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

Final Audit Report

Subject:

GLOBAL AUDIT OF DUPLICATE CLAIM PAYMENTS FOR BLUECROSS AND BLUESHIELD PLANS

Report No. 1A-99-00-13-061

Date: August 19, 2014

--CAUTION—

AUDIT REPORT

Federal Employees Health Benefits Program
Service Benefit Plan Contract CS 1039
BlueCross BlueShield Association
Plan Code 10 and 11

Global Audit of Duplicate Claim Payments
BlueCross and BlueShield Plans

REPORT NO. 1A-99-00-13-061 DATE: August 19, 2014

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Assistant Inspector General
for Audits

--CAUTION—

EXECUTIVE SUMMARY

Federal Employees Health Benefits Program
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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 $7,878,473 in claim overpayments. The BlueCross BlueShield Association and/or BCBS plans agreed with $6,843,942 and disagreed with $1,034,531 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, 2011 through May 31, 2013, as reported in the plans' Annual Accounting Statements. Using various search criteria, we identified and reviewed claims paid from January 1, 2011 through May 31, 2013 for potential duplicate payments charged to the FEHBP. Based on our review, we determined that the BCBS plans improperly charged the FEHBP for 9,544 claim payments, resulting in overcharges of $7,878,473 to the FEHBP.

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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 64 local BCBS plans participating in the FEHBP.

The Association has established a Federal Employee Program (FEP[1]) 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 accounting for all program funds.

Compliance with laws and regulations applicable to the FEHBP is the responsibility of the Association and plan management. 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 each BCBS 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-99-00-11-022, dated January 11, 2012) for contract years January 1, 2008 through December 31, 2010 are still in the process of being resolved.

Our sample selections, instructions, and preliminary audit results of the potential duplicate claim payments were presented to the Association in a draft audit report, dated August 1, 2013. The Association's comments offered in response to the draft report were considered in preparing our final report and are included as an Appendix to this report. Also, additional documentation provided by the Association and BCBS plans on various dates through April 6, 2014 was considered in preparing our final report.

II. OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVES

The objectives of our audit were to determine whether the BCBS plans charged costs to the FEHBP and provided services to FEHBP members in accordance with the terms of the contract. Specifically, our objective was to determine whether the plans complied with contract provisions related 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit covered health benefit payments from January 1, 2011 through May 31, 2013, as reported in the BCBS plans' Annual Accounting Statements. Specifically, we performed various computer searches on BCBS claims data to identify potential duplicate payments charged to the FEHBP from January 1, 2011 through May 31, 2013. Our searches identified 1,345,874 claim groups, totaling $68,084,141 in payments, that potentially contained duplicate charges. We selected 28,324 of these claim groups, totaling $27,058,522 in payments, for review during this audit. See the attached Schedule A for a summary of our selection by BCBS Plan. A claim group represents one claim payment "paid correctly" and one or more potential duplicate payments. The universe of potential duplicate claim groups and our sample selected for review consists of the following:

- Using our "best matches" search criteria, we identified 288,388 groups, totaling $19,313,346 in potential duplicate claim payments. Our "best matches" logic identifies and groups unique claim numbers that contain most of the same claim data, including patient code, procedure code, diagnosis code, and sex code. From this universe, we selected and reviewed 12,425 groups, totaling $10,743,086 in potential duplicate claim payments. Our sample selections included all groups with potential duplicate payments of $250 or more.

- Using our "near matches" search criteria, we identified 1,056,937 groups, totaling $45,388,069 in potential duplicate claim payments. Our "near matches" logic identifies and groups unique claim numbers that contain most of the same claim data, except for patient code, procedure code, diagnosis code, or sex code. From this universe, we selected and reviewed 15,499 groups, totaling $12,994,256 in potential duplicate claim payments. Our sample selections included all groups with potential duplicate payments of $350 or more.

- Using our inpatient facility search criteria, which identifies duplicate or overlapping dates of service, we identified 549 groups, totaling $3,382,726 in potential duplicate payments. From this universe, we selected and reviewed 400 groups, totaling $3,321,180 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 are explained 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. Through audits and a reconciliation process, we have verified the reliability of the BCBS claims data in our internal data warehouse which was used to identify the universe of potential duplicate payments. The BCBS claims data is provided to us on a monthly basis by the FEP Operations Center, and after a series of internal steps, uploaded into our data warehouse. However, due to time constraints, we did not verify the reliability of the data generated by the BCBS plans' local claims systems. 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 2013 through April 2014.

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. We selected for review 28,324 claim groups, totaling $27,058,522 (from a universe of 1,345,874 claim groups, totaling $68,084,141) in potential duplicate payments.

