

STATE OF WEST VIRGINIA

**PRELIMINARY PERFORMANCE REVIEW OF THE
PUBLIC EMPLOYEES INSURANCE AGENCY**

**PEIA's Billing System Causes Unnecessary
Problems for Agencies and Insureds**

**The PEIA Does Not Communicate
Effectively with Agencies**

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January 2002

PE01-31-230

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January 2002

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John Sylvia
Director

January 6, 2002

The Honorable Edwin J. Bowman
State Senate
129 West Circle Drive
Weirton, West Virginia 26062

The Honorable Vicki V. Douglas
House of Delegates
Building 1, Room E-213
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0470

Dear Chairs:

Pursuant to the West Virginia Sunset Law, we are transmitting a Preliminary Performance Review of the *Public Employees Insurance Board*, which will be presented to the Joint Committee on Government Operations on Sunday, January 6, 2002. The issues covered herein are "The PEIA's Billing System Causes Unnecessary Problems for Agencies and Insureds;" and "The PEIA Does Not Communicate Effectively with Agencies."

We transmitted a draft copy of the report to the Public Employees Insurance Agency on December 27, 2001. We conducted an Exit Conference with the PEIA on January 2, 2002. We received the agency response on January 4, 2002.

Let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "John Sylvia".

John Sylvia

JS/wsc

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Executive Summary

The Public Employees Insurance Agency (PEIA) provides basic insurance services to various State and non-State agencies. In providing these services, the PEIA relies on the payroll clerks/insurance coordinators within individual agencies to gather and provide the PEIA with the appropriate eligibility data of participating employees. Communication between the PEIA and participating agencies is imperative for this system to work. In the Preliminary Performance Review of the PEIA, the Legislative Auditors reviewed the relationship between the PEIA and the agencies that provide PEIA Insurance. A summary of the issues identified is provided below:

Issue Area 1: PEIA's Billing System Causes Unnecessary Problems for Agencies and Insureds.

The PEIA utilizes the Employee Insurance Administration System (EIAS) to account for membership and eligibility data of participating employees. Numerous problems have been noted with the system, including incorrect billings and the inaccurate maintenance of eligibility data within the system. These program deficiencies increase the risk of overpayments/underpayments for insurance premiums. In addition, the correction of the data causes unnecessary difficulties and frustrations to the agencies providing PEIA to its employees and to the PEIA.

Issue Area 2: The PEIA does not communicate effectively with agencies.

Communication between the PEIA and the agencies that provide PEIA insurance is imperative in order for the agencies to be able to properly inform insureds of changes in plans and to properly maintain employee eligibility data. Many insurance coordinators and payroll clerks who handle PEIA provided insurance plans are frustrated at the lack of communication occurring between PEIA and agencies. This leads to confusion among employees, retirees, and the insurance coordinators/payroll clerks. In addition, the correction of problems due to communication errors between PEIA and agencies is time consuming.

Review Objective, Scope and Methodology

The Preliminary Performance Review of the PEIA is required and authorized by the West Virginia Sunset Law, Chapter 4, Article 10, Section 5 of the West Virginia *Code*, as amended. The PEIA was established under the Public Employees Insurance Act of 1971. PEIA provides basic hospital, surgical, group major medical, group life, accidental death and prescription drug insurance coverage for active and retired employees of the State of West Virginia and various related State and non-State agencies.

Objective

The objective of this review is to develop an understanding of the relationship between PEIA and the public agencies that it serves. The West Virginia Post Audit Division, Ernst & Young, Suttle & Stalnaker, and the West Virginia Information Systems and Communications Division (IS&C) report that the PEIA billing system (EIAS) has had data management problems since the initiation of the system in 1997. This review will determine the effect these data management problems have on the agencies that utilize the system. In addition, the Legislative Auditors will review the effectiveness of communications between PEIA and agencies that it serves.

Scope

The preliminary performance evaluation covers the period from 1997-2001. This period will encompass the time that the EIAS was placed into service until present.

