

Well-Managed Employee Benefits Need Audits

Oversight is a crucial tool for employers who choose to self-fund their benefit plans. One area where this oversight shines is in medical claim and **PBM audits**, which help improve the accuracy of medical and pharmacy payments. This level of scrutiny enables plan sponsors to monitor their claim administrators' performance effectively. Even with contracts that include performance guarantees and self-audit promises, having an unbiased, independent auditor conduct a review can be valuable. They can uncover systemic errors, and addressing these mistakes proactively can help prevent future issues.

The financial implications of auditing medical and pharmacy claims are substantial. Depending on the level of enrollment in a plan, the amounts involved can be enormous, and even minute errors can lead to significant financial consequences. When an audit report highlights potential cost savings or identifies overpayments made in error, it equips in-house managers at a sponsoring organization with vital insights. The process of paying claims is inherently complex due to various plan rules and unique attributes. By reviewing numerous data points, auditors can find and flag errors with precision.

Technological advancements continuously enhance the auditing process, reducing the reliance on manual participation as software becomes more sophisticated. Auditors who immerse themselves in the field daily tend to yield better results than those who only audit claims sporadically. Additionally, larger auditing firms may have many commitments, which can create multiple allegiances, while independent firms often operate without such conflicts. The primary advantage of claim auditing is controlling costs related to medical services and medications. However, improving member service is also a benefit.

Ensuring that claims are paid accurately is essential for fair treatment of all members; inaccurate payments can unfairly favor one member over another. By prioritizing accuracy through auditing, plans can operate more equitably. Many audits uncover substantial savings, making them not only budget-neutral but financially beneficial. As a result, more plans are adopting auditing as a core management function, moving beyond mere regulatory compliance. This proactive approach enables organizations to manage their funds more effectively while enhancing the overall member experience.