



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

Final Audit Report

Subject:

AUDIT ON GLOBAL ASSISTANT SURGEON CLAIM OVERPAYMENTS FOR BLUECROSS AND BLUESHIELD PLANS

Report No. 1A-99-00-12-055

Date: February 21, 2013

--CAUTION--

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AUDIT REPORT

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

Global Assistant Surgeon Claim Overpayments
BlueCross and BlueShield Plans

REPORT NO. 1A-99-00-12-055

DATE: 02/21/13



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Assistant Inspector General
for Audits

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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 \$1,057,326 in health benefit charges. The BlueCross BlueShield Association (Association) and/or BCBS plans agreed with \$881,150 and disagreed with \$176,176 of the questioned charges.

Our limited scope audit was conducted in accordance with Government Auditing Standards. The audit covered health benefit payments from August 1, 2009 through May 31, 2012 as reported in the Annual Accounting Statements. Specifically, we identified and reviewed claims paid from August 1, 2009 through May 31, 2012 that potentially were not paid in accordance with the BCBS plans' assistant surgeon pricing procedures. We determined that the BCBS plans incorrectly paid 1,217 claim lines, resulting in net overcharges of \$1,057,326 to the FEHBP. Specifically, the BCBS plans overpaid 1,124 claim lines by \$1,137,440 and underpaid 93 claim lines by \$80,114.

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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 64 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 BlueCross BlueShield, 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 audit of assistant surgeon claim overpayments (Report No. 1A-99-00-09-061, dated March 30, 2010), covering claims reimbursed from January 1, 2006 through July 31, 2009 for all BCBS plans, have been satisfactorily resolved.

Our preliminary results of the potential assistant surgeon claim overpayments were presented in detail in a draft report, dated July 13, 2012. 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 January 15, 2013 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 assistant surgeon claim payments, which should be paid in accordance with the BCBS plans' assistant surgeon pricing procedures.

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 August 1, 2009 through May 31, 2012 as reported in the Annual Accounting Statements. Using our SAS data warehouse function, we performed a computer search on the BCBS claims database to identify claims paid from August 1, 2009 through May 31, 2012 that potentially were not paid in accordance with the BCBS plans' assistant surgeon pricing procedures. Based on this computer search, we identified 76,504 assistant surgeon claim groups, totaling \$18,417,876 in potential overpayments, that may not have been paid in accordance with the BCBS plans' assistant surgeon pricing procedures. From this universe, we selected and reviewed all assistant surgeon claim groups with potential overpayments of \$300 or more. Our sample included 11,100 assistant surgeon claim groups, totaling \$13,470,622 in potential overpayments, for 60 of the 64 BCBS plans (See Schedule A for the universe and sample of potential assistant surgeon claim overpayments by BCBS plan).

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 assistant surgeon 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 assistant surgeon claim payments. Exceptions noted in the areas reviewed are set forth in detail in the "Audit Finding and Recommendations" section of this audit 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 July 2012 through January 2013.

METHODOLOGY

To test each BCBS plan's compliance with the FEHBP health benefit provisions related to assistant surgeon claim payments, we selected all assistant surgeon claim groups with potential overpayments of \$300 or more that were identified in a computer search. Specifically, we selected for review a sample of 11,100 assistant surgeon claim groups, totaling \$13,470,622 (out of 76,504 groups, totaling \$18,417,876) in potential overpayments, that may not have been paid in accordance with the BCBS plans' assistant surgeon pricing procedures.

The sample selections were submitted to each applicable BCBS plan for their review and response. We then conducted a limited review of the plans' agreed responses and an expanded review of the plans' disagreed responses to determine the appropriate questioned amount. Additionally, we verified on a limited test basis if the plans had initiated recovery efforts, adjusted or voided the claims, and/or completed the recovery process by the audit request due date (i.e., October 1, 2012) for the claim payment errors in our sample. We did not project the sample results to the universe of potential assistant surgeon claim overpayments.

The determination of the questioned amount is based on the FEHBP contract, the 2009 through 2012 Service Benefit Plan brochures, and the Association's FEP administrative manual.

III. AUDIT FINDING AND RECOMMENDATIONS

Assistant Surgeon Claim Payment Errors

\$1,057,326

The BCBS plans incorrectly paid 1,217 claim lines, resulting in net overcharges of \$1,057,326 to the FEHBP. Specifically, the BCBS plans overpaid 1,124 claim lines by \$1,137,440 and underpaid 93 claim lines by \$80,114.