Methodology

This report was developed from personal interviews, past audit reports, surveys of agencies that are affected by PEIA, and through discussions with IS&C. The surveys of agencies were developed to assess the effects that EIAS has on the agencies and to determine communication barriers between the agencies and PEIA.

Issue 1: PEIA's Billing System Causes Unnecessary Problems for Agencies and Insureds.

The PEIA was established by the Legislature to provide a program of health, life, and prescription insurance for its member agencies. The agency utilizes the EIAS system to account for the membership eligibility and billing data of those participating in its insurance plans. Since the implementation of EIAS in January 1997, there have been reports issued by the Post Audit Division of the Legislative Auditor's Office (Post Audit) and by PEIA's external accounting firms, Ernst & Young and Suttle & Stalnaker, concerning the inadequacies of EIAS. Problems encountered include errors with the retroactive billing module of the EIAS system and with the eligibility data maintained within the system. The Legislative Auditors surveyed five agencies within the State to determine the effects of EIAS deficiencies on those agencies. **Our results indicate that problems found within EIAS not only affect the PEIA, but they create inconveniences for insureds and also cause additional work and frustration for the agencies that utilize EIAS produced data.**

History of Data Management Problems with EIAS

The EIAS was implemented at the PEIA in January 1997 by the Standard Data Corporation. The system was designed to maintain membership eligibility data, billing information, and to account for payments and reimbursements made to health care providers and insureds.

EIAS has been plagued with controversy since before its implementation. This was documented in a 1999 report issued by Post Audit as follows:

Standard Data Corporation was selected as the successful vendor for the EIAS in June 1993...The project was designed in a way where the vendor would develop the programming specifications and staff from the Department of Administration's ISCD would develop the software needed for the EIAS....Many difficulties were encountered during the design phase which ultimately lead to a decision that ISCD would withdraw from the EIAS project around April 1995 due to "philosophical differences" between them, the EIAS vendor and PEIA staff.

Even after EIAS was in place and functioning as a billing and eligibility database, problems were noted with the system. In its June 1997 audit of PEIA, Ernst and Young recommended that "management evaluate their premium billing/eligibility process [within the EIAS system] and make the necessary enhancements to ensure that eligibility updates and related premium adjustments are reflected on the monthly invoices (as soon as possible)." In 1999, an additional report was issued relating to the poor performance of the EIAS system by the Post Audit division of the Legislative Auditors. Problems noted by Post Audit included issues with retroactive credits, eligibility data, and accounts receivable aging schedules.

To date, there have been various efforts to improve the EIAS system. The operation of the system came under the control of IS&C in 1998, who dedicates two programmers and a project manager to overseeing the system. Even so, in its report on compliance and internal control over financial reporting for the fiscal year ending June 30, 2001, Suttle & Stalnaker, the current external auditors for PEIA, stated that "PEIA continues to have problems with the retroactive billing module of the Employee Insurance Administrative System (EIAS)." PEIA has since hired two contractors in August 2001 to assist in correcting problems found within EIAS.

EIAS Deficiencies Cause Frustration for State Agencies and Insureds.

The Legislative Auditors surveyed the following five agencies that offer PEIA insurance plans to employees to determine the effects of EIAS deficiencies on the agencies: Consolidated Public Retirement Board, WV State Tax Department, Department of Health and Human Resources, Division of Highways, and Kanawha County Board of Education. Our survey results indicate that the deficiencies in EIAS cause additional work to individual agencies. These agencies are responsible for initiating the process of enrolling eligible employees into PEIA provided plans, making changes to plans, and terminating individuals from the plans. Our understanding of the process of providing agency records is detailed below:

- Agency payroll clerks are responsible for providing eligibility information to the State Auditor's Office and PEIA. This allows the appropriate premium deductions to be made from the employee's paycheck.
- Premium withholdings are forwarded to the PEIA for processing. PEIA applies these withholdings to each customer account within the EIAS system.
- In the event that the amounts withheld do not agree with the billing information within EIAS, a discrepancy report is produced. On a monthly basis, the discrepancy report and a PEIA invoice are provided to the payroll clerks of the individual agencies for reconciliation.

