

September 3, 2020

Mr. Butch Eley
Commissioner
Tennessee Department of Finance & Administration
312 Rosa L. Parks Avenue
Nashville, TN 37243

Ms. Laurie Lee
Executive Director
Benefits Administration
1900 WRS Tennessee Tower
312 Rosa Parks Avenue
Nashville, TN 37243

Dear Commissioner Eley and Ms. Lee,

Our BlueCross BlueShield of Tennessee employees are very proud to work on behalf of the State Employee Health Plan (“SEHP”). It is both a privilege and an honor to serve our many dedicated neighbors who serve the citizens of the state.

I want to assure you that BlueCross believes upholding the integrity of the SEHP – through our performance and actions – is vitally important. It is our responsibility and our commitment.

We believe the recent ClaimsInformatics preliminary report on the SEHP is highly questionable. In fact, the report itself indicated the work needed further validation. The failure to collaborate with all parties, application of undisclosed methodologies, use of limited data, and the failure to review payment policies of the health plan is highly unusual and inconsistent with traditional audit practices.

With that in mind, I am writing to request the SEHP undertake a formal and comprehensive audit of BlueCross as a third-party administrator for SEHP, consistent with our contract. As you know, AON performed the last such audit in 2018, with minimal findings and corrective actions recommended.

We are eager to work with the SEHP and a recognized, credible benefits consultant to examine our claims payments and processes in a well-constructed audit. We fully understand periodic audits are a part of our important work together and we welcome the opportunity to “show our work” again.

We also ask the SEHP to provide BlueCross the claims level detail disclosed to ClaimsInformatics so that we may validate and understand what claims were used in this review. Our Internal Audit team is ready to undertake an intensive effort to review the claim level data and findings mentioned in the preliminary report.

We want to assure you that we will work to recoup any overpayments to providers, if validated. However, we believe much of the preliminary report is based upon partial or misunderstood information. For example, our high-level analysis of claims within the date range cited by ClaimsInformatics revealed that substantially all of the alleged excessive payments in excess of billed charges were based upon a lack of understanding of our payment policies. BlueCross pays certain provider types at a contracted flat rate per visit. This contractual flat rate applies regardless of whether the billed charges are above or below the rate. This program has resulted in significant overall savings to SEHP. With claim level data, we will be able to determine if alleged overpayments are valid and subject to recoupment.

I want you to know we take seriously our work on behalf of SEHP and the thousands of other employers we serve in the state of Tennessee, especially the financial stewardship entrusted to us. We want to get it right and know that is your expectation for us as well.

Again, we are grateful for the opportunity to serve you, our tremendous State employees and their families. I will follow up with you to discuss any thoughts or questions you may have on the actions we propose.

Thank you for your consideration of our requests.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Pierce', followed by a horizontal line extending to the right.

Scott Pierce
Executive Vice President,
Chief Operating Officer

cc: Henry Smith, BlueCross