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 2.6 states, “(a) The Carrier shall coordinate the payment of benefits under this contract with the payment of benefits under Medicare . . . (b) The Carrier shall not pay benefits under this contract until it has determined whether it is the primary carrier” Additionally, 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 prompt and diligent effort to recover the erroneous payment”

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

We performed a computer search on the BCBS claims database to identify claims that potentially were not paid in accordance with the BCBS plans’ assistant surgeon pricing procedures. For the period August 1, 2009 through May 31, 2012, we identified 76,504 assistant surgeon claim groups (representing 290,566 claim lines), totaling \$18,417,876 in potential overpayments, that met this search criteria. From this universe, we selected and reviewed all assistant surgeon claim groups with potential overpayments of \$300 or more, and determined if the BCBS plans paid these claims properly. Our sample included 11,100 assistant surgeon claim groups (representing 34,549 claim lines), totaling \$13,470,622 in potential overpayments, for 60 of the 64 BCBS plans (See Schedule A for the universe and sample of potential assistant surgeon claim overpayments by BCBS plan). The majority of these claim groups contained at least one primary surgeon and one assistant surgeon claim line.

Based on our review, we determined that 1,217 assistant surgeon claim lines were paid incorrectly, resulting in net overcharges of \$1,057,326 to the FEHBP.² Specifically, BCBS plans overpaid 1,124 claim lines by \$1,137,440 and underpaid 93 claim lines by \$80,114 (See Schedule B for a summary of the assistant surgeon claim payment errors by BCBS plan).

² In addition, there were 40 assistant surgeon claim overpayments, totaling \$108,096, that were identified by the BCBS plans before our audit notification date (i.e., June 1, 2012) and adjusted and returned to the FEHBP by the audit request due date (i.e., October 1, 2012). Since these overpayments were already identified by the BCBS plans before our audit notification date and adjusted and returned to the FEHBP by the audit request due date, we did not question these overpayments in the final report.

These assistant surgeon claim payment errors resulted from the following:

- The BCBS plans paid 549 claim lines using incorrect Medicare or plan procedure allowances, resulting in net overcharges of \$548,562 to the FEHBP. Specifically, the BCBS plans overpaid 505 claim lines by \$581,210 and underpaid 44 claim lines by \$32,648.
- The BCBS plans incorrectly paid 346 claim lines due to manual processing errors, such as incorrect coding, overriding system edits, and using incorrect allowances. Consequently, the BCBS plans overpaid 326 claim lines by \$317,423 and underpaid 20 claim lines by \$12,373, resulting in net overcharges of \$305,050 to the FEHBP.
- The BCBS plans incorrectly paid 79 claim lines due to the plans' local claim systems improperly identifying the assistant surgeon modifiers, resulting in overcharges of \$60,410 to the FEHBP.
- The BCBS plans incorrectly paid 89 claim lines due to errors in the calculation of the assistant surgeon fee, which should have been priced at the applicable plan's percentage of the procedure allowance. Consequently, the BCBS plans overpaid 76 claim lines by \$72,591 and underpaid 13 claim lines by \$24,057, resulting in net overcharges of \$48,534 to the FEHBP.
- The BCBS plans paid 31 claim lines using the billed charges instead of the Medicare or plan procedure allowances, resulting in net overcharges of \$21,730 to the FEHBP. Specifically, the BCBS plans overpaid 25 claim lines by \$26,293 and underpaid 6 claim lines by \$4,563.
- The BCBS plans incorrectly priced 43 claim lines due to provider billing errors, resulting in net overcharges of \$20,808 to the FEHBP. Specifically, the BCBS plans overpaid 33 claim lines by \$27,281 and underpaid 10 claim lines by \$6,473.
- The BCBS plans paid 13 claim lines that were incurred after termination of the patient's coverage, resulting in overcharges of \$16,156 to the FEHBP.
- The BCBS plans inadvertently paid 27 claim lines twice, resulting in duplicate charges of \$14,355 to the FEHBP.
- The BCBS plans paid 15 claim lines even though the procedures were not medically necessary or the surgical assistants were not required for the surgeries, resulting in overcharges of \$10,588 to the FEHBP.
- The BCBS plans incorrectly paid 16 claim lines that were subject to the Omnibus Budget Reconciliation Act of 1993 (OBRA 93) pricing guidelines, resulting in overcharges of \$8,350 to the FEHBP. These errors were due to Palmetto GBA (an OBRA 93 pricing vendor) not recognizing the assistant surgeon pricing modifier and erroneously calculating the assistant surgeon fee.

- The BCBS plans did not properly coordinate nine claim lines with Medicare or the patient's primary insurance carrier, resulting in overcharges of \$2,783 to the FEHBP.

Association's Response:

The Association agrees with \$845,276 of the questioned charges.