Our surveys of the agencies indicate that since the change to the new EIAS system in 1997, reconciliations between PEIA and payroll data have become very difficult. Examples provided by the agencies surveyed can be seen below:

Division of Highways

The Division of Highways noted that prior to 1997, reconciliations between PEIA and the Division could be performed to the penny; however, the present invoices received from the PEIA have a large number of errors, such as the examples provided below:

Highways staff keeps a log of employees. At one time, the Division had ten new employees to add for a month per the employee log and PEIA only billed for five.

Staff has also noticed that terminated individuals may sometimes remain on an invoice for an extended amount of time. Also, administrative fees occasionally show up in error.

The above noted errors can be frustrating to both the agency and the insureds. The Division of Highways stated that payroll staff spend approximately 80% of their time answering policyholder complaints. During an interview with an official of the Division of Highways, the Legislative Auditor noted that three policyholder calls were taken by the benefits coordinator. The time constraints presented by policyholder complaints and invoice errors prevent the Division from reconciling PEIA invoices to payroll records. As a result, the Division stated that it relies on PEIA to correct itself.

Kanawha County Board of Education

The Kanawha County Board of Education indicated that changes to policyholders for Section 125 can take up to three months to appear on PEIA's invoice. In addition, terminations and retirees may also take a period of time to be revealed on the invoice. As a result, the Board must repeatedly send the employee status paperwork to PEIA. The Board also noted that there are numerous phone calls received from policyholders inquiring about insurance coverage due to the length of time it takes for changes to be processed by PEIA. The Board stated that policyholder calls and errors on PEIA invoices make it difficult to prepare reconciliations; however, the reconciliations are regularly performed.

State Tax Department

The State Tax Department stated that the agency audits PEIA accounts and pays based on the agency records, as there are often inaccuracies with the PEIA invoices. The Department noted that inaccuracies have occurred since 1997 with both the invoices received from PEIA and the discrepancy reports. When it is determined that a PEIA invoice is incorrect, Department staff summarize the inaccuracies and forward the summary to PEIA. If the mistakes continue to occur on the invoices, a call is made to the PEIA to rectify the problem.

Department of Health and Human Resources

The Department of Health and Human Resources stated numerous errors with PEIA invoices. The Department stated that it must mark up to 40 employees off of a PEIA invoice due to inaccuracies in the invoice with termination dates. The Legislative Auditor specifically reviewed two examples where employees that were terminated in 1999 remained on invoices from PEIA as late as February 2001. Because of the inconsistencies and inaccuracies of PEIA information, the Department payroll staff reconciles all invoices and pays PEIA based on its own information. **The Department stated that differences between the Department and PEIA on the Human Services**

Division of the Department of Health and Human Resources were as large as \$10,000 in January 2001.

Consolidated Public Retirement Board

The Consolidated Public Retirement Board noted that staff receive an average of 75 phone calls a day from retirees concerning general insurance questions, billing questions, and billing inaccuracies relating to PEIA insurance plans. On payroll days, this influx of calls can increase to 150 calls a day. Examples of billing inaccuracies include problems with disability rates charged and incorrect premiums for participants in the retirees' assistance program.

The above examples detail the frustration that many agencies experience in relation to PEIA provided insurance plans. In addition to the frustration to agencies, new insureds often encounter inconveniences. Finally, billing problems could ultimately lead to a budgetary impact to an agency due to incorrect payments being made to PEIA.

