Methods for Auditing Medical and Rx Claims

Large organizations and nonprofits that sponsor health plans for their employees encounter considerable financial risks. Consequently, claim auditing is an essential task for all self-funded plans. Plan managers who oversee third-party administrators (TPAs) for medical benefits and pharmacy benefit managers (PBMs) for prescriptions understand that each program has distinct considerations. Medical claim and **PBM audits** must evaluate factors unique to every plan, as each setup is governed by different regulations and requirements. Performing thorough audits can maximize their value exponentially.

Medical claim audits need to focus on identifying outlier charges that exceed reasonable limits. Auditors must also scrutinize test costs and mark any billing that falls outside the National Correct Coding Initiative (NCCI) standards set by the Centers for Medicare & Medicaid Services. The NCCI includes rules for code pairs, making sure that certain procedures, which should not be billed together, are properly reviewed. By thoroughly inspecting these factors, auditors can detect errors and recoverable charges, which is especially important for large plans where the financial impact can be substantial.

Pharmacy claims audits require attention to unique elements such as adherence to the plan’s formulary, notably regarding generic medication requirements. Auditors should also evaluate early refills, quantity limits, and the application of promised drug rebates. Only complete auditing can verify whether these rebates are honored. Drug utilization reviews are a further crucial part, helping ensure members receive necessary medications while abiding by the plan’s guidelines and formulary limitations. With the high cost of some pharmaceuticals, even minor oversights can accumulate significant expenses over time.

Promptly identifying errors and recovering overpayments streamlines plan oversight and increases its effectiveness. Today’s auditors apply advanced software, improving outcomes for employers. The COVID-

19 pandemic stressed the importance of well-managed health plans and consistent oversight. What began as a regulatory necessity has evolved into a management practice. As organizations deal with rising costs, guaranteeing thorough auditing is one of the most effective ways to manage spending. When audits uncover mistakes, they present opportunities for improvement and optimization.