Regarding the contested amount, the Association disagrees with these questioned charges for the following reasons:

- The claims were paid correctly based on the assistant surgeon allowance or non-participating provider allowance.
- The claim payment errors were identified by the BCBS plans before the audit started, but are still in the recovery process.

The Association states, "In order to reduce these types of claim payment errors from occurring, the following corrective actions were implemented:

- Instructed Plans to educate their providers on the correct method for submitting charges for Assistant Surgeon services.
- Instructed Plans to use these confirmed errors as training tools to ensure that examiners know the proper coding requirements for the adjudication of Assistant Surgeon Claims.
- Continued to include Assistant Surgeon claims in the FEP periodic System-Wide Claim Review Process.
- Implemented an edit that defers claims with Assistant Surgeon modifiers when there is no discount applied to the allowance submitted.
- Updated the FEP Administrative Manual Volume II with more specific coding details to include actual examples for each of the Assistant Surgeon Modifiers on how these claims should be submitted to the Operations Center for adjudication.
- Included Assistant Surgeon Coding Training in the Micro Regional Meetings provided by the Operations Center to ensure the Plans have face-to-face training.
- Evaluated the OBRA '93 pricing vendor's (Palmetto) internal controls for generating pricing data for the Assistant Surgeon Modifiers to ensure compliance with Medicare pricing guidelines in an audit of the vendor.
- Updated guidance for various Assistant Surgeon modifiers in the FEP-OPM User Guide, which documents the procedures for successfully submitting claims electronically to Palmetto."

The Association also states, "To continue to improve the payment accuracy of assistant surgeon claims, FEP will issue an Audit Alert to all Plans that provides details on the errors noted with recommended action steps to improve performance, including performing causal analysis on the errors identified and development of corrective action plans to reduce these errors. During Association Plan audits . . . activities implemented at Plans to further approve assistant surgeon processing will be verified."

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 \$1,057,326. If the BCBS plans identified the claim payment errors and initiated recovery efforts before our audit notification date (i.e., June 1, 2012) and completed the recovery process (i.e., adjusted or voided the claims and recovered and returned the overpayments to the FEHBP) by the audit request due date (i.e., October 1, 2012), 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 \$881,150 and disagree with \$176,176 of the questioned charges. Although the Association only agrees with \$845,276 in its response, the BCBS plans' documentation supports concurrence with \$881,150.

Based on the Association's response and/or the BCBS plans' documentation, the contested amount of \$176,176 represents the following items:

- \$159,567 of the contested amount represents 145 claim line overpayments that the BCBS plans agree were paid incorrectly. However, due to overpayment recovery time limitations with providers, the plans state that these overpayments are uncollectible. Since these overpayments were identified as a result of our audit, we are continuing to question this amount in the final report. If the plans had timely identified these overpayments prior to our audit, the plans' recovery efforts would have been within the applicable time limitations, and therefore, the overpayments would have been recoverable. Additionally, the FEHBP should not be expected to cover these claim overpayments because of provider refund issues.
- \$11,690 of the contested amount represents five claim line overpayments where the BCBS plans initiated recovery efforts before receiving our audit request (i.e., July 13, 2012) but had not recovered the overpayments by the audit request due date (i.e., October 1, 2012). Since these overpayments had not been recovered and returned to the FEHBP by the audit request due date, we are continuing to question this amount in the final report.
- \$4,919 of the contested amount represents seven claim line overpayments where the BCBS plans initiated recovery efforts after our audit notification date (i.e., June 1, 2012) but before receiving our audit request (i.e., July 13, 2012), and also completed the recovery process and adjusted or voided the claims by the audit request due date (i.e., October 1, 2012). However, since the recoveries for these overpayments were initiated after our audit notification date, we are continuing to question this amount in the final report.

Recommendation 1

We recommend that the contracting officer disallow \$1,137,440 for claim overcharges and verify that the BCBS plans return all amounts recovered to the FEHBP.

Recommendation 2

We recommend that the contracting officer allow the BCBS plans to charge the FEHBP \$80,114 if additional payments are made to the providers to correct the underpayments. However, before making any additional payment(s) to a provider, the contracting officer should require the BCBS plan to first recover any questioned overpayment(s) for that provider.

Recommendation 3

Although the Association has developed a corrective action plan to reduce assistant surgeon claim overpayments, we recommend that the contracting officer instruct the Association to ensure that the BCBS plans are following the corrective action plan. Also, we recommend that the contracting officer verify that the additional corrective actions included in the Association's draft report response are being implemented.