Many of the complaints listed above are directly related to data management problems with the EIAS computer system. In order to gain a further understanding of the reason for EIAS deficiencies, Legislative Audit interviewed the project manager of the EIAS system at IS&C. Based on our discussions, we noted a variety of problems that currently exist within EIAS that could adversely effect agencies receiving billing data from the system. Specifically, IS&C indicated that eligibility screens for the system do not always interface with the billing system. The lack of interface between billing and eligibility data can cause inaccurate invoices to be created from the system. For example, a change may be made to the eligibility data that will not be reflected on the billing statement due to the lack of interface. In addition, IS&C noted that data does not always agree between the eligibility screens and the billing system because EIAS may timestamp the data within the billing system at the incorrect time. The incorrect time may then be used to calculate retroactive billings to individual agencies, causing the calculation for the retroactive billing to be inaccurate. **Inaccurate billings from the EIAS system make reconciliations between agency payroll data and the PEIA difficult to perform.**

IS&C is working to improve some deficiencies within EIAS. The system is very slow (i.e. it takes approximately 30 hours for a billing run to complete) and the programmers have tried to design ways to assist the system in running more efficiently and faster. In addition, IS&C is in the process of archiving old data files to provide additional needed space on the hard drive and less demand on the data processor. Even with these efforts, the system continues to have problems. IS&C noted that many of these problems cannot be corrected by simply designing a new program within EIAS. As a result, problems with the interface between billing and eligibility are currently only being corrected on a case by case basis. IS&C stated that it would take a considerable amount of time, energy, and money to correct all problems within the system.

Conclusion

The EIAS computer system has been troubled since its inception. Data management problems within the system have caused inaccurate billings to be sent to agencies. Inaccurate billings increase the risk of overpayments/underpayments for insurance premiums. In addition, the correction of the incorrect data causes unnecessary difficulties and frustrations to the agencies providing PEIA to its employees, to the IS&C who must work to correct the errors, to insureds, and to the PEIA.

Recommendation 1:

The PEIA should invest in a new computer system containing eligibility and billing information that interfaces properly. The PEIA should survey all users of the current system, including agencies who use PEIA data, PEIA employees, and IS&C, to ensure that the new system meets all needs.

Issue 2: The PEIA Does Not Communicate Effectively with Agencies.

The West Virginia Legislature created an insurance program for the public by statute in 1971. Chapter 5, Article 16, Section 1 of the *Code* states that “the express intent of the Legislature is to encourage and promote a uniform partnership relation between all employers and employees participating in the insurance plan or plans formulated under the provisions of this article....” In order to promote this ‘uniform partnership’, it is imperative that the PEIA properly communicate with the employers and employees that utilize the insurance plans provided by the PEIA. The Legislative Auditors surveyed five agencies to determine the level of communication occurring between PEIA and the public. Agencies surveyed include the Consolidated Public Retirement Board, WV State Tax Department, Department of Health and Human Resources, Division of Highways, and Kanawha County Board of Education. Our results indicate that the PEIA does not effectively communicate with agencies on problems relating to the EIAS computer system and on new policies and procedures in place at the PEIA.

Communication about EIAS Billing Inaccuracies is not Timely

The EIAS computer database maintains the eligibility and billing data for employees participating in PEIA provided insurance plans. Since its inception in 1997, several agencies have voiced concerns that the system is producing discrepancies in billing statements. During our surveys of these agencies, we noted several instances where the employer had to contact PEIA several times before an inaccurate billing statement was corrected. The Kanawha County Board of Education noted the following:

When the Board notices a mistake on the invoice regarding a policyholder, the Board sends the appropriate paperwork to PEIA. If PEIA does not make the change again, the Board faxes the paperwork to PEIA. Finally, if the error is not corrected, phone calls must be made to remedy the situation.

Surveyed agencies did note that the PEIA is helpful once the agencies have the attention of the PEIA. Even so, there is frustration with the time it takes to get the PEIA to respond. **Lack of communication between PEIA and agencies concerning EIAS billing inaccuracies makes the reconciliations between agency records and PEIA invoices more difficult and it is time consuming for agencies to correct.**

Communication about PEIA Policies and Procedures is Lacking

Chapter 5, Article 16, Section 8 of the State *Code* requires the following:

The insurance plans provided for in this article shall be designed by the public employees insurance agency...to require that all employers give written notice to each covered employee prior to institution of any changes in benefits to employees, and to include appropriate penalty for any employer not providing the required

information to any employee...