The samples of potential duplicate claim payments were submitted to each BCBS plan for its review and response. We then conducted a limited review of the plans' "paid incorrectly" responses and an expanded review of the plans' "paid correctly" responses. Specifically, we verified the supporting documentation, the accuracy and completeness of the plans' responses, determined if the claims were paid correctly, and/or calculated the appropriate questioned amounts for the claim payment errors. 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, 2013) for duplicate claim payments in our sample. As part of our audit, we also reviewed the status of corrective actions to reduce duplicate claim overpayments that have been or are in the process of being implemented by the Association, FEP Operations Center and/or BCBS plans, as a result of our previous global audit. 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 2011 through 2013 Service Benefit Plan brochures, and the Association's FEP Administrative Manual.

III. AUDIT FINDING AND RECOMMENDATIONS

Duplicate Claim Payments **$7,878,473**

We performed computer searches for potential duplicate payments on claims paid during the period of January 1, 2011 through May 31, 2013. Our searches identified 1,345,874 claim groups, totaling $68,084,141 in payments, that potentially contained duplicate charges. We selected 28,324 of these claim groups, totaling $27,058,522 in payments, for review during this audit. See the attached Schedule A for a summary of our selection by BCBS Plan.

Our review determined that 63 out of the 64 BCBS plans incorrectly paid 9,544 claim payments, totaling $7,878,473 in overcharges to the FEHBP. See Schedule B for a summary of these questioned charges by BCBS plan.[2] The claim payment errors were a result of the following:

- 4,454 duplicate payments, totaling $3,369,592, were overcharged to the FEHBP due to manual processing errors such as the incorrect use of override codes and allowances.

- 2,741 duplicate payments, totaling $2,596,173, were overcharged to the FEHBP due to provider billing errors.

- 2,237 duplicate payments, totaling $1,769,142, were overcharged to the FEHBP due to the duplicate claim bypassing the local plans' claims system and/or the FEP Direct System (FEP Direct).

- 112 claim payments, totaling $143,566, were overcharged to the FEHBP due to an incorrect calculation in the member's liability, or the claim was not properly coordinated with Medicare.

Of the $7,878,473 in total questioned charges, $1,034,531 (13 percent) was identified by the BCBS plans before receiving our audit notification letter (i.e., June 3, 2013). However, since the BCBS plans had not completed the recovery process and/or adjusted or voided these claims by the audit request due date (i.e., October 1, 2013), we continue to question these charges. The remaining questioned charges of $6,843,942 (87 percent) were identified as a result of our audit.

In addition to the questioned charges, our review identified a procedural issue requiring corrective action by the Association and BCBS plans.

For 358 claims, the BCBS plans' local claim processors did not properly update the FEP Direct system to show that the local plan's system did not process a payment to the provider. This inconsistency created a variance in the amount paid between FEP Direct and the plans' local system. These 358 claim payment variances resulted in an overstatement of the amounts paid in

[2] Additionally, there were 785 claim payments, totaling $933,418 in overcharges, that were identified by the BCBS plans before our audit notification date (i.e., June 3, 2013) and adjusted and returned to the FEHBP by the audit request due date (i.e., October 1, 2013). Since these claim payments errors were identified by the BCBS plans before the 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.

FEP Direct and the health benefit charges reported on the Annual Accounting Statements (AAS) by $599,875. Since claims expense is considered when developing premium rates, overstating the claims expense in the AAS may increase future rates.

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 prompt and diligent effort to recover the erroneous payment . . . The recovery of any overpayment must be treated as an erroneous benefit payment, overpayment, or duplicate payment . . . regardless of any time period limitations in the written agreement with the provider."

Contract CS 1039, 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 . . . ."

FEP Administrative Manual (FAM) Volume III, Chapter 3 states, "Plans receive claims from members and providers for FEP members that have received care. Plans will perform initial processing of these claims locally by varying degrees . . . once the Plan is ready to move a claim through the adjudication process, the claims are sent to the FEP Operations Center for processing and approval using FEP Express, the FEP Claims processing system. FEP Express performs various edits on the claim and sends the Plan a response record indicating whether the claims were rejected, deferred, or approved. Plans should not reimburse the provider or member until an approval has been received from the FEP Operations Center. Once an approval response is received for a claim, the Plan can then issue the checks or electronic payment to the provider or member."

Association's Response:

In response to the draft report, the Association states, "BCBS Plans reviewed the potential duplicate claim payments questioned by OPM OIG and agreed that $4,596,195 in claim payment errors occurred. Of the confirmed claim payment errors, Plans have recovered overpayments totaling $1,170,670. Claims totaling $151,902 are still under review."

The Association disagrees with $22,462,327 of the questioned charges for the following reasons:

- Recovery of the duplicate claim payment was initiated prior to the start of the audit or no payment was ever issued to the provider.

- The claims were for the same provider who performed multiple procedures for the same patient.