IV. MAJOR CONTRIBUTORS TO THIS REPORT

Experience-Rated Audits Group

██████████ Lead Auditor

██████████, Auditor

██████████, Chief ██████████

Information Systems Audits Group

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

V. SCHEDULES

SCHEDULE A

GLOBAL ASSISTANT SURGEON CLAIM OVERPAYMENTS
BLUECROSS AND BLUESHIELD PLANS

UNIVERSE AND SAMPLE OF POTENTIAL ASSISTANT SURGEON CLAIM OVERPAYMENTS BY PLAN

Site Number	Plan Name	State	UNIVERSE			SAMPLE		
			Assistant Surgeon Claim Groups	Total Claim Lines	Potential Overpayments	Assistant Surgeon Claim Groups	Total Claim Lines	Potential Overpayments
003	BCBS of New Mexico (HCSC)	NM	233	720	\$ 41,354	29	49	\$ 25,720
005	WellPoint BCBS of Georgia	GA	3,032	11,427	\$ 309,370	177	431	\$ 92,813
006	CareFirst BCBS (MD Service Area)	MD	2,883	13,084	\$ 355,211	149	370	\$ 85,027
007	BCBS of Louisiana	LA	942	3,385	\$ 375,974	176	463	\$ 320,698
009	BCBS of Alabama	AL	1,335	4,268	\$ 267,564	277	590	\$ 143,028
010	BC of Idaho Health Service	ID	329	1,379	\$ 46,433	26	66	\$ 17,645
011	BCBS of Massachusetts	MA	304	662	\$ 42,961	36	55	\$ 15,322
012	BCBS of Western New York	NY	219	728	\$ 28,248	18	41	\$ 11,877
013	Highmark BCBS	PA	2,576	9,373	\$ 143,307	85	194	\$ 90,005
015	BCBS of Tennessee	TN	380	1,648	\$ 90,685	59	222	\$ 68,212
016	BCBS of Wyoming	WY	144	401	\$ 30,813	35	62	\$ 18,269
017	BCBS of Illinois (HCSC)	IL	1,137	3,499	\$ 332,498	314	936	\$ 233,534
021	WellPoint BCBS of Ohio	OH	2,001	6,694	\$ 157,982	34	96	\$ 33,436
024	BCBS of South Carolina	SC	827	3,593	\$ 179,730	122	393	\$ 83,524
027	WellPoint BCBS of New Hampshire	NH	375	1,490	\$ 66,757	50	164	\$ 29,509
028	BCBS of Vermont	VT	74	205	\$ 17,318	16	43	\$ 9,190
029	BCBS of Texas (HCSC)	TX	14,492	60,479	\$ 3,215,556	1,113	2,873	\$ 2,390,132
030	WellPoint BCBS of Colorado	CO	4,423	19,451	\$ 280,358	128	683	\$ 157,650
031	Wellmark BCBS of Iowa	IA	151	487	\$ 19,336	19	29	\$ 7,572
032	BCBS of Michigan	MI	392	1,103	\$ 52,219	39	49	\$ 17,004
033	BCBS of North Carolina	NC	1,128	3,278	\$ 197,032	170	386	\$ 89,977
034	BCBS of North Dakota	ND	158	469	\$ 25,131	8	12	\$ 12,014
037	BCBS of Montana	MT	347	1,251	\$ 27,199	7	15	\$ 5,126
038	BCBS of Hawaii	HI	13	30	\$ 2,491	3	8	\$ 1,671
039	WellPoint BCBS of Indiana	IN	727	2,287	\$ 76,935	38	101	\$ 31,383
040	BCBS of Mississippi	MS	275	1,033	\$ 66,495	72	202	\$ 45,070
041	BCBS of Florida	FL	6,398	23,994	\$ 1,678,243	1,308	4,634	\$ 1,267,233
042	BCBS of Kansas City	MO	550	2,050	\$ 37,679	10	25	\$ 7,650
043	Regence BS of Idaho	ID	105	362	\$ 14,192	10	19	\$ 6,574
044	BCBS of Arkansas	AR	294	1,052	\$ 32,249	17	34	\$ 11,980
045	WellPoint BCBS of Kentucky	KY	1,331	3,770	\$ 132,692	42	145	\$ 43,272