Our surveys indicate that agencies are not notified properly when the PEIA makes changes that influence insurance plans. **Lack of communication with State agencies about changes in PEIA provided insurance plans does not allow the agencies to properly notify employees of these changes.** For example, according to the West Virginia State Tax Department, when new forms are issued by PEIA, the Department staff is not informed of the change and the related forms are not sent to the Department. A specific example cited by the State Tax Department was the change in tobacco premium. Forms for this change were not sent to the Department, which added confusion to the Department staff. The Consolidated Public Retirement Board noted similar problems with changes in the tobacco premiums. Additional communication issues were noted by the Kanawha County School Board as follows:

Communication between PEIA and the Kanawha County Board of Education staff is lacking. This past open enrollment period, PEIA gave a strict deadline for all insurance paperwork to be submitted from employees, but PEIA extended the deadline without telling the Board staff. The Board staff found out that the deadline was extended from their employees, not from PEIA.

The Legislative Survey results detailed above indicate that the PEIA does not communicate effectively with agencies providing PEIA insurance plans. **This causes added confusion to employers who administer PEIA insurance and the employees who participate in the plans.**

Conclusion

Many insurance coordinators and payroll clerks who handle PEIA provided insurance plans are at a loss as to what action to take concerning insureds. Confusion exists because of a lack of communication between PEIA and employers. Confusion also occurs with employees, dependents, and retirees due to insurance coordinators'/payroll clerks' inability to give accurate information to insureds. Correcting problems due to communication errors between PEIA and agencies is time consuming to the agencies.

Recommendation 2:

PEIA should provide more support to insurance coordinators/payroll clerks. This includes more communication through electronic mail and memorandums. Guidelines and procedures should be distributed to insurance coordinators/payroll clerks in procedural steps to correct billings/eligibility problems, reconcile accounts and work in conjunction with PEIA in order to have a unified system which benefits both PEIA and state employees.

Recommendation 3:

PEIA should train insurance coordinators/payroll clerks from agencies providing PEIA provided insurance plans as changes to procedures and policies are made to ensure that all policies are appropriately followed and understood.

Recommendation 4:

PEIA should consider contacting the West Virginia State Auditor's Office to make itself available for the State Auditor's Annual Payment Processing Seminar, and any other appropriate training sessions offered by the State Auditor's Office.

APPENDIX A

Transmittal Letter to Agency

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

Building 1, Room W-314
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0610
(304) 347-4890
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John Sylvia
Director

December 27, 2001

Tom Susman, Executive Director
Public Employees Insurance Agency
Building 5, Room 1001
1900 Kanawha Blvd., East
Charleston, WV 25305-0710

Dear Mr. Susman:

This is to transmit a draft copy of the Preliminary Performance Review of the Public Employees Insurance Agency. This report is scheduled to be presented at the Sunday, January 6, 2001 interim meeting of the Joint Committee on Government Operations. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions the committee may have. If you feel it is necessary, an exit conference can be scheduled to discuss the report with you on Friday, December 28, 2001 or Wednesday, January 2, 2002. We would appreciate your written response by Friday, January 4, 2002 in order for it to be included in the final report.

Thank you for your cooperation.

Sincerely,

Handwritten signature of John Sylvia in cursive script.
John Sylvia

JS/lav

Joint Committee on Government and Finance

APPENDIX B
Agency Response

Bob Wise
Governor



Tom Susman
Director

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January 4, 2002

John Sylvia, Director
Legislative Auditor's Office
Performance Evaluation
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State Capitol Complex
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1900 Kanawha Blvd., East
Charleston, WV 25305

Dear Mr. Sylvia:

Thank you for the opportunity to respond to your report. PEIA agrees with the findings and is pleased to inform the Committee that PEIA is in the process of implementing all of the recommendations in the report. This response outlines the various projects PEIA has undertaken to remedy the report's issues.

