



## Community-Rated Carriers Audit Process

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## Development of the Audit Agenda

- **Agenda for the upcoming FY is prepared in July/August**
- **Carrier Risk Assessment Model (CRAM) is used to develop agenda**



## **Development of the Audit Agenda (con't)**

**CRAM shows:**

- **year entered program**
- **last year audited**
- **any RRA audit conducted**
- **premiums paid each year**



## **Development of the Audit Agenda (con't)**

**Use CRAM to:**

- **determine how many years are unaudited**
- **determine how much of the premiums paid are unaudited**



## **Development of the Audit Agenda (con't)**

Carriers are selected for audit based on:

- premiums unaudited
- years since last audit
- audit history
- requests from contracting and OA



## **Development of the Audit Agenda (Con't)**

RRA Audits are determined in March/April  
and are based on:

- premiums (most current year available)
- number of years since last audit
- audit history
- requests from contracting and OA



## **Full Scope Audit**

- **Typically cover 5 years (based on record retention clause in contract)**
- **Audits conducted after rate reconciliation time can include the current year**



## **Full Scope Audit (Con't)**

### **Review of SSSG Selection**

- **All groups are potential SSSGs**
- **Which two groups are closest in contract size?**
- **Do any groups qualify under the exceptions listed in the instructions?**
- **Basically follow the criteria shown in the instructions**



## **Full Scope Audit (Con't)**

### **Review of FEHBP and SSSGs rates**

- **Verify all information used in the rate development to source documentation (i.e., claims and enrollment databases, state filings, rating/underwriting guidelines**
  
- **A rule of thumb, if you use it to develop the rates, save it**



## **Full Scope Audit (Con't)**

### **A word about ACR methodologies:**

- **We want to review the underlying claims or utilization data**
  - **to verify the information used in the rate development, and**
  - **to verify that the data is valid (i.e., appropriate time, actual federal claims, allowable benefits, net of COB, etc.**



## **Full Scope Audit (Con't)**

**A word about ACR methodologies:**

- **Our goal is to gather the supporting claims information from each carrier that uses an ACR methodology each year and to maintain a database that can be used when a particular carrier is audited**



## **Full Scope Audit (Con't)**

**Does an audit close the year?**

- **Basically yes**
  - **Current report language talks about the potential to go back to previously audited years and look at the claims**
  - **Hope to avoid this by getting and reviewing claims up front**



## **Full Scope Audit (Con't)**

**Factors in determining application of a consistent methodology:**

- **Is there a state filed methodology?**
- **Was it followed without deviation?**
- **Did deviations result in a rate advantage to the SSSG?**
- **Was the FEHBP given the same advantage?**
- **Treat FEHBP like the SSSGs**



## **Full Scope Audit (Con't)**

**Review of Financial Position**

- **Determine if the carrier is a going concern**



## **Full Scope Audit (Con't)**

### **Review of Debarment Procedures**

- **Plan for identifying debarred providers?**
- **Use of lists provided by OPM/OIG?**
- **Notifying enrollees?**
- **Stopping payments to debarred providers?**



## **RRA Audit**

- **Covers one year (current reconciliation)**
- **Same steps as full scope except for financial and debarment reviews**
- **Want to review claims**
- **Audit closes year unless something in current year was based on the prior (unaudited) year**



## **Finalizing the Audit**

- **AIC completes workpapers and report**
- **Team Leader reviews the work**
- **Draft report issued**
- **Comments received & reviewed**
  - **Important to include supporting documentation**



## **Finalizing the Audit (Con't)**

- **Final report prepared and reviewed**
- **Final report issued to OPM's contracting office**
- **Audit resolution (part of contracting) responsible for resolving outstanding issues**



## **Preliminary Questions**

**Enrollment changes can affect SSSG status, any leeway?**

- **At current time, no**
  
- **Proposed instruction change**
  - **Must be supportable**



## **Preliminary Questions (Con't)**

**Status of group specific trends**

- **Are not allowed**
  
- **This moves into experience rating and is not allowed in community-rating**