

AUDITOR'S REPORT

CONTINUOUS AUDITING ANALYTICS HEALTH INSURANCE ANALYSIS FOR THE THREE MONTH PERIOD ENDED FEBRUARY 29, 2016



April 1, 2016

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HARRIS COUNTY AUDITOR

April 1, 2016

Mr. Mike Post
Chief Assistant County Auditor – Accounting Division
1001 Preston, 8th Floor
Houston, Texas 77002

RE: Health Insurance Analysis for the three month period ended February 29, 2016

The purpose of this letter is to present the results of the Continuous Auditing Department Health Insurance Analysis for the three month period ended February 29, 2016. Continuous Auditing provides a near real-time capability to “examine and approve” claims submitted by Aetna for reimbursement pursuant to Local Government Code (L.G.C.) §113.064. Prior to every Commissioner’s Court (every 2 – 3 weeks), an analysis verifies coverage for 100% of claims submitted. If insurance coverage cannot be verified, they are referred to the Human Resources and Risk Management Department (HRRM) for follow-up.

The enclosed Auditor’s Report presents information concerning these analytics performed during the period. While a few minor items were identified, none were significant. We appreciate the time and attention provided by you and your staff during this ongoing engagement.

Sincerely,

A handwritten signature in blue ink that reads "Barbara J. Schott". The signature is fluid and cursive, with a long horizontal line extending to the right.

Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
R. Jack Cagle
Jack Morman
Steve Radack
Gene Locke
Devon Anderson
Vince Ryan
William J. Jackson
David Kester

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OVERVIEW

BACKGROUND

Continuous Auditing performs the Health Insurance Claims Analysis to determine if claims submitted to the County are for eligible subscribers and within insurance coverage effective periods. A subscriber is a person whose employment makes them eligible for membership or pays the premium in the insurance plan. Subscribers include:

- Employees or retirees whose eligibility to the Harris County's Group Health Insurance Plan is a benefit (i.e., coverage for spouses and dependent children is a part of the employee or retiree's benefit).
- Individuals who have elected coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA). COBRA requires group health plans to provide an option for temporary continuation of coverage to individuals after their group eligibility ends (i.e., former employees and their dependents, adult children, divorcees, etc.).

Harris County's health insurance is self-funded and administered by Aetna. Local Government Code §113.064 requires that the County Auditor review and approve all claims before payment is made.

§113.064. APPROVAL OF CLAIMS BY COUNTY AUDITOR. (a) In a county that has the office of county auditor, each claim, bill, and account against the county must be filed in sufficient time for the auditor to examine and approve it before the meeting of the commissioner's court. A claim, bill, or account may not be allowed or paid until it has been examined and approved by the auditor.

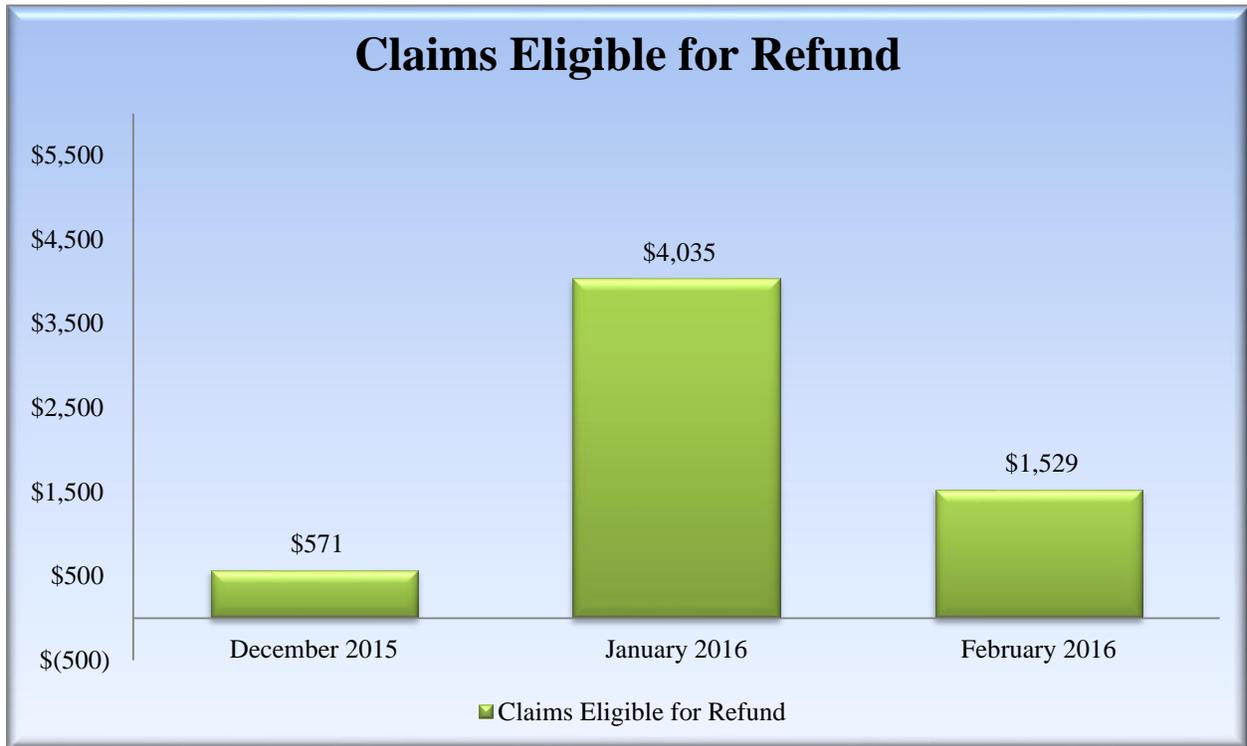
Aetna provides the County with daily files of claims submitted for reimbursement. Continuous Auditing performs a 100% review of the claims to verify coverage. On a monthly basis, the Health Insurance Claims Analysis reviews over 75,000 claims, requesting the County pay between twelve to fifteen million dollars. Reviewing the claims submitted for reimbursement, includes the following procedures:

- Verifying the claim submitted is for an eligible employee, retiree, or individual covered under COBRA.
- Determining if the date of the claim falls within an effective insurance coverage period.

If Continuous Auditing cannot verify insurance coverage, then those claims are referred to the Human Resources and Risk Management Department (HRRM) for further investigation and possible refund to the County.

RESULTS

After reviewing 100% of the claims submitted by Aetna, Continuous Auditing identified no reportable procedural issues relative to the claims processing this quarter. HRRM has requested a total of \$6,135 in refunds for the months of December 2015 through February 2016, as illustrated below.



For the past twelve months, March 2015 to February 2016, the total amount of claims eligible for refund was \$41,974. These claims were reviewed by the HRRM department and reported to Aetna for refund. The chart illustrated in the following page provides the amount of claims eligible for refund for each month in the past year.

Each month has been categorized according to the quarter it was reported in:

- March to May 2015 (Orange bars)
- June to August 2015 (Purple bars)
- September to November 2015 (Red bars)
- December 2015 to February 2016 (Green bars)