- The claims were for confirmed repeated procedures, multiple births, round trip ambulance services, team surgery or medication doses provided more than once per 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 to reduce duplicate payments, the Association states, "BCBSA [Association] and Plans continue to implement an action plan to prevent duplicate payments from occurring as well as identify potential duplicate claims in the post payment review process if a duplicate payment has occurred. The action plan includes developing additional duplicate code logic to identify potential duplicate claims prior to payment as well as modifying the FEP post payment duplicate claim payment reports to more closely align with the OPM OIG global duplicate claims listings."

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 $7,878,473. If claim overpayments were identified by the BCBS plans before the start of our audit (i.e., June 3, 2013) and adjusted or voided by the audit request due date (i.e., October 1, 2013), 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 $6,843,942 and disagree with $1,034,531 of the questioned charges. Although the Association only agrees with $4,596,195 of those questioned charges in its written response, the BCBS plans' documentation supports concurrence with $6,843,942.

Based on the Association's response and/or the BCBS plans' documentation, the contested amount of $1,034,531 represents the following items:

- $559,992 of the contested amount represents claim overpayments where the BCBS plans initiated recovery efforts on or after our audit notification date (i.e., June 3, 2013) but before receiving our audit request (i.e., August 1, 2013), and also completed the recovery process and adjusted or voided the claims by the audit request due date (i.e., October 1, 2013). However, since the recoveries for these overpayments were initiated on or after our audit notification date, we continue to question this amount in the final report.

- $280,809 of the contested amount represents claims that the BCBS plans agree were claim payment errors that were identified on or after our audit notification date (i.e., June 3, 2013) and recovery was not initiated as it was deemed uncollectible by the plans according to provider contracts. Therefore, we continue to question this amount in the final report.

- $193,730 of the contested amount represents claim overpayments where the BCBS plans initiated recovery efforts before receiving our audit request (i.e., August 1, 2013) but had not recovered the overpayments and/or adjusted or voided the claims by the audit request due date (i.e., October 1, 2013). Since these overpayments had not been recovered and returned to the

FEHBP by the audit request due date, we continue to question this amount in the final report.

The procedural finding was developed while reviewing the BCBS plans' responses to our sample selections and after receiving the Association's response to the draft report. However, we communicated our concern and had multiple discussions with the Association while developing this procedural finding. The Association and/or FEP Operations Center continue to research this procedural finding.

Recommendation 1

We recommend that the contracting officer disallow $7,878,473 for claim overcharges and verify that the BCBS plans return all amounts recovered to the FEHBP.

Recommendation 2

We recommend that the contracting officer verify that the additional corrective actions included in the Association's draft report response are being implemented. Additionally, we recommend that the contracting officer instruct the Association to provide evidence or supporting documentation ensuring that the entire corrective action plan is implemented.

Recommendation 3

Due to the significant amount of manual processing errors, we recommend that the contracting officer instruct the Association to enhance the current duplicate claim payment edits and deferrals within the FEP Direct system to suspend a potential duplicate claim that has deferred in FEP Direct until the original claim that processed has been voided, or the processor has provided sufficient explanation as to why it is not a duplicate claim. Additionally, we recommend that the contracting officer require the Association to provide education and/or detailed training to all the local BCBS plans on how to identify a duplicate claim and properly use FEP Direct duplicate override codes.

Recommendation 4

Due to the significant number of provider billing errors identified, we recommend that the contracting officer instruct the Association to perform a risk analysis to determine high risk areas related to duplicate provider billing errors, and the cost efficiency of implementing a system edit(s) in the plans' local systems and FEP Direct to prevent these types of errors from occurring in the future. Additionally, if the analysis results in material savings to the FEHBP, we recommend the contracting officer instruct the Association to add the system edits to the local plans' systems and/or FEP Direct to defer future provider billing errors for payment.

Recommendation 5

We recommend that the contracting officer require the Association to instruct the BCBS plans to adjust the applicable claims in FEP Direct to reflect the actual amounts paid to the providers for variances between the plans' local claims systems and FEP Direct.

Recommendation 6

We recommend that the contracting officer require the Association to provide evidence or supporting documentation ensuring that all BCBS plans received a formal notification of the February 28, 2014 memo titled, "FEP OPM Global Audit Update," and the updated procedure clarifications to FAM Volume 3. Additionally, we recommend that the contracting officer require the Association to closely monitor and evaluate the plans' claim payment reconciliation process and determine if additional procedures should be added to ensure final payments made by plans balance with the amounts paid in FEP Direct.

