

## **MEMORANDUM**

**TO:** Health Care Commission  
Jim Clark  
J. Scott Day  
Steve Dechant  
Sandy Praeger  
Heather Young

**FROM:** Mike Michael

**DATE:** December 2, 2014

**SUBJECT:** **Audit RFP**

A Request for Proposal EVT0003202 for an audit firm to provide ongoing auditing services for the State Employee Health Plan (SEHP) was released on May 27, 2014, and closed on June 27, 2014. Auditing services requested would include a claims audit of the self-funded medical, pharmacy and dental programs as well as a pharmacy rebate audit, focused dependent eligibility auditing services to ensure the SEHP is only covering eligible spouses under the plan and any associated dependents, and a premium reconciliation audit. All proposals submitted were thoroughly analyzed and all three bidders were invited in for negotiations.

We are not aware of issues with any of our current plan administrators; however, a periodic audit is part of best practice for management of a self-funded program. In reviewing these proposals, the SEHP was focused on obtaining the services of an audit firm experienced in performing claim audits and also with knowledge and experience in reviewing transparent pharmacy arrangements to include an audit of pharmacy rebate arrangements. In addition, the SEHP requires the services of a firm with experience doing ongoing dependent eligibility reviews and premium reconciliation audits.

### **RECOMMENDATION:**

Staff recommends that a three (3) year contract be awarded to Aon for audit services.