**AGENDA ITEM 5**
**AUDIT RESOLUTION STATUS**
**TRACKING REPORT – HEALTH PLAN AUDITS**
**(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)**
**AS OF DECEMBER 31, 2005**

| Name of Auditee (Report Issue Date) | Summary of Findings | Status/Comments |
|---|---|---|
| Health Plan Review of PERS Choice and PERSCare Outpatient Prescription Drug Benefit Program Administered by Caremark, Inc. (07/29/05) | 1. In review of performance, it was noted that an additional penalty amount of $10,833 relating to an April 2003 correspondence resolution benchmark which was not met. CalPERS Audit Services indicates that the stated amount should be repaid to the PERS Choice and PERSCare plan.<br><br>2. Retroactive changes to member eligibility records resulted in significant costs for drug benefits provided to ineligible members and dependents. In addition, monthly administrative billings for member services provided by Caremark were based in part on members who no longer were eligible for plan benefits. Caremark controls to identify inconsistencies between the effective dates of changes to customer records and the dates when changes are applied were not applied in the CalPERS process. Self Funded Health Plans should work with BCC and Caremark to identify and correct delays in the process for updating member records. | CONCUR. Caremark agrees that an additional credit for $10,833.33 is due to CalPERS for the Correspondence Resolution entry for April 2003, which was 3% below the contract guarantee. This amount will be credited to CalPERS on the March 2005 month end invoice.<br><br>COMPLETE. Caremark would like to note that CalPERS eligibility files consistently contain retroactive terminations. Caremark reported an eligibility variance of no greater than 1% between Blue Cross and Caremark in 2003 as stated in the contract. Caremark recommends further discussion to be held with Blue Cross, Caremark accounts team, and CalPERS to review the issues surrounding the eligibility process and evaluate the feasibility of implementing additional reporting tools. Caremark is willing to assist in the review and enhancement of any inadequacies in the current process. |
| Review of Kaiser Foundation Health Plan, Inc. (8/22/05) | 1.1 Kaiser should modify the Medicare eligibility report used by CalPERS staff to research and validate Medicare eligibility. | CONCUR. While the original database and reports were created to meet the needs of staff at the time of development, Kaiser welcomes the opportunity to improve the database and subsequent reports to meet current/future needs. |

**AGENDA ITEM 5**
**AUDIT RESOLUTION STATUS**
**TRACKING REPORT – HEALTH PLAN AUDITS**
**(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)**
**AS OF DECEMBER 31, 2005**

| Name of Auditee (Report Issue Date) | Summary of Findings | Status/Comments |
|---|---|---|
| Review of Kaiser Foundation Health Plan, Inc. (8/22/05) *(continued)* | 1.2 Some of the worksheets transmitted from Kaiser to Health Benefits Branch include information that is no longer useful, and some field parameters may need to be modified. Kaiser should work with the Health Benefits Branch on modifying field elements in the report, as needed. In addition, Kaiser should consider archiving the historical data and submit only the more relevant monthly data. | CONCUR. While the original database and reports were created to meet the needs of staff at the time of development, Kaiser welcomes the opportunity to improve the database and subsequent reports to meet current/future needs. |
| | 2. Kaiser did not provide performance percentages to CalPERS for Evidence of Coverage booklet mailings, annual or on-going, on the quarterly reports, as required in the agreement. Kaiser should work with the Health Benefits Branch to provide the required information for the Evidence of Coverage booklets, which includes reporting performance percentages, or work with the Health Benefits Branch to modify future language. | CONCUR. Recent technological enhancements to our systems enable Kaiser to track this measurement better. Kaiser will work with CalPERS to ascertain current/future needs and deliver them. |
| | 4. Kaiser did not prepare quarterly reports as required on efforts to reduce grievances. Rather, Kaiser prepared one narrative report for quarter one and two combined. | CONCUR. Kaiser will work to produce timely reports for each quarter respectively. |
| | 5. Kaiser was unable to determine the amount of program-wide recovery resulting from Kaiser Permanente‘s antifraud efforts that directly related to CalPERS members. We recommend that Kaiser provide the required information on fraud prevention efforts directly related to CalPERS members or work with Health Benefits Branch to modify future agreement language. | CONCUR. Kaiser is looking forward to working with Health Benefits Branch staff to modify future contract language. |

**AGENDA ITEM 5**
**AUDIT RESOLUTION STATUS**
**TRACKING REPORT – HEALTH PLAN AUDITS**
**(CURRENT YEAR REPORTS WITH CURRENT YEAR UPDATES)**
**AS OF DECEMBER 31, 2005**

| Name of Auditee (Report Issue Date) | Summary of Findings | Status/Comments |
|---|---|---|
| Review of Kaiser Foundation Health Plan, Inc. (8/22/05)<br>*(continued)* | 6. Kaiser did not notify CalPERS of the upstream/downstream activity in accordance with existing agreement terms. We recommend that Kaiser work with the Health Benefits Branch to re-evaluate the notification requirements for upstreaming and downstreaming. | CONCUR. Kaiser is looking forward to working with staff to modify future contract language. |
| | 10. Kaiser's payment to Pacific Business Group on Health was not made within the required timeframe. We recommend that Kaiser complete the payment to Pacific Business Group on Health timelier or work with Health Benefits Branch on modifying future contract language, if the timeframe is not reasonable. | CONCUR. Kaiser is looking forward to working with staff to modify contract language to provide more time for payment for Pacific Business Group on Health. |