IV. MAJOR CONTRIBUTORS TO THIS REPORT

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V. SCHEDULES

GLOBAL AUDIT OF POTENTIAL DUPLICATE OVERPAYMENTS
BLUECROSS AND BLUESHIELD PLANS

SUMMARY OF SAMPLE SELECTIONS BY PLAN

			BEST MATCHES			NEAR MATCHES			INPATIENT FACILITY CLAIMS			TOTAL	
Site Number	Plan Name	State	Duplicate Groups	Duplicate Claim Lines	Potential Duplicate Amount	Duplicate Groups	Duplicate Claim Lines	Potential Duplicate Amount	Duplicate Groups	Duplicate Claims	Potential Duplicate Overpayments	Duplicate Groups	Potential Duplicate Amount
003	BlueCross BlueShield of New Mexico (HCSC)	NM	72	168	$55,208	82	95	$55,051	1	1	$4,098	155	$114,357
005	WellPoint BlueCross BlueShield of Georgia	GA	233	238	$228,173	438	520	$262,964	16	17	$609,122	687	$1,100,259
006	CareFirst BlueCross BlueShield (Maryland Service Area)	MD	833	986	$900,026	782	921	$519,334	13	13	$63,200	1,628	$1,482,560
007	BlueCross BlueShield of Louisiana	LA	151	156	$139,617	182	215	$175,757	23	23	$91,815	356	$407,190
009	BlueCross BlueShield of Alabama	AL	184	320	$154,968	297	358	$263,652	5	5	$14,863	486	$433,482
010	BlueCross of Idaho Health Service	ID	16	20	$11,215	17	20	$23,171	0	0	$0	33	$34,386
011	BlueCross BlueShield of Massachusetts	MA	112	194	$71,470	209	269	$141,328	15	16	$46,167	336	$258,966
012	BlueCross BlueShield of Western New York	NY	17	20	$10,642	29	36	$19,810	1	1	$1,068	47	$31,520
013	Highmark BlueCross BlueShield	NY	361	450	$469,125	409	491	$293,234	7	7	$145,427	777	$907,786
015	BlueCross BlueShield of Tennessee	TN	300	387	$275,193	318	393	$322,625	23	23	$177,011	641	$774,829
016	BlueCross BlueShield of Wyoming	WY	25	25	$20,101	32	40	$30,192	0	0	$0	57	$50,293
017	BlueCross BlueShield of Illinois (HCSC)	IL	434	1,141	$358,986	485	795	$357,055	13	14	$66,769	932	$782,810
021	WellPoint BlueCross BlueShield of Ohio	OH	445	1,027	$323,249	478	573	$413,755	12	13	$82,173	935	$819,178
024	BlueCross BlueShield of South Carolina	SC	17	36	$10,869	47	68	$28,464	5	5	$77,758	69	$117,092
027	WellPoint BlueCross BlueShield of New Hampshire	NH	82	85	$61,242	158	189	$109,637	0	0	$0	240	$170,879
028	BlueCross BlueShield of Vermont	VT	28	51	$16,224	11	11	$6,255	0	0	$0	39	$22,479
029	BlueCross BlueShield of Texas (HCSC)	TX	1,436	2,644	$1,410,882	1,883	3,070	$1,778,409	44	44	$252,832	3,363	$3,442,123
030	WellPoint BlueCross BlueShield of Colorado	CO	163	197	$167,149	257	316	$196,605	4	4	$57,342	424	$421,096
031	Wellmark BlueCross BlueShield of Iowa	IA	51	74	$29,267	35	40	$24,556	17	17	$57,817	103	$111,640
032	BlueCross BlueShield of Michigan	MI	152	380	$83,126	126	201	$90,228	3	3	$5,081	281	$178,436
033	BlueCross BlueShield of North Carolina	NC	463	482	$367,135	263	295	$256,794	9	9	$80,696	735	$704,625
034	BlueCross BlueShield of North Dakota	ND	29	41	$16,064	22	30	$19,143	1	1	$2,831	52	$38,039
036	Capital BlueCross	PA	33	35	$26,915	44	57	$36,028	2	2	$147,679	79	$210,622
037	BlueCross BlueShield of Montana (HCSC)	MT	23	42	$19,651	28	30	$21,026	4	4	$41,198	55	$81,874
038	BlueCross BlueShield of Hawaii	HI	4	4	$2,215	14	15	$10,766	0	0	$0	18	$12,981
039	WellPoint BlueCross BlueShield of Indiana	IN	159	299	$168,423	145	189	$105,664	2	2	$19,530	306	$293,617
040	BlueCross BlueShield of Mississippi	MS	133	153	$86,663	180	275	$187,986	3	3	$10,915	316	$285,563
041	Florida Blue	FL	1,288	1,320	$1,012,611	741	917	$589,966	16	16	$167,801	2,045	$1,770,379
042	BlueCross BlueShield of Kansas City (Missouri)	MO	86	96	$102,073	141	143	$306,239	2	2	$2,232	229	$410,543
043	Regence BlueShield of Idaho	ID	0	0	$0	2	2	$1,070	0	0	$0	2	$1,070
044	BlueCross BlueShield of Arkansas	AR	95	111	$62,043	80	94	$50,338	2	2	$7,493	177	$119,873
045	WellPoint BlueCross BlueShield of Kentucky	KY	149	546	$104,110	168	349	$104,828	0	0	$0	317	$208,938
047	WellPoint BlueCross BlueShield United of Wisconsin	WI	218	345	$172,383	401	511	$314,898	0	0	$0	619	$487,280
048	Empire BlueCross BlueShield (WellPoint)	NY	177	257	$229,292	694	1,140	$1,054,663	8	8	$113,366	879	$1,397,321
049	Horizon BlueCross BlueShield of New Jersey	NJ	489	532	$461,318	621	769	$611,667	13	13	$72,064	1,123	$1,145,049
050	WellPoint BlueCross BlueShield of Connecticut	CT	62	75	$55,703	159	179	$120,930	0	0	$0	221	$176,633
052	WellPoint BlueCross of California	CA	64	90	$65,105	71	76	$60,695	5	6	$18,006	140	$143,806
053	BlueCross BlueShield of Nebraska	NE	69	130	$36,538	52	57	$38,511	8	8	$31,091	129	$106,141
054	Mountain State BlueCross BlueShield	WV	91	101	$88,660	80	91	$71,360	1	1	$1,156	172	$161,176
055	Independence BlueCross	PA	40	44	$36,551	67	80	$66,077	14	15	$39,724	121	$142,352
056	BlueCross BlueShield of Arizona	AZ	164	177	$152,162	294	329	$222,159	12	12	$51,069	470	$425,390
058	Regence BlueCross BlueShield of Oregon	OR	132	143	$81,660	142	159	$97,771	2	2	$28,905	276	$208,337
059	WellPoint BlueCross BlueShield of Maine	ME	36	58	$21,472	78	88	$58,988	0	0	$0	114	$80,460
060	BlueCross BlueShield of Rhode Island	RI	16	21	$9,137	68	77	$45,241	0	0	$0	84	$54,378
061	Wellpoint BlueCross BlueShield of Nevada	NV	78	87	$54,937	116	141	$73,485	3	3	$12,401	197	$140,823
062	WellPoint BlueCross Blue Shield of Virginia	VA	339	392	$231,757	529	593	$415,054	22	22	$140,260	890	$787,071
064	Excellus BlueCross BlueShield of the Rochester Area	NY	64	79	$42,450	52	63	$41,623	2	2	$2,288	118	$86,360
066	Regence BlueCross BlueShield of Utah	UT	117	130	$84,525	142	181	$116,737	2	2	$30,003	261	$231,264

