

**THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA
HEALTH SERVICE PLAN
Review of the Administration of the
Osceola Health Service Plan
by Aither Health
For The Contract Year Ended
September 30, 2022**

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ACKNOWLEDGMENTS

We would like to extend our appreciation to the employees of Osceola and Aither Health for their professionalism, dedication, and effort to ensuring the attached document represents a complete, thorough, and accurate review.

EXECUTIVE SUMMARY

To the School District of Osceola County, Florida
817 Bill Beck Blvd.
Kissimmee, Florida 34744

You engaged Withum (us, we, our) to perform a review of the administration of the School District of Osceola County, Florida Health Service Plan (Plan) by Aither Health (TPA). Our engagement covered claims that were paid by the TPA that were incurred during the period from October 1, 2021 through March 31, 2023 (Engagement Period).

We conducted the engagement in accordance with the Statement on Standards for Consulting Services and the Code of Professional Conduct issued by the American Institute of Certified Public Accountants (AICPA).

The engagement was designed by you with our assistance to achieve two objectives and was later modified to include a third objective. The first objective was to evaluate the accuracy of the administration of medical claims paid by the TPA during the engagement period to mitigate the risk of material financial loss to the School District of Osceola County, Florida (District). In order to achieve this objective, the District focused testing on the pricing of claims, administration of patient liability, as well as exclusions and limitations. It also included a review for duplicate payment of claims. The second objective was to determine the current claims backlog as of March 31, 2023 in order to mitigate the risk of untimely payment of claims and runout that exceeds the TPA's six (6) month runout contract. The third and final objective was to determine if the payments contained within the detailed claims register for the period under review agreed to the payments made by Zelis on behalf of the Plan.

The outcome of our electronic assessment of claims administration revealed that the accuracy of the application of patient liability, exclusions and limitations, as well as duplicate claim payments, adhered to industry standards. However, we encountered data issues with the third-party pricing service, preventing us from validating the pricing of claims and the claims backlog. Nonetheless, we successfully reconciled payments in the claims dataset with the detailed check register, with the exception of two vendors, which underwent a separate process overseen by representatives of the District.

Based on the findings of our engagement, we recommend refunding member overpayments and conducting a more thorough evaluation of the third-party pricing service. Although we would generally also recommend pursuing the claim overpayments related to the payment of exclusions and limitations as well as the duplicate claim payments, given the contract with the TPA has expired, we do not believe this would be cost effective and, therefore, would recommend no further action with respect to these claims.

Had we performed additional procedures to those outlined in this report, other matters might have come to our attention that would be reported to you. This report concludes our engagement.

We appreciate the opportunity to conduct the healthcare consulting engagement for the School District of Osceola County, Florida and would be pleased to further assist you in addressing any concerns you may have.

DISCLAIMER

Our engagement was conducted in accordance with the Statement on Standards for Consulting Services and the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. Such services are not intended to represent an audit, examination, attestation, financial forecast or projection, special report or agreed-upon procedures engagement as those services are defined in AICPA literature applicable to such engagements, which generally results in an opinion being rendered on the subject matter under examination. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School District of Osceola County, Florida Health Service Plan and is not intended to be and should not be used by anyone other than that specific party.

Sincerely,



WithumSmith+Brown, PC
Baltimore, Maryland

ENGAGEMENT REPORT

CLAIMS ADMINISTRATION

Scope

Claims that were processed and paid by the TPA during the period from October 1, 2021 through March 31, 2023.

Objective

To evaluate the accuracy of the administration of medical claims paid by the TPA during the engagement period to mitigate the risk of material financial loss to the Plan.

Procedures

We obtained a detailed claims file from the TPA, which contained 98,651 medical claims that totaled approximately \$50.8 million in claim payments for the engagement period, and performed a 100% electronic claims analysis using our proprietary software for the purpose of identifying claim payment anomalies. The accuracy of this analysis is highly dependent on the quality and quantity of claims data provided by the TPA. Our analysis was designed to evaluate the application of patient liability, identify instances where payment for services were duplicated, and determine whether the following plan benefit exclusions and limitations were improperly covered by the Plan.