V. SCHEDULES

SCHEDULE A

GLOBAL ASSISTANT SURGEON CLAIM OVERPAYMENTS
BLUECROSS AND BLUESHIELD PLANS

UNIVERSE AND SAMPLE OF POTENTIAL ASSISTANT SURGEON CLAIM OVERPAYMENTS BY PLAN

Site Number	Plan Name	State	UNIVERSE			SAMPLE		
			Assistant Surgeon Claim Groups	Total Claim Lines	Potential Overpayments	Assistant Surgeon Claim Groups	Total Claim Lines	Potential Overpayments
047	WellPoint BCBS of Wisconsin	WI	528	1,805	\$ 167,482	165	519	\$ 129,232
048	Empire BCBS (WellPoint)	NY	1,161	3,126	\$ 1,753,492	675	1,898	\$ 1,696,787
049	Horizon BCBS of New Jersey	NJ	3,809	12,887	\$ 2,836,497	2,063	6,749	\$ 2,596,744
050	WellPoint BCBS of Connecticut	CT	387	1,324	\$ 148,584	88	284	\$ 121,790
053	BCBS of Nebraska	NE	345	1,230	\$ 41,202	23	33	\$ 11,134
054	Mountain State BCBS	WV	150	366	\$ 26,398	16	33	\$ 12,114
056	BCBS of Arizona	AZ	2,243	6,911	\$ 433,736	277	703	\$ 284,720
058	Regence BCBS of Oregon	OR	749	2,531	\$ 77,261	31	68	\$ 23,164
059	WellPoint BCBS of Maine	ME	491	1,632	\$ 29,720	11	22	\$ 4,820
060	BCBS of Rhode Island	RI	101	248	\$ 20,907	13	35	\$ 11,957
061	WellPoint BCBS of Nevada	NV	1,056	5,026	\$ 142,091	50	219	\$ 116,671
062	WellPoint BCBS of Virginia	VA	1,640	7,051	\$ 316,481	114	483	\$ 234,673
064	Excellus BCBS of Rochester Area	NY	97	366	\$ 7,082	4	6	\$ 1,374
066	Regence BCBS of Utah	UT	910	3,040	\$ 109,977	98	183	\$ 55,494
067	BS of California	CA	2,958	11,517	\$ 420,917	244	889	\$ 213,537
068	Triple-S Salud of Puerto Rico	PR	2	2	\$ 1,380	1	1	\$ 1,266
069	Regence BS of Washington	WA	941	2,988	\$ 134,614	98	229	\$ 51,800
070	BCBS of Alaska	AK	1,519	6,761	\$ 1,312,231	873	4,114	\$ 1,222,714
074	Wellmark BCBS of South Dakota	SD	238	694	\$ 30,146	21	49	\$ 8,687
075	Premera BC	WA	227	687	\$ 27,027	15	38	\$ 13,182
076	WellPoint BCBS of Missouri	MO	597	2,471	\$ 106,650	35	201	\$ 74,776
078	BCBS of Minnesota	MN	2,147	6,832	\$ 954,139	1,113	3,172	\$ 808,039
079	BCBS of Central New York	NY	206	736	\$ 22,998	13	32	\$ 7,188
082	BCBS of Kansas	KS	209	601	\$ 46,975	63	127	\$ 27,970
083	BCBS of Oklahoma (HCSC)	OK	2,398	10,806	\$ 291,449	131	338	\$ 91,769
084	Excellus BCBS of Utica-Watertown	NY	127	374	\$ 15,456	10	23	\$ 6,938
085	CareFirst BCBS (DC Service Area)	DC	3,439	14,158	\$ 493,543	197	538	\$ 182,753
089	BCBS of Delaware	DE	109	417	\$ 38,862	25	89	\$ 31,231
092	CareFirst BCBS (Overseas Area)	DC	145	327	\$ 66,568	46	84	\$ 55,980
Totals			76,504	290,566	\$ 18,417,876	11,100	34,549	\$ 13,470,622