GLOBAL AUDIT OF POTENTIAL DUPLICATE OVERPAYMENTS
BLUECROSS AND BLUESHIELD PLANS

SUMMARY OF SAMPLE SELECTIONS BY PLAN

			BEST MATCHES			NEAR MATCHES			INPATIENT FACILITY CLAIMS			TOTAL	
Site Number	**Plan Name**	**State**	**Duplicate Groups**	**Duplicate Claim Lines**	**Potential Duplicate Amount**	**Duplicate Groups**	**Duplicate Claim Lines**	**Potential Duplicate Amount**	**Duplicate Groups**	**Duplicate Claims**	**Potential Duplicate Overpayments**	**Duplicate Groups**	**Potential Duplicate Amount**
067	BlueShield of California	CA	242	251	$166,112	549	627	$431,706	0	0	$0	791	$597,818
068	Triple-S Salud, Inc of Puerto Rico	PR	14	16	$8,755	4	8	$7,727	0	0	$0	18	$16,483
069	Regence BlueShield (Washington)	WA	91	95	$55,056	83	87	$59,723	0	0	$0	174	$114,780
070	BlueCross BlueShield of Alaska	AK	127	154	$94,246	208	269	$224,257	4	4	$7,826	339	$326,329
074	Wellmark BlueCross BlueShield of South Dakota	SD	10	29	$4,161	27	31	$16,097	0	0	$0	37	$20,258
075	Premera BlueCross	WA	75	95	$62,795	86	98	$65,780	14	14	$205,945	175	$334,520
076	WellPoint BlueCross BlueShield of Missouri	MO	146	204	$86,171	147	191	$101,773	0	0	$0	293	$187,944
078	BlueCross BlueShield of Minnesota	MN	383	1,570	$326,027	118	336	$87,725	11	11	$110,537	512	$524,289
079	Excellus BlueCross BlueShield of Central New York	NY	13	14	$7,769	18	19	$10,321	0	0	$0	31	$18,090
082	BlueCross BlueShield of Kansas	KS	20	21	$7,602	43	44	$22,878	0	0	$0	63	$30,480
083	BlueCross BlueShield of Oklahoma (HCSC)	OK	310	714	$255,649	596	4,089	$389,844	5	5	$10,742	911	$656,235
084	Excellus BlueCross BlueShield of Utica-Watertown	NY	7	7	$2,966	13	14	$26,074	0	0	$0	20	$29,040
085	CareFirst BlueCross BlueShield (DC Service Area)	DC	1,197	1,417	$1,031,791	1,810	2,033	$1,236,789	26	26	$114,622	3,033	$2,383,202
088	BlueCross of Northeastern Pennsylvania	PA	3	3	$1,948	16	18	$14,985	2	2	$89,142	21	$106,075
089	BlueCross BlueShield of Delaware	DE	38	49	$33,927	35	42	$25,009	0	0	$0	73	$58,936
092	CareFirst BlueCross BlueShield (Overseas Area)	DC	19	19	$9,827	77	120	$61,775	3	4	$9,116	99	$80,718
TOTALS			**12,425**	**19,047**	**$10,743,086**	**15,499**	**23,577**	**$12,994,256**	**400**	**407**	**$3,321,180**	**28,324**	**$27,058,522**