Acupuncture	Impregnation and Infertility Treatment
Administrative Costs	Long Term Care
Alternative Medicine	Massage Therapy
Biofeedback	Non-Prescription Drugs
Cosmetic Surgery	Obesity Related Care and Treatment Including Bariatric Surgery
Custodial Care	Occupational Injuries
Foreign Travel	Orthosis and Orthotic Devices
Government-Operated Facilities	Personal Convenience Items
Hair Pieces	Private Duty Nursing
Hearing Aids and Implantable Hearing Devices	Sexual Dysfunction Treatment
Hypnosis	Sterilization Reversal
Injuries or Illnesses Related to Illegal Acts	Travel
Injuries or Illnesses Related to Illegal Drug Use	Vision Care
Injuries or Illnesses Related to Professional Athletics	Vitamins
Injuries or Illnesses Related to War or Riot	

We also obtained a detailed claims file from Evolutions Health (Evolutions), the third-party pricing service, for the engagement period. We validated the data feed against control totals provided by Evolutions to us and matched it against the claims processed and paid by the TPA in order to determine if the claims were properly priced by the TPA.

Findings

The following tables depict our findings:

Audit Area	Number of Members	Number of Claims	Plan Overpayment / (Underpayments)
Application of Patient Liability Member Underpayments ¹	1,034	1,472	\$90,551
Member Overpayments ²	2,257	5,028	(\$145,116)
Duplicate Payment		54	\$15,133
Exclusions & Limitations		53	\$5,270
Pricing of Claims		N/A	Unable to Test – See Note Below

We met with the TPA and validated the claim payment errors for each of the areas listed above. The amounts reported represent the claims we deemed to be in error based on the overall testing that was performed.

Additional Information Related to Application of Patient Liability

- 1 The misapplication of patient liability, leading to member underpayments and plan overpayments was primarily attributed to the failure to apply deductible or coinsurance. On average, member underpayments amounted to approximately \$85.
- 2 The misapplication of patient liability, leading to member overpayments and plan underpayments was primarily a result of improper copayment application. On average, member overpayments amounted to approximately \$65.

Pricing of Claims

The claims data feed provided by Evolutions contained duplicate records and erroneous data, which rendered our testing results invalid. We worked with Evolutions to correct the data issue, but it was unable to resolve the discrepancies. Therefore, we are unable to test the pricing of claims by the TPA.

Recommendation

After thorough analysis and consideration of the findings above, we recommend the following approach:

Application of Patient Liability:

Member Underpayments – We recommend the District waive these underpayments considering the amount, age, and potential disruption to the member.

Member Overpayments – We recommend the District refund member overpayments, net of any underpayments.

Duplicate Payment – We would typically recommend that the District pursue the collection of duplicate payments, but in this instance, we advise against it. Because the contract with the TPA has expired, engaging another party to pursue collection would incur costs that we believe, given the amounts and associated challenges, would outweigh the potential benefits.

Exclusions & Limitations – We would typically recommend that the District pursue the collection of incorrect payment of exclusions and limitations, but again in this instance, we advise against it. Because the contract with the TPA has expired, engaging another party to pursue collection would incur costs that we believe, given the amounts and associated challenges, would outweigh the potential benefits.

Pricing of Claims – Considering the significant issues we uncovered with the data provided by the third-party pricing service provider for the Plan, we strongly recommend the District conduct a more comprehensive analysis of the contract administration and integration process between Evolutions and the new TPA.

CLAIMS BACKLOG

Scope

Claims that were processed and paid by the TPA through March 31, 2023.

Objective

To determine the current claims backlog in order to mitigate the risk of untimely payment of claims and runoff that exceeds the TPA's six (6) month runoff contract.

Procedures

We obtained a detailed data feed from the claims clearinghouse maintained by Evolutions for the engagement period. We validated the data feed against control totals provided by Evolutions to us and matched it against the claims processed and paid by the TPA in order to estimate the backlog as of March 31st.

Findings

Based on the results of our preliminary testing, we determined the claims data feed provided by Evolutions contained duplicate records and erroneous data, which rendered our testing results invalid. We worked with Evolutions to correct the data issue but it was unable to resolve the discrepancies. Therefore, we are unable to estimate the backlog.

Recommendation

Given the data limitations, we suggest that the District rely on the claims backlog report provided by the TPA and closely monitor, investigate, and address any provider complaints received by Evolutions regarding untimely payment.

CLAIM PAID RECONCILIATION

Scope

Claims that were processed and paid by the TPA through March 31, 2023.

Objective

To determine if the payments contained within the detailed claims register agreed to the payments made by Zelis on behalf of the Plan.

Procedures

Using the detailed claims file obtained to evaluate the accuracy of claims processing, we compared the net paid amounts by claim to the amounts paid on the Zelis Reconciliation Report by claim.

Findings

Based on the results of our testing, we determined the payments on the Zelis report agreed to the detailed claim register except for claims that were paid to Pee Jay, Inc. and claims paid to Green Imaging subsequent to October 1, 2022. The TPA reported that claims for these two vendors were paid using a different process, which was corroborated and validated by a representative of the District.

Recommendation

No further action is required with respect to this objective.