

CITY OF ALLENTOWN
CAPITAL BLUE WELLNESS CREDIT
Date of Report: July 02, 2020

Capital Blue Cross offers health insurance products, services, and technology solutions to the City of Allentown.

Part of the Capital Blue Contract is the Wellness Credit.

The 2019 Capital Blue Cross Proposed Program Costs states,
“Capital will offer a Wellness Credit of \$30,000 (thirty thousand dollars) for use 01/01/2019 through 12/31/2021 on a reimbursement basis for eligible expenses. The credit utilized each contract year not to exceed \$10,000 (ten thousand dollars) and there will be no rollover.”

The 2018 Capital Blue Cross Proposed Program Costs states,
“CBC will offer a Wellness Credit of \$10,000 for use 01/01/2018 through 12/31/2018 on a reimbursement basis for eligible expenses.”

The 2017 Capital Blue Cross Proposed Program Costs states,
“CBC will offer a Wellness Credit of \$10,000 for use 01/01/2017 through 12/31/2017 on a reimbursement basis for eligible expenses.”

The Wellness Credit is administrated by the Human Resource department.

OBJECTIVE

The objective of the review was to:

- Determine whether the payment requests made to the Capital Blue Wellness Credit were made in compliance with the contract.
- Determine whether the payments received from the Capital Blue Wellness Credit were made in compliance with the contract.
- Determine whether there were any opportunities for improvement in the process.

PROCEDURES

This audit was conducted in accordance with generally accepted governmental auditing standards and utilized an approach that included correspondence with staff, reviews of documents and reports, and examinations of individual financial transactions.

The period selected for the Capital Blue Cross Wellness Credit review were the contract years 2017, 2018 and 2019 to date. Our process began by:

- Reviewing the contract to determine payment terms and identifying any specific terms.
- Reviewing the corresponding invoice payments and testing compliance to the contract and identifying opportunities for improvement.

FINDINGS, RECOMMENDATIONS AND RESPONSES

PAYMENT DEFICIENCIES/ INTERNAL CONTROL WEAKNESSES

1. Lack of Documented Capital Blue Cross Wellness Credit Process

The Capital Blue Cross (CBC) Wellness credit is \$10,000 per year.

Human Resources (HR) is responsible for the submission of the invoices to CBC for the reimbursement of the credit.

The Controller requested copies of the submission detail and based on the detail provided, noted the following:

Year	Submission Detail	Amount Reimbursed	Difference Over/(Under)	GL Account Number Credited
2016	\$7,971.40	\$9,971.40	\$2,000.00	081-2620, 081-02-8001-0003-37 000-3410
2017	\$9,965.38	\$9,965.38	\$0.00	081-2620
2018	\$14,974.93	\$14,974.93	\$0.00	081-6615, 000-01-0603-001-68
2019	\$9,966.22	\$9,991.22	\$25.00	081-02-8001-0003-37

It is unclear why CBC reimbursed more than the submission documentation.

We also noted the Wellness Credit reimbursements were not consistently posted to the same GL account.

Currently there is no documented process for the submission and reimbursement process of the credit.

Recommendation

The Wellness Credit process should be documented detailing how the Wellness Credit is requested, where the support for the request is maintained, and what GL accounts should be credited with the reimbursement.

Administration's Response

Administration will document the process as recommended.

2. Timely Matching and Posting of Deposits

For the period 2016 thru 2019, 12 Wellness Credit reimbursement checks were received.

We compared the CBC check date to the EDEN GL date posted and noted 4 (33%) of the checks were not posted in the year they were earned; 2 checks took over 3 months to be posted (deposited).

It is unclear when the checks were received and when they were submitted to Treasury for deposit.

Recommendation

The Wellness Credit checks should be posted within a month of receipt and should be posted in the year they were earned.

The Wellness Credit process should include where the checks are received and the process to ensure that they are deposited and posted in a timely manner.

Administration's Response

Wellness checks are deposited as soon as they are received. Moving forward, documentation process will indicate when the checks are received.

3. **Maximum Wellness Credit Submission**

The Capital Blue Cross Wellness credit is \$10,000 per year. The Wellness Credit is not specific and may be used for wellness activities, fitness classes, incentives, classes, food for wellness programs, prizes, etc.

We reviewed the credit submission (SEE POINT #1) and reimbursement for 2016 thru 2019 and noted the following:

Year	Annual Credit	Submission Detail	Amount Reimbursed for Year	Difference between Annual Credit and Reimbursement Amount Over/(Under)
2016	\$10,000	\$7,971.40	\$9,971.40	(\$28.60)
2017	\$10,000	\$9,965.38	\$9,965.38	(\$34.62)
2018	\$10,000	\$14,974.93	\$14,974.93	\$4,974.93
2019	\$10,000	\$9,966.22	\$9,991.22	(\$8.78)

It is unclear why the maximum credit was not requested.

Recommendation

Whenever possible, the maximum amount of the credit should be requested and properly documented.

Administration's Response

In the year 2018, Capital Blue allocated an additional 5,000 for one year only.

For 2016 and 2017, there is no evidence of why the reimbursement was so far under the allocation. The current Benefits Manager works hard to ensure the full reimbursement is realized. However, it is almost impossible to find an item that is 8.78 to realize the exact dollar amount without going over the allocation.

Moving forward, we will utilize the full allocated amount, even if doing so requires us to submit an invoice that is slightly above the allocated amount. In the event that we must submit such an invoice, we will only request reimbursement up to the allocated balance.