Number of BCBS Plans Reviewed = 64

GLOBAL AUDIT OF DUPLICATE CLAIM PAYMENTS
BLUECROSS AND BLUESHIELD PLANS

SUMMARY OF QUESTIONED CHARGES BY PLAN

Site Number	Plan Name	State	BEST MATCHES		NEAR MATCHES		INPATIENT MATCHES		TOTAL QUESTIONED			
			No. of Dup Payments	Overpayment Amount	No. of Dup Payments	Overpayment Amount	No. of Dup Payments	Overpayment Amount	No. of Dup Payments	Overpayment Amount	Plan Agrees	Plan Disagrees
003	BlueCross BlueShield of New Mexico (HCSC)	NM	44	$25,184	3	$2,148	0	$0	47	$27,332	$11,625	$15,708
005	WellPoint BlueCross BlueShield of Georgia	GA	32	$31,279	28	$32,526	1	$1,132	61	$64,936	$54,191	$10,745
006	CareFirst BlueCross BlueShield (Maryland Service Area)	MD	694	$771,055	87	$94,174	10	$34,993	791	$900,222	$883,897	$16,324
007	BlueCross BlueShield of Louisiana	LA	129	$104,237	130	$117,788	16	$47,336	275	$269,361	$110,252	$159,109
009	BlueCross BlueShield of Alabama	AL	119	$53,314	63	$72,850	5	$6,198	187	$132,363	$126,577	$5,785
010	BlueCross of Idaho Health Service	ID	14	$6,590	4	$1,719	0	$0	18	$8,309	$8,309	$0
011	BlueCross BlueShield of Massachusetts	MA	20	$6,967	17	$9,346	1	$13,958	38	$30,271	$28,370	$1,901
012	BlueCross BlueShield of Western New York	NY	14	$7,258	5	$6,396	0	$0	19	$13,654	$13,182	$471
013	Highmark BlueCross BlueShield	NY	196	$130,479	61	$55,770	2	$20,510	259	$206,760	$194,203	$12,557
015	BlueCross BlueShield of Tennessee	TN	161	$141,914	83	$121,980	14	$132,113	258	$396,007	$360,818	$35,189
016	BlueCross BlueShield of Wyoming	WY	1	$1,448	1	$361	0	$0	2	$1,809	$1,809	$0
017	BlueCross BlueShield of Illinois (HCSC)	IL	124	$83,796	73	$59,296	4	$24,101	201	$167,193	$139,472	$27,721
021	WellPoint BlueCross BlueShield of Ohio	OH	222	$133,881	78	$64,264	2	$5,273	302	$203,418	$185,365	$18,052
024	BlueCross BlueShield of South Carolina	SC	4	$3,807	5	$4,012	3	$33,696	12	$41,515	$41,515	$0
027	WellPoint BlueCross BlueShield of New Hampshire	NH	16	$18,269	16	$15,141	0	$0	32	$33,410	$22,536	$10,874
028	BlueCross BlueShield of Vermont	VT	11	$4,983	3	$1,467	0	$0	14	$6,449	$6,449	$0
029	BlueCross BlueShield of Texas (HCSC)	TX	421	$277,132	207	$191,302	1	$4,108	629	$472,541	$324,845	$147,696
030	WellPoint BlueCross BlueShield of Colorado	CO	111	$106,124	44	$32,572	1	$40	156	$138,736	$109,845	$28,891
031	Wellmark BlueCross BlueShield of Iowa	IA	16	$6,372	9	$6,925	1	$410	26	$13,706	$12,913	$793
032	BlueCross BlueShield of Michigan	MI	61	$31,569	31	$12,701	1	$6,784	93	$51,054	$45,887	$5,168
033	BlueCross BlueShield of North Carolina	NC	387	$261,240	148	$168,117	3	$8,612	538	$437,969	$422,620	$15,349
