



# EMPLOYEE BENEFITS CLAIMS ADMINISTRATION CONTRACT FOLLOW-UP REVIEW

Human Resources



## OBJECTIVES

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The objective of this follow-up review was to determine whether the Employee Benefits Division effectively implemented the action plans based on recommendations in the February 2020 audit report.

## BACKGROUND

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On February 18, 2020, we issued a report on our audit of the Employee Benefits Claims Administration Contract. The objective of the audit was to determine whether effective controls were in place to ensure the City's contract with Cigna Healthcare is monitored for accuracy and compliance, and that the performance expectations described in the contract are being met. The audit report included four recommendations to further improve controls to ensure medical claims are processed and paid properly, performance guarantees are met, and audit limitations are appropriate. The department agreed with the recommendations and developed action plans to implement the recommended changes.

## CONCLUSION

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All recommendations have been implemented and are summarized in the following table:

Recommendations	Status
<b>1-1:</b> Employee Benefits Division staff should routinely test processed claims for accuracy and compliance with Mesa's Plan. They should also consider using data analytics to identify trends and anomalies which may warrant further investigation.	✓
<b>1-2:</b> An independent audit should be performed to ensure claims are processed accurately and in compliance with the City's Plan.	✓
<b>1-3:</b> When negotiating a new contract or contract renewals, the audit provisions should be revised to allow the City to appropriately and effectively audit the services provided under the contract.	✓
<b>2-1:</b> The Employee Benefits Division should verify the accuracy of performance results reported by Cigna. If verification is not possible, compensating controls should be implemented, such as requesting additional reports and/or supporting documentation or analyzing other available data to provide some level of independent assurance that expectations are being met.	✓



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