GLOBAL ASSISTANT SURGEON CLAIM OVERPAYMENTS
BLUECROSS AND BLUESHIELD PLANS

QUESTIONED CHARGES BY PLAN

Site Number	Plan Name	State	Total Questioned		Amounts Questioned by Year				Plan Agrees	Plan Disagrees
			Claim Lines	Total Charges	2009	2010	2011	2012		
003	BCBS of New Mexico (HCSC)	NM	5	\$ 11,916	\$ 1,777	\$ -	\$ 8,219	\$ 1,920	\$ 11,916	\$ -
005	WellPoint BCBS of Georgia	GA	39	\$ 26,735	\$ 1,591	\$ 6,265	\$ 14,355	\$ 4,524	\$ 25,645	\$ 1,090
006	CareFirst BCBS (MD Service Area)	MD	45	\$ 40,032	\$ 1,433	\$ 19,208	\$ 10,739	\$ 8,653	\$ 37,031	\$ 3,001
007	BCBS of Louisiana	LA	68	\$ 153,184	\$ 8,578	\$ 82,336	\$ 51,669	\$ 10,600	\$ 64,311	\$ 88,872
009	BCBS of Alabama	AL	20	\$ 1,463	\$ 1,708	\$ (956)	\$ 1,174	\$ (463)	\$ 1,463	\$ -
010	BC of Idaho Health Service	ID	6	\$ 6,702	\$ -	\$ -	\$ 6,702	\$ -	\$ 6,702	\$ -
011	BCBS of Massachusetts	MA	10	\$ 5,503	\$ -	\$ 198	\$ 5,306	\$ -	\$ 5,503	\$ -
012	BCBS of Western New York	NY	9	\$ 4,422	\$ -	\$ 1,478	\$ 1,089	\$ 1,855	\$ 4,422	\$ -
013	Highmark BCBS	PA	19	\$ 18,728	\$ 2,508	\$ 5,265	\$ 3,640	\$ 7,314	\$ 18,728	\$ -
015	BCBS of Tennessee	TN	46	\$ 48,669	\$ 3,716	\$ 12,575	\$ 15,012	\$ 17,366	\$ 48,669	\$ -
016	BCBS of Wyoming	WY	7	\$ 2,103	\$ 330	\$ 647	\$ 1,127	\$ -	\$ 2,103	\$ -
017	BCBS of Illinois (HCSC)	IL	10	\$ 5,799	\$ -	\$ 982	\$ 2,545	\$ 2,272	\$ 5,799	\$ -
021	WellPoint BCBS of Ohio	OH	5	\$ 3,843	\$ 660	\$ 744	\$ 411	\$ 2,027	\$ 3,843	\$ -
024	BCBS of South Carolina	SC	3	\$ 1,474	\$ 360	\$ -	\$ 1,000	\$ 114	\$ 1,474	\$ -
027	WellPoint BCBS of New Hampshire	NH	25	\$ 11,679	\$ 524	\$ 3,807	\$ 3,174	\$ 4,174	\$ 11,325	\$ 354
028	BCBS of Vermont	VT	3	\$ 1,646	\$ 1,148	\$ -	\$ 498	\$ -	\$ 1,646	\$ -
029	BCBS of Texas (HCSC)	TX	104	\$ 114,302	\$ 13,478	\$ 31,554	\$ 26,543	\$ 42,727	\$ 108,697	\$ 5,605
030	WellPoint BCBS of Colorado	CO	48	\$ 52,839	\$ 4,016	\$ 8,192	\$ 40,631	\$ -	\$ 52,839	\$ -
031	Wellmark BCBS of Iowa	IA	2	\$ 645	\$ -	\$ -	\$ 308	\$ 337	\$ 645	\$ -
032	BCBS of Michigan	MI	8	\$ 3,079	\$ -	\$ -	\$ 1,755	\$ 1,324	\$ 3,079	\$ -
033	BCBS of North Carolina	NC	58	\$ 32,676	\$ 12,643	\$ 3,665	\$ 10,025	\$ 6,343	\$ 32,676	\$ -
034	BCBS of North Dakota	ND	1	\$ 1,262	\$ -	\$ -	\$ 1,262	\$ -	\$ 1,262	\$ -
037	BCBS of Montana	MT	1	\$ (598)	\$ -	\$ -	\$ (598)	\$ -	\$ (598)	\$ -
038	BCBS of Hawaii	HI	3	\$ (1,603)	\$ -	\$ -	\$ (1,603)	\$ -	\$ (1,603)	\$ -
039	WellPoint BCBS of Indiana	IN	10	\$ 14,407	\$ -	\$ 2,239	\$ 11,236	\$ 932	\$ 14,407	\$ -
040	BCBS of Mississippi	MS	23	\$ 12,045	\$ 5,079	\$ 629	\$ 4,139	\$ 2,199	\$ 12,045	\$ -
041	BCBS of Florida	FL	131	\$ 89,963	\$ 16,869	\$ 8,298	\$ 34,607	\$ 30,188	\$ 89,637	\$ 326
042	BCBS of Kansas City	MO	9	\$ 4,723	\$ -	\$ 923	\$ 2,107	\$ 1,693	\$ 4,723	\$ -
043	Regence BS of Idaho	ID	4	\$ 2,849	\$ 288	\$ 1,993	\$ -	\$ 568	\$ 568	\$ 2,281
044	BCBS of Arkansas	AR	3	\$ 5,019	\$ -	\$ 2,029	\$ 790	\$ 2,200	\$ 5,019	\$ -
045	WellPoint BCBS of Kentucky	KY	14	\$ 4,647	\$ 653	\$ 1,061	\$ 2,933	\$ -	\$ 4,647	\$ -