034	BlueCross BlueShield of North Dakota	ND	6	$4,396	2	$1,566	1	$2,891	9	$8,852	$5,260	$3,593
036	Capital BlueCross	PA	13	$7,084	19	$14,432	0	$0	32	$21,515	$18,087	$3,428
037	BlueCross BlueShield of Montana (HCSC)	MT	2	$783	3	$3,009	1	$2,612	6	$6,404	$3,956	$2,448
038	BlueCross BlueShield of Hawaii	HI	0	$0	1	$650	0	$0	1	$650	$650	$0
039	WellPoint BlueCross BlueShield of Indiana	IN	68	$96,359	42	$26,614	0	$0	110	$122,973	$117,675	$5,298
040	BlueCross BlueShield of Mississippi	MS	33	$25,869	1	$576	3	$4,156	37	$30,601	$30,601	$0
041	Florida Blue	FL	439	$334,347	347	$195,096	10	$192,412	796	$721,855	$634,026	$87,829
042	BlueCross BlueShield of Kansas City (Missouri)	MO	50	$69,124	46	$219,556	2	$2,232	98	$290,912	$204,741	$86,171
043	BlueShield of Idaho	ID	0	$0	0	$0	0	$0	0	$0	$0	$0
044	BlueCross BlueShield of Arkansas	AR	65	$41,146	14	$13,216	1	$4,743	80	$59,105	$50,171	$8,934
045	WellPoint BlueCross BlueShield of Kentucky	KY	380	$54,657	39	$21,793	0	$0	419	$76,450	$68,572	$7,878
047	WellPoint BlueCross BlueShield United of Wisconsin	WI	38	$26,082	19	$17,760	0	$0	57	$43,842	$43,538	$304
048	Empire BlueCross BlueShield (WellPoint)	NY	63	$74,562	91	$85,468	3	$6,721	157	$166,752	$165,445	$1,307
049	Horizon BlueCross BlueShield of New Jersey	NJ	324	$219,569	108	$113,568	10	$22,672	442	$355,809	$337,812	$17,996
050	WellPoint BlueCross BlueShield of Connecticut	CT	29	$25,597	23	$11,740	0	$0	52	$37,337	$36,757	$580
052	WellPoint BlueCross of California	CA	37	$42,752	27	$15,717	3	$32,229	67	$90,698	$76,899	$13,799
053	BlueCross BlueShield of Nebraska	NE	25	$9,499	12	$6,498	0	$0	37	$15,997	$2,000	$13,997
054	Mountain State BlueCross BlueShield	WV	58	$56,727	10	$6,856	1	$1,156	69	$64,739	$45,241	$19,497
055	Independence BlueCross	PA	13	$4,143	17	$24,939	2	$986	32	$30,068	$28,157	$1,911
056	BlueCross BlueShield of Arizona	AZ	24	$13,508	25	$16,966	2	$18,669	51	$49,143	$48,524	$619
058	Regence BlueCross BlueShield of Oregon	OR	44	$39,110	22	$15,436	2	$44,473	68	$99,020	$88,659	$10,361
059	WellPoint BlueCross BlueShield of Maine	ME	7	$3,024	10	$6,376	0	$0	17	$9,400	$7,318	$2,082
060	BlueCross BlueShield of Rhode Island	RI	3	$2,216	4	$2,894	0	$0	7	$5,111	$5,111	$0
061	Wellpoint BlueCross BlueShield of Nevada	NV	40	$28,822	9	$6,219	2	$1,484	51	$36,525	$36,525	$0
062	WellPoint BlueCross Blue Shield of Virginia	VA	186	$122,588	94	$62,778	9	$54,849	289	$240,214	$226,019	$14,196
064	Excellus BlueCross BlueShield of the Rochester Area	NY	57	$32,389	8	$3,404	0	$0	65	$35,793	$22,484	$13,310
066	Regence BlueCross BlueShield of Utah	UT	75	$53,292	37	$30,599	0	$0	112	$83,891	$40,013	$43,878

