

## Nebraska State Employees' Health Insurance Performance Audit Objective

The objective of this performance audit is to provide a comparison of costs of various government health insurance plans and member information for fiscal year ending June 30, 2010 and the current fiscal year ending June 30, 2011.

## Nebraska State Employees' Health Insurance Performance Audit Scope

This performance audit scope is intended to provide a broad view, comparison, and analysis of Nebraska employees' health insurance plans. As such, the performance audit will:

- Compare and analyze the employees' health insurance plan designs, both self-insured and fully insured plans, regarding premiums, deductibles, coverage, and etc. for the State of Nebraska, University of Nebraska, Educators Health Alliance (EHA) for Nebraska schools, other States, and other Nebraska political subdivisions.
- Compare and analyze the administrative fees and cost for University of Nebraska and Nebraska State Plan. Conclude as to whether statements made by BCBS are valid, such as, State administrative fees are higher because State employees are older and State employees go to the doctor more often.
- Compare and analyze insurance procedure code usage and prescription drug usage between Nebraska State Plan and University Plan to determine where there are significant differences and explanations for such. This will assist in determining if there is an explanation for the difference in cost between the plans.
- Compare and analyze provider payments by procedure code to determine if rates are the same between the University of Nebraska and Nebraska State Plan plans and within the individual plans.
- Analyze medical and prescription drug claims over the Stop Loss insurance deductible and compare to the insurance premium to determine if it is helping to minimize the cost of the plan.
- The audit will be conducted in accordance with, ***Government Auditing Standards (July 2007 Revision), also known as Yellow Book***, published by the U.S. Government Accountability Office.

## Nebraska State Employees' Health Insurance Performance Audit Plan

To accomplish this Performance Audit, the APA will need to obtain the detailed file of medical and drug claims from all parties, State of Nebraska, University, Nebraska State Patrol, and Nebraska State Colleges, involved at no cost to the APA. The APA will not be receiving claims data from any other state. The file/s must contain the following fields, and the identity of the employees will not be reflected. See example of file columns on the attached page.

We will review the data files and compare the highest billing by ID to:

- Determine the number and amount that exceed the Stop Loss deductible.
- Compare dollars between the various Nebraska plans.  
Summarize and compare procedure codes usage and costs between plans.
- Evaluate, test, and summarize procedure codes and providers to determine if same rates are paid for various State plans.

The APA will also:

- Compare Nebraska to other states in cost per employee, types of services provided and other relevant factors.
- Determine to what extent health care costs for employees have changed compared to health care costs for others.
- Show how Nebraska's employee-employer cost sharing formula compares to other states.

In conducting this project, the APA audit team will research applicable laws and regulations and interview key personnel handling or administering State employees health plans and with other units. The audit includes reviewing Plan files and records, and published literature on employee health insurance. Telephone interviews will be conducted with health benefit personnel in other states.

This report will be discussed with appropriate personnel representing the various State employee health plans. A draft copy will be provided to personnel connected to the various State employees' health plans for review and a chance to provide a written response, including any area in which they plan to take corrective action. Pertinent responses will be included in the report as appropriate.

Performance Audit Data File Example

Group Plan	Unique ID Per person to cover ID, Name, Birthday- See Note Below	Claim Number	Incurred Date	Pay To Name	Provider Name	Billed Charge	Allowance	Net Paid Amount	Access Amount	Procedure Code	% of Benefit	Total Benefits
04576	ABC114660	0076937634000	20100315	NEBRASKA SPINE CENTER LLC	ABC MD	244.00	129.26	129.26	0.00	99211	0.85	109.87

Type of Subscriber	Billed Date	Date Processed	Date Paid to Provider	Cleared Date	Co- Insurance Amount	Deductible	Co- Pay	Any other Adjustments
Employee	10/25/09	11/7/2009	11/15/2009	11/25/09	0.00	500.00	20.00	0.00

Note: The Subscriber ID, Last Name, First Name, and Date of Birth can be removed and one unique number can be assigned per person to be used for the file- thereby protecting the identities. The number must be the same each time the person received a claim in order to analyze the Stop Loss benefit. The Procedures and provider names are needed to analyze that the State is paying the same fee to same providers for same procedures as required by the contract.