Issue Area 1: PEIA's Billing System Causes Unnecessary Problems For Agencies And Insureds

Response:

As the report notes, there have been numerous well-known issues with the Eligibility Insurance Administration System (EIAS) since its inception. Unfortunately, little was done to address these issues until the last several months. The EIAS was designed to do automatic adjustments to premium accounts based on the policyholder's effective eligibility dates. This function of the system hasn't worked properly since inception. The system sometimes does the adjustments late, not at all or erroneously without justification. This function originally had no limit on how far back it could create a retroactive adjustment, so the effect of an erroneous credit or debit could be an adjustment of unlimited periods.

Upon the arrival of PEIA's current management, it was noted that many Payroll/Benefit Coordinators were not timely with their submission of forms for various enrollment changes. Therefore, it was necessary to allow the retroactive function be limitless. This is no longer the case. As of February 2001, employers must submit their changes within two months of the changes' effective date.

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Additionally, PEIA instructed the Information Services and Communications Division's (IS&C) programmers to limit the retroactive credit function to 12 months. As of January 1, 2002, the retroactive credit function was further reduced to allow for only 3 months. This drastically reduces the possible effects that could be material to the PEIA or participating employers.

The PEIA, since June 21, 2001, has also initiated weekly meetings with IS&C, Acordia, CHIP and RAPIDS to discuss various EIAS issues. These weekly meetings have been very beneficial in assuring proper communication. Based on these discussions, PEIA discovered the staffing at IS&C did not allow for the proper resources to undertake the various tasks needed to correct the system. Therefore, the agency has contracted programmers to perform various projects that will improve the system. One of the projects is to confirm the system's coverage files and billing files correspond. The EIAS is being scoured for any inaccurate, unnecessary data and cleaned up. All of which will help reduce the difficulties associated with inaccurate billings and reconciliation.

In an effort to assure our records are accurate, the PEIA has developed an audit program to reconcile all accounts to the various employers (See Attachment 1). The combination of the new retroactive adjustment policy and the account reconciliation is anticipated to reduce billing discrepancies, barring timing differences, and unnecessary difficulties and frustrations to the agencies.

In addition, the PEIA in recent years had not matched the eligibility data found on EIAS with our managed care vendors and our TPAs. Any discrepancies could cause billing errors as well as claims exposure for the agency. Starting in the third quarter of 2001 the PEIA instituted a policy that provides for a quarterly reconciliation of the eligibility files.

Issue area 1 noted that the Department of Health and Human Resources (DHHR) must mark up to 40 employees off of a PEIA invoice due to inaccuracies in the invoice with termination dates. Additionally, the issue cited DHHR as stating that differences in January 2001 were as large as \$10,000. The PEIA would like to point out that this particular agency had 3,823 employees and an invoice totaling \$1,435,839 in January 2001. While we agree the amount is not acceptable, we must keep in mind that the 40 employees from DHHR represents 1% of their enrollment and the \$10,000 represents .8% of the total invoice. In addition, the \$10,000 figure was in a period before the institution of the 60-day retro credit limit that was instituted in February 2001.

To give some insight as to the difficulties and the potential for errors occurring in dealing with such a large insurance account as this, the following is eligibility change information from DHHR, effective January 1, 2002:

Counts for New Hire	34
Counts for Change-in-Status	52
Counts for Termination	30
Counts for Change in Optional or Dependent Life Insurance	11
Counts for Transfer	9
<i>TOTAL</i>	<u>136</u>

Depending upon when this information reaches PEIA, ultimately determines when the change will show up on the monthly billing. Therefore, in the above example there are 136 possibilities for which PEIA staff have no direct control and that information may not be entered into the system timely and will create a billing discrepancy.

In order to improve on this situation the eligibility section and the premium accounts section are communicating on account discrepancies. We will also be developing methodologies for better communication between the agencies and PEIA. This is discussed later in the response.

The PEIA would like to point out that the onus is on the employers and policyholders to assure their enrollment changes, terminations, etc., are forwarded to PEIA on timely basis. The PEIA cannot be held accountable for changes that were not timely submitted by the employer and cause a difference in the billing.

The computer system discussed below contemplates web-based technology so that the Payroll/Benefit Coordinators will be able to make changes on line.

