

**EMPLOYEE BENEFITS**

# Can Benefits Governance Give Employers a Competitive Advantage?

By Randall Brandt, *Executive Vice President*, Mary Desrosiers, *Principal* and Tammy Miller, *Vice President*



In today's competitive business landscape and complex regulatory environment, effective management of vendor relationships and benefit program costs is crucial. One often overlooked area where employers of all sizes can support healthy benefits governance is conducting regular benefit claims audits and service assessments. These practices can uncover key opportunities for better employee experience, cost management, regulatory compliance and process improvements.

Claim audits involve a detailed review of claims submitted and the corresponding payments made by insurance providers or third-party administrators. Vendor service assessments dig deeper into reviewing contract commitments, the employee experience with each benefit and overall outcomes of the vendor service being provided. Both types of evaluation offer the following three compelling advantages to employers.

## 1 Cost Management

Benefit costs, including claims and vendor fees, represent a substantial expense for most businesses. By overseeing vendor services and auditing claims, employers can ensure the proper use of funds and mitigate unnecessary or erroneous costs. Auditors can detect errors in claims processing, including incorrect coding, duplicate claims or billing for services not rendered.

## 2 Plan Fiduciary and Regulatory Compliance

Employers are subject to regulations concerning insurance claims and service providers. An audit can help ensure compliance, minimizing the risk of legal issues and associated penalties. Employers are then equipped with information to anticipate potential risks, allowing them to adjust policies or procedures accordingly.

## 3 Improving Processes

Regular vendor oversight and audits generate data that can inform strategic decisions, reveal process inefficiencies and enhance transparency between employers, employees and service providers. These valuable insights support employers in their business case in implementing improvements. By identifying administrative challenges, these initiatives can lead to streamlined operations, freeing up valuable HR resources.



## Audits at Work: A Real-World Example

One example of how Brown & Brown helped an employer is an audit initiative we completed for a large public entity. Our goals of this initiative were to:

- Validate that the customer's administrator had followed contract terms and had paid claims according to plan provisions
- Determine if members were eligible at the time of service
- Identify any systems or processes needing improvement

As a result of our audit, we found almost half a million dollars in duplicate payments. Issues of similar monetary value were found regarding excluded services, like hearing aids and acupuncture and millions of dollars were found incorrectly paid to claims outside of the plan limitations.

In addition, this audit reviewed compliance with state and federal laws. Our audit found the administrator was applying cost-sharing incorrectly to members for Breast Cancer Genetic (BRCA) Risk Assessment and BRCA screening, which are considered preventive and, therefore, should be free for members.

After conducting the audit, we met with both the customer and administrator to address the areas of concern, recuperate costs as appropriate and discuss the next steps for mitigating errors going forward. These audit services not only assisted our long-standing customer in identifying millions in plan savings, but also helped improve the administrator's processes. To date, there has been a downward trend in the errors identified within subsequent audits.

## Looking Beyond Return on Investment

The importance of conducting audits and assessments extends beyond immediate return on investment. They can help to support the long-term outlook of the employer's benefits program and overall business. A proactive approach to benefits governance can strengthen an employer's relationships with service providers while improving employee trust by ensuring payment for services is accurate and fair.

Benefit audits are not just a compliance measure; they are a strategic tool for employers looking to optimize their benefit program expenses and enhance their overall operations. Investing in a benefits audit or a service assessment can yield valuable returns, making it a vital practice for responsible business management.

# About the Authors



**Randall Brandt, Executive Vice President, CTI\***

Randy is a seasoned professional with over 24 years of experience in third-party claim administration and claim auditing for self-funded and fully insured health benefit plans. Currently, Randy oversees all aspects of medical claim auditing, from sales and marketing to operations. Before being acquired in 2022, he served as Vice President and co-owner of Claim Technologies Incorporated, a leader in the claim audit space for self-funded employers. He holds a bachelor's degree from the University of Louisiana – Lafayette and is a member of both the State and Local Government Benefits Association and the International Foundation of Employee Benefit Plans.



**Mary Desrosiers, Principal, Brown & Brown**

Mary has 20 years of experience working with employers and their benefit programs. Her areas of specialization include HR/Total Rewards strategy and overall benefit program optimization, operations, vendor management and data and financial analyses. She has worked with middle, large and jumbo-sized employers across a range of industries including retail, life sciences, healthcare, finance and higher education. Prior to joining Brown & Brown in 2020, Mary worked in Health & Group Benefits consulting at Willis Towers Watson. She started her career in Retirement plan consulting. Mary holds a Master of Science degree in Financial Mathematics and a Bachelor of Science degree in Mathematical Sciences, both from Worcester Polytechnic Institute.



**Tammy Miller, MBA, Vice President, PillarRx\***

Tammy Miller has over 20 years of pharmacy benefit management (PBM) experience. She has an extensive background in the PBM and healthcare industries. She joined PillarRx in February 2019 but previously worked for a PBM (Navitus Health Solutions) since 2003, managing the Client Services and Implementation Departments. She was an integral resource in launching the company in the PBM marketplace. During that time, she shared her insights regarding account management, operations, implementation and sales. Now, as part of the PillarRx organization, she continues to share her extensive knowledge in these areas and is a critical source of information for the PillarRx team and the customers and brokers she services. Tammy holds a Bachelor of Science degree from the University of Wisconsin-La Crosse and a Master of Business Administration from Northern Illinois University.

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