round trip ambulance services, team surgery and medication doses provided more than once a day.
- The claims were for procedures performed on different body parts, or by different providers or on different family members.
- The claims were for additional payments to bring the original payment to the correct amount.

Recommendation 2:

OPM OIG recommended that the Association provide supporting documentation for each claim error identified during this audit. This should include copies of the claim, claim recovery information, or any other type of documentation that will provide support for your responses.

BCBSA Response to Recommendation 2:

FEP provided the documentation to support contested claims and recoveries as requested by the OPM OIG auditors.

Recommendation 3:

OPM OIG recommended that the contracting officer instruct the Association to ensure that all BCBS Plans are following the corrective action plan. They also recommended that the contracting officer instruct the Association to have the BCBS Plans identify the root cause(s) of the claim payment errors and implement corrective actions/additional procedures to prevent these types of errors in the future.

BCBSA Response to Recommendation 3:

We are in the process of implementing an enhanced action plan to identify potential duplicate claims in the post payment process. The action plan includes making technical edits to code logic to identify potential duplicate claims prior to payment.

June 7, 2011

Page 3 of 4

Given the degree of complexity with regards to the system and process changes, our target date for implementation is 2nd quarter 2012. In the short term we will be making process improvement and working with Plans to better identify potential duplicate claims.

Inpatient Facility Claims with Duplicate or Overlapping dates of Service \$5,933,779

The OPM Office of Inspector General (OIG) conducted a computer search for inpatient facility claims with potential duplicate or overlapping dates of service paid during the period January 1, 2008 through December 31, 2010. OPM OIG selected 856 groups, totaling \$5,933,779 (out of 1,125 groups, totaling \$6,065,125) in potential duplicate payments. OPM OIG samples included all groups with potential duplicate payments of \$1,000 or more.

Recommendation 4:

OPM OIG recommended that the Association and/or BCBS Plans review the sample of 856 duplicate groups, totaling \$5,933,779 in potential duplicate claim payments charged to the FEHBP, for the purpose of verifying if the payments were paid properly. For all duplicate claim payments and/or claim payment errors, the BCBS Plans should initiate recovery efforts immediately as required by the FEHBP contract, and return all amounts recovered to the FEHBP.

BCBSA Response to Recommendation 4:

We have reviewed the potential duplicate claim payments identified by OPM OIG and initiated recovery \$1,188,781 that the Plans agreed to and contest claim payments totaling \$4,744,998. See Attachment A which identifies total confirmed duplicates and the amount recovered by each Plan location. To date, Plans have recovered \$351,296 of the \$1,188,781 in overpayments identified.

Of the \$4,744,998 in contested claim payments, \$221,040 in duplicate claim payments are contested because recovery of the duplicate claim was initiated prior to February 14, 2011 but not completed prior to the audit period. The remaining questioned claims totaling \$ 4,523,958 are contested due to the following:

- The claims were for the same provider who performed multiple procedures to the same patient.
- The claims were for confirmed repeated procedures, multiple births, round trip ambulance services, team surgery and medication doses provided more than once a day.
- The claims were for procedures performed on different body parts, or by different providers or on different family members.
- The claims were for additional payments to bring the original payment to the correct amount.

Recommendation 5:

[REDACTED]
June 7, 2011

Page 4 of 4

OPM OIG recommended that the Association provide supporting documentation for each claim error identified during this audit. This should include copies of the claim, claim recovery information, or any other type of documentation that will provide support for your responses.

BCBSA Response to Recommendation 5:

We have provided the documentation to support disagrees and recoveries as requested by the OPM OIG auditors.

Recommendation 6:

OPM OIG recommended that the contracting officer instruct the Association to have the BCBS Plans identify the root cause(s) of the claim payment errors and implement corrective actions/ procedures to prevent these types of errors in the future.

BCBSA Response to Recommendation 6:

We are in the process of implementing an enhanced action plan to identify potential duplicate claims in the post payment process. The action plan includes making technical edits to code logic to identify potential duplicate claims prior to payment. Given the degree of complexity with regards to the system and process changes, our target date for implementation is 2nd quarter 2012. In the short term we will be making process improvement and working with Plans to better identify potential duplicate claims.

[REDACTED]
Executive Director
Program Integrity

[REDACTED]
Attachments

cc: [REDACTED]