Recommendation 1:

The PEIA should invest in a new computer system containing eligibility and billing information that interfaces properly. The PEIA should survey all users of the current system, including agencies who use PEIA data, PEIA employees, and IS&C, to ensure that the new system meets all needs.

PEIA Response:

The PEIA agrees and is complying with this recommendation. The PEIA has obtained a detailed document discussing the rapid economic justification (See Attachment 2) for investing in a new system. This document was created through a joint effort by the PEIA and the Governor's Chief Technology Officer (CTO).

The PEIA and Governor's Office of Technology have also begun the process of obtaining a new system. A Request for Information (RFI) has been produced (See Attachment 2). This will be followed with a request for proposals (RFP) in providing the new system. It is estimated that the PEIA will have a new system within 24 to 30 months.

We will include all Payroll/Benefit Coordinators in this process and PEIA agrees with your recommendation.

Issue Area 2: The PEIA Does Not Communicate Effectively With Agencies

Response:

PEIA continues to work to improve communications and has made several changes over the past 12 months. The PEIA has sent multiple memos to Payroll/Benefit Coordinators explaining billing policy changes (See Attachment 3). The PEIA newsletter is now sent out every 45 days along with quarterly provider newsletters and PEIA is also developing a retiree only newsletter. There was a program held at 5 different locations over the summer known as PEIA Days. Also, several focus group meetings were held to gather input from the many different stakeholders that use our services. The following is a summary of this project:

PEIA Days/Process Improvement Team

In an effort to improve the processes by which PEIA operates, PEIA held a series of listening sessions and focus groups across the state during the summer of 2001. During these sessions, facilitators met with a cross section of members of PEIA to gather first hand information as to what their opinions were of the Agency's services. PEIA staff was not present at the focus groups to allow for the candid discussion of opinions.

The focus groups followed a format of soliciting ideas from the participants through discussions and by using a Nominal Group Technique, which is a structured brainstorming process tool. The NGT process then ranked the ideas on a weighted scale of importance as determined by the group.

One on one interviews were conducted with benefits coordinators after the focus groups at various locations. The Payroll/Benefit Coordinators participated in the focus groups as well at most locations.

Afterthought forms were provided to all participants and were used by those who wanted to contribute after the meeting or felt more comfortable sharing their views in writing rather than in the focus group.

In striving to improve communications with those who daily interact with our members, a focus group exclusively for benefit coordinators was held on July 26, 2001 at the Charleston Civic Center. Through discussions with the Payroll/Benefits Coordinators, common concerns were identified.

- ❖ Many felt that the system does not provide the support they need.
- ❖ They stated that the processes in place often fail. Such as incorrect information, information not being communicated between the Agency and TPA (Third Party administrators) and that the system has long term problems.

- ❖ Needs for better communication and training from PEIA was voiced.
- ❖ Some Payroll/Benefit Coordinators wanted to have more input as to how PEIA policies are formed.

The complete notes from that session are attached (See Attachment 4).

It has been determined that Payroll/Benefit Coordinators are the best tool and the most underutilized tool that PEIA has in improving service for our members. By being the point of contact for most of our members, the Payroll/Benefit Coordinators serve a vital role in disseminating information to our members. If we can improve the flow of information with this group we can increase efficiency and ease many recurring problems. A full report of the findings is attached (See Attachment 4).

The Process Improvement Team was formed to work on ways to implement ideas gathered from PEIA Days. This team has met twice and established a team structure and rules for the group. The team consists of the supervisors of various departments: eligibility, customer service, premium accounts, the wellness coordinator and a public information specialist. A task statement was defined, "What can we do to improve processes, communications and customer service at PEIA?" The team will continue to work on the most effective way to meet this goal and continue to improve the Agency.

In addition to the PEIA Days project, PEIA conducted annual Payroll/Benefit Coordinator training for the past 5 years. The PEIA has also held two training sessions at the State Auditor's Office Payment Processing Seminar in 1998 and 2000. One explained the payment process for agencies to process PEIA billings and the other dealt with the handling of differences between the State Auditor's EPIC's system and billing, collections and remittance advice.

