

Claims Auditing Services

Why Audit a Claims Program?

Organizations sometimes wonder why their claims programs should be audited. Often, red flags tip off the need for an audit. Red flags vary depending on internal standards but could include an adjuster whose expenses are considerably higher than normal or a number of improperly coded claims.



ASC believes there is value in conducting a claims audit even before red flags appear. We have identified four key reasons a claims audit should be conducted as a part of your overall claims management strategy.

- To ensure the integrity of the adjusting process
- To enforce business rules
- To maintain vendor integrity
- To promote accountability

How is a Claims Audit Performed?



ASC utilizes two approaches to conducting claims audits. The first is the business rules audit. This approach focuses on select claims handling criteria such as:

- Timely reserve
- Timely contact
- Timely entry
- Diary span
- Current action plan
- Claim life span

Claims data are analyzed for effectiveness of program dollars expended. Benchmarking is used extensively in this process to determine if your claims are being handled in accordance with industry standards.

The second type of audit is a physical file audit. In this type of review, ASC senior-level professionals review select claims files on-site.

The review targets and evaluates:

- Reserves
- Investigation
- Documentation
- Use of diary
- Litigation management
- Subrogation and second injury fund
- Excess reporting

The review also examines the claims process work-flow including mail handling, caseload assignment, payment patterns, and effective use of a claims committee.

What are the Key Benefits of a Claims Audit?

ASC's business rules audit and physical file audit are complementary. Together, they can generate noticeable benefits including:

- Improved work habits through increased enforcement of a diary system
- More extensive use of captioned reports
- Effective peer pressure by publishing results
- A reduction in claim life span and total incurred losses
- A more efficient work flow
- A reduction in the overall cost of your claims program

What Happens After the Audit?

After audit procedures and guidelines are established, targeted audits can be directed to areas that generate red flags. These audits are aimed directly at areas needing improvement, thereby increasing the efficiency of your claims operation. Once performance standards are established, scheduled audits can be utilized to verify compliance with the standards.



How to Detect Conflicts of Interest

ASC advises a careful review of your TPA's working relationship with other service providers to uncover any potential conflicts of interest. Methods for assessment include:

- Examining the relationships between your TPA and cost containment vendors
- Insisting that your TPA disclose all revenue sources
- Requiring a comprehensive itemization of fees

When a third party administrator suggests the need for additional services, it should be in the best interests of your claims program and not simply a referral opportunity for the TPA. ASC invites you to take a closer look at our claims auditing services. We welcome the opportunity to conduct an audit of your claims program.

For more information, visit our website at www.alternativeserviceconcepts.com or call us today at 1-866-298-2642.