

Reply to Common Council File No. 010143

From DOA-Budget and Management Division

July 5, 2001

Ref: 01002(05)

Common Council file 010143 contains a communication from the Comptroller's Office transmitting a report titled Audit of City of Milwaukee Basic Health Plan Administration.

The audit found that for the most part, the contractors provided adequate administrative services, but did suggest improvements in several areas.

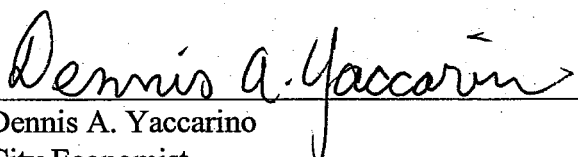
WPS is measured by four performance standards – which it has had trouble meeting:

- The financial accuracy measure is set at 98% in the contract. WPS obtained a mark of 96.3%.
- Approximately 92% of the claims should be processed in 30 days. WPS processed 95% in this category thus exceeding their goal in the contract.
- Customer service is measured by answering phone inquiries. This measure was slightly below the 95% required at 91.5% over the last two years.
- Written responses are to occur within 14 days 85% of the time. WPS only measured written responses done within 16 days. Although those responded in 16 days were at 88%, it is not possible to compare the two response periods. There were also communication difficulties between WPS and the utilization management.

Results of the audit indicate an overpayment of nearly \$500,000 due to substandard claim processing. WPS asserts that it has subsequently recovered \$355,000 of the overpayments.

The report provides nine recommendations that will improve the monitoring of WPS and the utilization manager performance. It suggests a more active roll for DER-Employee Benefit Division. EBD's roll will be enhanced with expanded reports and better communication with WPS. Most of these audit concerns will be addressed in a new contract with these administrators which will be entered into later this year.

**RECOMMENDATION: PLACE COMMON COUNCIL FILE 010143 CONTAINING A COMMUNICATION TRANSMITTING A REPORT ENTITLED AUDIT OF CITY OF MILWAUKEE BASIC HEALTH PLAN ADMINISTRATION ON FILE.**

  
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