

The Way to Improve Health Plan Performance

When large employers, whether in the corporate or nonprofit sector, choose to self-fund their medical and Rx plans, they take on responsibilities that come with those benefits. A vital one is ensuring the accuracy of claim payments, a task for which medical and **PBM auditing services** can be valuable. In the past, many sizable plans managed claims payments in-house. However, nowadays, most have shifted this function to third-party administrators (TPAs) and pharmacy benefit managers (PBMs), typically large health plans that offer appealing provider networks and negotiated rates that can help lower costs.

While TPAs and PBMs can enhance various aspects of plan management, their processes and systems often align more closely with the standard coverage descriptions under which they operate than with the specific needs of a unique self-funded plan. This discrepancy has led to a surge in the popularity of auditing, as it provides both oversight and a chance for improved coordination. By closely examining claim payments, plan managers can gauge how effectively their plan is functioning. Modern audit software can quickly analyze 100% of claim payments, enabling in-house managers to gain clear insights into actual experiences and outcomes.

More advanced technology makes it easier to identify error patterns, thereby significantly enhancing a plan's overall performance. While a significant focus of auditing and better plan management is on cost savings, it is equally important to consider the impact on member services. When funds allocated for medical care are used efficiently, and when claims are paid accurately and overpayments are minimized, members ultimately benefit. Conversely, poorly managed plans with spiraling costs may resort to reactive cutbacks, which can lead to reduced care or make accessing services more challenging.

In contrast, a well-functioning plan, backed by careful resource management, can maintain high levels of care without needing excessive restrictions. Auditing doesn't just stop at health plan claims—it can also lead to substantial improvements in pharmacy benefit plans. An effective audit can highlight patterns of inappropriate brand-name dispensing, potentially saving thousands of dollars. If you manage a self-funded plan and haven't yet implemented robust auditing practices, it's time to consider them. With today's auditing capabilities, the savings far outweigh the costs, making it a wise investment.