Additionally, the agency participates in numerous meetings with various finance groups during the year. Since the Spring we have participated in meetings with school finance personnel, Department of Transportation and the Supreme Court.

PEIA, because of the findings PEIA Days and our contacts with Payroll/Benefit Coordinators, will begin to hold quarterly training meetings about issues that face them with the administration of their PEIA duties. The first meeting will be held on January 15, 2001 in Flatwoods.

In terms of the tobacco premium problem mentioned in the report we did have the forms sent to our office. In retrospect, we did not communicate the issue correctly to the agencies. However, in the defense of PEIA, when the mailer sent out incorrect letters to each of our insureds, we had to react in a crisis mode. We felt the best remedy was to have the forms sent to the PEIA due to the nature of the situation and the volume of expected responses.

Recommendation 2:

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PEIA should provide more support to Payroll/Benefit Coordinators. This includes more communication through email and memorandums. Guidelines and procedures should be distributed to insurance coordinators/payroll clerks in procedural steps to correct billings/eligibility problems, reconcile accounts and work in conjunction with PEIA in order to have a unified system which benefits both PEIA and state employees.

PEIA Response:

The PEIA agrees is complying with this recommendation. The PEIA has increased its communication with employers via email and memorandum. There have been many communications from PEIA notifying and explaining different policies and procedure changes in the last 12 months. PEIA is aware that communication is very important to achieving the agency's mandated tasks.

In addition, the manual the Payroll/Benefit Coordinators use is outdated. We are committed to issuing a new manual over the course of the next 12 months. We are also in the process of posting our memorandums on our WEB site. PEIA would also like to develop a separate web site for the Payroll/Benefit Coordinators.

The computer system discussed in the first section contemplates web-based technology so that the benefit coordinators will be able to make changes on line and to access real time information.

Recommendation 3:

PEIA should train insurance coordinators/payroll clerks from agencies providing PEIA provided insurance plans as changes to procedures and policies are made to ensure that all policies are appropriately followed and understood.

PEIA Response:

The PEIA agrees and will comply with this recommendation. The PEIA used to perform monthly training sessions. These sessions were cancelled in the fall of 1999 due to a lack of participation. The PEIA conducts annual training for benefit coordinators. During March 12-23, 2001, the PEIA held 9 different training sessions at 9 different locations around the state. These training sessions have been held annually for 5 years throughout the state (See Attachment 5).

Recommendation 4:

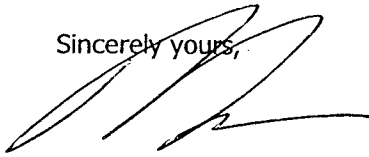
PEIA should consider contacting the West Virginia State Auditor's Office to make itself available for the State Auditor's Annual Payment Processing Seminar, and any other appropriate training sessions offered by the State Auditor's Office.

PEIA Response

The PEIA agrees and will comply with this recommendation. PEIA made presentations at the State Auditor's Annual Payment Processing Seminar in 2000 and 1998. The presentations covered both eligibility issues and payment procedures. The eligibility training entailed items such as enrollment procedures, whose responsibility it is to make changes, termination procedures, options after termination, benefit training availability, EIAS availability, internet availability and how to access PEIA via email. The payment training explained the payment process for agencies to process PEIA billings and the other dealt with the handling of differences between the State Auditor's EPIC's system and billing, collections and remittance advice (See Attachment 6). We will contact the State Auditor's Office.

Thank you for your consideration of this response. Should you have any further questions, please do not hesitate to contact me at (304) 558-6244, ext. 225.

Sincerely yours,



Tom Susman
Director

TS/RPS/JH:tr

Attachment(s): Schedule For Premium Accounts Reconciliation Audit Program Steps
Request For Information, Rapid Economic Justification
Payroll/Benefit Coordinators Correspondence
PEIA Days/Process Improvement Team
PEIA Training For Payroll/Benefit Coordinators
State Auditor's Office Payment Processing Seminar
PEIA Presentation