GLOBAL AUDIT OF DUPLICATE CLAIM PAYMENTS
BLUECROSS AND BLUESHIELD PLANS

SUMMARY OF QUESTIONED CHARGES BY PLAN

Site Number	Plan Name	State	BEST MATCHES		NEAR MATCHES		INPATIENT MATCHES		TOTAL QUESTIONED		Plan Agrees	Plan Disagrees
			No. of Dup Payments	Overpayment Amount	No. of Dup Payments	Overpayment Amount	No. of Dup Payments	Overpayment Amount	No. of Dup Payments	Overpayment Amount		
067	BlueShield of California	CA	52	$42,520	60	$40,171	0	$0	112	$82,692	$49,200	$33,492
068	Triple-S Salud, Inc of Puerto Rico	PR	16	$9,877	9	$7,737	0	$0	25	$17,615	$10,969	$6,645
069	Regence BlueShield (Washington)	WA	54	$38,566	47	$26,689	0	$0	101	$65,254	$63,575	$1,680
070	BlueCross BlueShield of Alaska	AK	30	$20,665	6	$2,214	1	$1,625	37	$24,504	$16,079	$8,424
074	Wellmark BlueCross BlueShield of South Dakota	SD	3	$1,593	4	$1,025	0	$0	7	$2,618	$2,234	$384
075	Premera BlueCross	WA	21	$11,425	11	$8,635	7	$10,949	39	$31,009	$21,815	$9,193
076	WellPoint BlueCross BlueShield of Missouri	MO	53	$27,333	18	$12,081	0	$0	71	$39,414	$38,646	$768
078	BlueCross BlueShield of Minnesota	MN	33	$18,767	8	$7,399	0	$0	41	$26,166	$16,838	$9,327
079	Excellus BlueCross BlueShield of Central New York	NY	10	$4,675	3	$1,932	0	$0	13	$6,607	$6,607	$0
082	BlueCross BlueShield of Kansas	KS	5	$1,961	2	$1,774	0	$0	7	$3,735	$3,385	$350
083	BlueCross BlueShield of Oklahoma (HCSC)	OK	115	$91,769	438	$36,343	1	$5,568	554	$133,680	$87,314	$46,366
084	Excellus BlueCross BlueShield of Utica-Watertown	NY	1	$4,878	1	$641	0	$0	2	$5,519	$5,519	$0
085	CareFirst BlueCross BlueShield (DC Service Area)	DC	1,026	$649,103	272	$369,164	12	$32,015	1,310	$1,050,282	$1,011,518	$38,765
088	BlueCross of Northeastern Pennsylvania	PA	1	$351	6	$5,982	0	$0	7	$6,333	$6,333	$0
089	BlueCross BlueShield of Delaware	DE	21	$11,238	12	$7,069	0	$0	33	$18,307	$13,756	$4,551
092	CareFirst BlueCross BlueShield (Overseas Area)	DC	13	$6,681	53	$37,388	0	$0	66	$44,070	$41,233	$2,837
TOTALS			**6,330**	**$4,535,946**	**3,076**	**$2,560,822**	**138**	**$781,705**	**9,544**	**$7,878,473**	**$6,843,942**	**$1,034,531**

Number of BCBS Plans with Overpayments = 63

APPENDIX

BlueCross BlueShield Association

An Association of lndependent Blue Cross and Blue Shield Plans

Federal Employee Program
1310 G. Street, NW
Washington, DC 20005
202.942.1000
Fax 202.942.1125

November 8, 2013

[redacted]
Group Chief
Experience-Rated Audits Group
Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, Room 6400
Washington, DC 20415-1100

Reference: **OPM DRAFT AUDIT REPORT**
Global Duplicate Claim Payments
Audit Report # 1A-99-00-13-061

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:

Potential Duplicate Claim Payments **$27,058,522**

For the period January 1, 2011 through May 31, 2013, OPM OIG selected and reviewed 28,324 groups, totaling $27,058,522 (out of 1,345,874 groups, totaling $68,084,141) in potential duplicate claim payments. OPM OIG sample selections included all groups with potential duplicate payments of $250 or more under the "best matches" criteria, $350 or more under the "near matches" criteria, and $1,000 or more under the "inpatient facility duplicate" criteria.

Recommendation 1:

The OPM OIG recommended that the contracting officer disallow $27,058,522 in potential duplicate claim payments charged to the FEHBP, and verify that the BCBS plans return all amounts recovered to the FEHBP.

BCBSA Response to Recommendation 1:

BCBS Plans reviewed the potential duplicate claim payments questioned by OPM OIG and agreed that $4,596,195 in claim payment errors occurred. Of the confirmed payment errors, Plans have recovered overpayments totaling $1,170,670. Claims totaling $151,902 are still under review. The Plans contest the remaining questioned duplicate claim payment errors totaling $22,462,327. See Attachment A which identifies total confirmed duplicates and the amount recovered by each Plan

location. Where possible, recovery has been initiated on the remaining confirmed overpayments.

Of the $22,462,137 in contested claim payments, $586,717 in duplicate claim payments are contested because recovery of the duplicate claim payment was initiated prior to the start of the audit or no payment was ever issued to the Provider. The remaining questioned claims totaling $21,875,610 are contested due to the following:

- The claims were for the same provider who performed multiple procedures for 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 per 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:

The 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:

BCBSA and BCBS Plans provided the documentation to support claims questioned as requested by OPM OIG.

Recommendation 3:

The OPM OIG recommended that the contracting officer instruct the Association to verify and support that all BCBS plans are implementing the corrective actions.

BCBSA Response to Recommendation 3:

BCBSA and Plans continue to implement an action plan to prevent duplicate payments from occurring as well as identify potential duplicate claims in the post payment review process if a duplicate payment has occurred. The action plan includes developing additional duplicate code logic to identify potential duplicate claims prior to payment as well as modifying the FEP post payment duplicate claim payment reports to more closely align with the OPM OIG global duplicate claims listings.

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]

[redacted], CISA
Managing Director, FEP Program Assurance

Attachment