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Health & Welfare Benefit Administration Operational Review Yields Significant Findings

Situation

A global Fortune 500 company engaged Curcio Webb to conduct an operational review of their Health & Welfare (H&W) benefit administration provider. Their decision to initiate the review was due to concerns regarding the content and timing of financial reporting, invoice accuracy, as well as account-based plan (FSA, HSA) administration adherence to plan rules.

Challenge

The company prioritized their areas of concern based on recent experience, and the review was structured to address financial reporting, administration invoices, and account-based plan administration. Processing materials, documentation including quality controls and source data, and invoices with supporting materials were reviewed for the most recent full calendar year. The challenge was to mine a significant amount of data and information in support of the focused review.

Solution

While several administration processes and controls met expectations and the financial reporting was functioning accurately, the review resulted in the identification of some areas of improvement as well as anomalies with the headcounts utilized for benefit administration invoicing. Areas of improvement included the need to update certain requirements documents to ensure accurate operations and reporting and the need to validate invoicing matches contract provisions. Invoicing discrepancies required a thorough examination of headcount and billing practices back several years.

Results

As a result of the invoicing issues identified during the review, the company was due a significant refund from the provider (approximately 8 times the audit cost). In addition, the Company and provider strengthened their relationship by improving communications. They are working together to review and update all requirements documentation.

Is it time for an operational check-up of your H&W benefit administration provider?

Operational reviews provide Plan Sponsors with an objective view into the accuracy of plan administration and can help identify any issues early to help minimize the compounding effect of any gaps or errors.

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