



September 12, 2016

I wanted to share some other exciting news. Our staff has grown quite a bit the past four weeks. We've added 8 new faces to our existing staff so when you call in, you might get a new voice on the other end. We knew that we would need to have plenty of staff on hand to work through the fourth quarter this year and into next year. We talked through it as a team and decided to move full speed ahead with the idea. We have added several auditors, some additional customer service staff to man our benefits and eligibility line and we've really beefed up the Accounting Department. In fact, our accounting team has gone from a team of 4 to a team of 8 and a half! We can't wait for all the great conveniences we will be able to rollout to our clients as a result of this increased staff.

A familiar face has returned to the company with whom many of you have worked in the past. Kim Hildreth worked for BEN-E-LECT for many years before leaving California last year. Kim was our pharmacy expert prior to leaving and she was not an easy person to replace. Luckily, Kim has returned to the area and she has rejoined the company in our Administration department. We welcome her and consider ourselves fortunate to have her back!

#### **Audit Results:**

We've mentioned a few times that BEN-E-LECT had been undergoing a fairly extensive audit which included a very important block of business. The audit is complete and the results were great. I will summarize the areas audited and results below.

The auditors had access to our system and went through our EDHP block for two weeks prior to the onsite audit. Specific areas audited were:

- Quoting and New Business Submission to include quoting/proposal activity, enrollment, rate entry, plan code assignment to members, id card production, certificate/SPD production and template Plan documents prepared, first month's premium collection and deposit, first month's billing produced and administration kit sent to client.
- Customer Service Quality Assurance.
- Eligibility and billing for existing clients to include timely and late add on process, dependent changes, plan change procedures at the group and member level, participation reviews due to fluctuation in enrollment, billing, collection, deposit, termination for non-payment, and reinstatement processes.
- Partner contracting, prescription drug vendors and RBP evaluation.
- Group renewal and rate notification process to include system functionality to track groups meeting renewal timing criteria, ability to provide us with by member data at renewal with ICD10 and CPT data in chronological order, letter production and mailing process in place so clients receive timely notification as requirement by law and contracts, participation review process in place utilizing wage and tax document review and alternate quoting functionality in the renewal letter notification.
- Claims adjudication Processes and results (claim receipt capabilities-EDI/paper, repricing process, utilization review program, case management program/parameters, TAT on clean claims, accuracy and volume percentages, audit procedures, auto adjudication processes and volumes, recovery process, fraud investigation and remedies, Misrepresentation/Fraud investigation process and consistent, non-discriminatory trigger criteria present, ability to properly track paid plan claims to know on a constant basis if an excess claim should be filed for specific and/or a monthly aggregate excess loss claim, ability to produce 50% and trigger notice reports as required by the carrier and for proper reserving).
- Compliance & Regulatory Research Procedures and Processes Present (Federal and State compliance maintenance and rating compliance tracking mechanisms in place, agent licensing and appointment process, Employee and agent access to PHI

- Technology, Reporting, and Financial Services (Web access, treaty/block level reporting capabilities, Premium reporting and allocation of funds capabilities, ability to track employer claim account funds without violating commingling regulations)
- Customer Service staff, processes, procedures
- Appeals and Grievance Processes and Procedures in place
- Employee Training/Feedback and Auditing Programs (ability to handle growth and ongoing training and auditing requirements)
- Other categories and review areas not noted above, specific financial controls in place and separation of duties, as well as technical case/employer group audit testing

### **Summarized feedback-**

Audit staff conducted detailed employer group audits and review of processes for inforce cases for several plan years. Case selections were for those with the highest premium volumes and for several plan years. Carrier rates and eligibility for joint clients were audited for accuracy between the MGU operating system and premium posting process and were tied through the BE operations, reporting, and finance systems and bank accounts including review of bank account reconciliations.

**Conclusion of all group testing results**, which consisted of multiple audits, for multiple plan years, conducted by multiple auditors, on ten of the largest accounts with a special focus on two of the largest and oldest accounts:

All groups tested were accurate and reconciled for billing remittances to MGU.

All groups tested had claim funds 'credited' to the group's claim account balancing in Eldorado properly.

All groups tested had remittances traced to BE's primary bank account and reconciliation of the accounts were made without exception.

Any discrepancies discovered in the initial billing rates were already discovered prior to our review by internal BE staff and corrected. The corrected billings were sent in the previous plan years to the groups. The corrected billings were also submitted to MGU for audit and all MGU rates then matched BE billings sent to clients and all funds tied out.

### **Summary Findings:**

Based upon the audit review, observations, documents reviewed in MGU offices, the onsite visit to the BE offices, the process and procedural reviews, interviews conducted, the signed BE TPA Attestation, the technical case audits, and the changes already implemented at BEN-E-LECT, MGU views BEN-E-LECT as a TPA in good standing. We feel they exhibit the necessary knowledge and high quality standards and commitment to our customers expected of our approved Third Party Administrators. They also exhibit a continued desire to continuously improve their organization.

This feedback from the MGU and outside audit firm was certainly expected and welcomed. We received great suggestions and recommendations for efficiencies which were extremely valuable and we look forward to receiving more as we continue to grow and move forward.

As a wrap up, I wanted to remind you that we have an EDHP 4<sup>th</sup> Quarter Bonus Program in place which can earn you up to \$4,000 per case. We've already got a few checks to cut and look for more to come!

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