**GLOBAL ASSISTANT SURGEON CLAIM OVERPAYMENTS
BLUECROSS AND BLUESHIELD PLANS**

QUESTIONED CHARGES BY PLAN

Site Number	Plan Name	State	Total Questioned		Amounts Questioned by Year				Plan Agrees	Plan Disagrees
			Claim Lines	Total Charges	2009	2010	2011	2012		
047	WellPoint BCBS of Wisconsin	WI	7	\$ 3,569	\$ -	\$ -	\$ 694	\$ 2,875	\$ 3,569	\$ -
048	Empire BCBS (WellPoint)	NY	109	\$ 71,454	\$ 10,953	\$ 18,005	\$ 12,908	\$ 29,587	\$ 71,454	\$ -
049	Horizon BCBS of New Jersey	NJ	3	\$ (3,062)	\$ -	\$ -	\$ (3,062)	\$ -	\$ (3,062)	\$ -
050	WellPoint BCBS of Connecticut	CT	19	\$ 29,607	\$ 11,241	\$ 3,361	\$ 9,290	\$ 5,715	\$ 29,607	\$ -
053	BCBS of Nebraska	NE	6	\$ 2,257	\$ 210	\$ 1,474	\$ -	\$ 573	\$ 573	\$ 1,684
054	Mountain State BCBS	WV	5	\$ 4,123	\$ -	\$ 2,018	\$ 2,105	\$ -	\$ 4,123	\$ -
056	BCBS of Arizona	AZ	16	\$ 16,749	\$ 1,922	\$ 13,106	\$ 1,721	\$ -	\$ 16,749	\$ -
058	Regence BCBS of Oregon	OR	20	\$ 12,696	\$ 13	\$ 9,096	\$ 3,691	\$ (103)	\$ 2,916	\$ 9,780
059	WellPoint BCBS of Maine	ME	3	\$ 947	\$ -	\$ 376	\$ 332	\$ 239	\$ 947	\$ -
060	BCBS of Rhode Island	RI	5	\$ 7,589	\$ 1,371	\$ 5,623	\$ 594	\$ -	\$ 7,589	\$ -
061	WellPoint BCBS of Nevada	NV	8	\$ 4,297	\$ -	\$ 2,043	\$ 1,829	\$ 425	\$ 4,297	\$ -
062	WellPoint BCBS of Virginia	VA	15	\$ 17,801	\$ -	\$ 13,439	\$ 3,734	\$ 628	\$ 13,346	\$ 4,456
064	Excellus BCBS of Rochester Area	NY	3	\$ 4,627	\$ -	\$ -	\$ -	\$ 4,627	\$ 4,627	\$ -
066	Regence BCBS of Utah	UT	32	\$ 18,986	\$ 6,392	\$ 6,544	\$ 5,426	\$ 623	\$ 5,772	\$ 13,214
067	BS of California	CA	9	\$ 2,316	\$ 656	\$ 816	\$ 844	\$ -	\$ (350)	\$ 2,666
068	Triple-S Salud of Puerto Rico	PR	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
069	Regence BS of Washington	WA	48	\$ 27,701	\$ 5,937	\$ 11,668	\$ 3,560	\$ 6,536	\$ 8,313	\$ 19,389
070	BCBS of Alaska	AK	34	\$ 27,098	\$ (5,133)	\$ 22,797	\$ 13,790	\$ (4,356)	\$ 15,865	\$ 11,233
074	Wellmark BCBS of South Dakota	SD	3	\$ 1,814	\$ -	\$ -	\$ 1,814	\$ -	\$ 1,814	\$ -
075	Premera BC	WA	10	\$ 15,400	\$ 4,865	\$ 9,634	\$ 902	\$ -	\$ 4,192	\$ 11,208
076	WellPoint BCBS of Missouri	MO	5	\$ 2,416	\$ -	\$ 767	\$ 1,351	\$ 299	\$ 2,416	\$ -
078	BCBS of Minnesota	MN	6	\$ 1,215	\$ -	\$ 793	\$ (301)	\$ 723	\$ 1,215	\$ -
079	BCBS of Central New York	NY	11	\$ 5,068	\$ -	\$ 333	\$ 4,735	\$ -	\$ 5,068	\$ -
082	BCBS of Kansas	KS	7	\$ 5,567	\$ -	\$ 2,439	\$ 893	\$ 2,235	\$ 5,567	\$ -
083	BCBS of Oklahoma (HCSC)	OK	14	\$ 20,432	\$ 559	\$ 1,903	\$ 5,160	\$ 12,810	\$ 19,414	\$ 1,018
084	Excellus BCBS of Utica-Watertown	NY	8	\$ 5,358	\$ -	\$ 2,790	\$ 2,568	\$ -	\$ 5,358	\$ -
085	CareFirst BCBS (DC Service Area)	DC	44	\$ 40,187	\$ (7,354)	\$ 14,628	\$ 19,666	\$ 13,248	\$ 40,187	\$ -
089	BCBS of Delaware	DE	27	\$ 27,619	\$ 8,455	\$ 4,020	\$ 1,180	\$ 13,965	\$ 27,619	\$ -
092	CareFirst BCBS (Overseas Area)	DC	1	\$ 3,341	\$ -	\$ 3,341	\$ -	\$ -	\$ 3,341	\$ -
Totals			1,217	\$ 1,057,326	\$ 117,448	\$ 344,148	\$ 356,217	\$ 239,513	\$ 881,150	\$ 176,176



**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans

October 19, 2012

[REDACTED]
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**Reference: OPM DRAFT AUDIT REPORT
Global Assistant Surgeon Claim Payments
Audit Report #1A-99-00-12-055**

Dear [REDACTED]:

This is in response to the above - referenced U.S. Office of Personnel Management (OPM) Draft Audit Report concerning the Global Assistant Surgeon claims paid from August 1, 2009 through May 31, 2012. Our comments concerning the findings in the report are as follows:

Potential Assistant Surgeon Claim Overpayments

\$13,470,622

The OPM OIG submitted their sample of claims that potentially were not paid in accordance with the Blue Cross Blue Shield (BCBS) Plan's assistant surgeon pricing procedures on July 13, 2011. The BCBS Association and/or the BCBS Plans were requested to review these potential errors and provide responses by October 1, 2012. Based on the claim error report, OPM OIG identified 76,504 assistant surgeon claim groups, totaling \$18,417,876 in potential overpayments, which potentially were not paid in accordance with the Plans' assistant surgeon pricing procedures. From this universe, we selected a judgmental sample of 11,100 groups, totaling \$13,470,622 in potential overpayments, to review.

BCBS Association Response to Recommendation 1 and 2:

After reviewing the OPM OIG sample of potential assistant surgeon claim overpayments totaling \$13,470,622, the BCBS Association agrees that claims totaling \$845,276 were paid incorrectly and identified by the audit. For the remaining \$12,450,643 in claim payments, we noted the following:

- \$12,450,643 in claims that were paid correctly based upon the assistant surgeon allowance or the non par provider allowance; and
- \$174,704 in claims where the Plan identified the error before the audit started, but the claim is still in the recovery process.

See Attachment 1 for a schedule of reasons for why Plans agree the claims were paid incorrectly. See Attachment 2 for a listing of questioned amount, agreed to amount and disagreed to amount by Plan site. Documentation to support the contested claims has been provided.

Recommendation 3

In order to reduce these types of claim payment errors from occurring, the following corrective actions were implemented:

- Instructed Plans to educate their providers on the correct method for submitting charges for Assistant Surgeon services.
- Instructed Plans to use these confirmed errors as training tools to ensure that examiners know the proper coding requirements for the adjudication of Assistant Surgeon Claims.
- Continued to include Assistant Surgeon claims in the FEP periodic System-Wide Claim Review Process.
- Implemented an edit that defers claims with Assistant Surgeon modifiers when there is no discount applied to the allowance submitted.
- Updated the FEP Administrative Manual Volume II with more specific coding details to include actual examples for each of the Assistant Surgeon Modifiers on how these claims should be submitted to the Operations Center for adjudication.
- Included Assistant Surgeon Coding Training in the Micro Regional Meetings provided by the Operations Center to ensure the Plans have face-to-face training.
- Evaluated the OBRA '93 pricing vendor's (Palmetto) internal controls for generating pricing data for the Assistant Surgeon Modifiers to ensure compliance with Medicare pricing guidelines in an audit of the vendor.
- Updated guidance for various Assistant Surgeon modifiers in the FEP-OPM User Guide, which documents the procedures for successfully submitting claims electronically to Palmetto. See Attachment X for the updated guidance.

The major reasons for the claim payment errors identified in this audit were the result of:

- Processors incorrectly overrode the new assistant surgeon pricing deferral;
- Plan's system did not properly identify the assistant surgeon modifier;
- Plans submitted an incorrect Medicare or plan procedure allowance in pricing the claim; and
- Plans used an incorrect percentage in calculating the assistant surgeon payment amount.

[REDACTED]
October 19, 2012

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To continue to improve the payment accuracy of assistant surgeon claims, FEP will issue an Audit Alert to all Plans that provides details on the errors noted with recommended action steps to improve performance, including performing causal analysis on the errors identified and development of corrective action plans to reduce these errors. During Association Plan audits (CPRs) activities implemented at Plans to further approve assistant surgeon processing will be verified.

We appreciate the opportunity to provide our response to this Draft Audit Report and would request that our comments be included in their entirety as part of the Final Audit Report.

Sincerely,

[REDACTED]
Director, FEP Program Assurance

Attachments