

CITY OF ALLENTOWN
FOLLOW-UP TO 10/02/19 TELADOC REVIEW
Date of Report: April 13, 2020

TELADOC, Inc. is a telemedicine company that uses telephone and videoconferencing technology to provide on-demand remote medical care via mobile devices, the internet, video and phone.

The City of Allentown (COA) provides TELADOC services to active and retired employees who are covered by COA health plans. COA pays 100% of the cost for the service.

On 10/02/19, the Controller's Office issued the findings and recommendations of the review performed on the Teladoc Contract.

The original objective of the review was to:

- Determine whether the payments made to TELADOC were made in compliance with the contract.
- Determine whether there were any opportunities for improvement in the process.

FOLLOW-UP OBJECTIVE

The objective of the follow-up review was to determine whether Human Resources (HR) implemented the recommendations made in our prior review entitled TELADOC REVIEW issued on October 02, 2019 and whether additional opportunities for improvement were identified.

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.

Our process began by reviewing the status of the Teladoc credits issued in response to the review performed and the status of the recommendations made on October 02, 2019.

NEW FINDING, RECOMMENDATION AND RESPONSE

PAYMENT DEFICIENCIES/ INTERNAL CONTROL WEAKNESS

1. Credit Misapplied by Vendor

In response to the review issued on 10/02/19, Teladoc issued a total credit of \$3,615.75 in November 2019. The credit was to be applied to future invoices.

During the weekly check review, a payment for the January 2020 Teladoc invoice was identified. The January 2020 Teladoc invoice was net of the remaining balance of the credit (\$490.50).

The Controller's office requested from HR copies of the initial credit and the application of the credits.

Review of the initial credit and the November 2019 – January 2020 invoices revealed the vendor misapplied the credits and an additional \$175.50 in credits remained.

Recommendation

A refund should be requested from the vendor. Going forward, HR should verify invoices against source documents prior to submitting them for payment. Where possible prior balances should be verified.

Administration's Response

"A credit of \$175.50 was requested on 03/12/2020. Teladoc is to confirm if they will apply the credit to the next invoice or if they will refund the City via check. As of our last audit, BSI, our broker, verifies monthly invoices prior to the City processing payment. The Benefits Manager does periodic spot checks."

Additional Auditor's Comment

The Controller received written confirmation from the broker, BSI that HR's assertion that BSI verifies the monthly invoices prior to payment is inaccurate.

Per BSI 03/23/20:

"It is not BSI's practice to compare the monthly invoices to the eligibility feed. We step in when notified if there is a discrepancy and then we will work with Benefitfocus / the carrier to resolve."

ORIGINAL FINDINGS, RECOMMENDATIONS AND STATUS OF RECOMMENDATIONS

ORIGINAL ISSUE	ORIGINAL RECOMMENDATION	STATUS OF RECOMMENDATION
<p><u>1. Incorrect Fee per PEPM Charged Resulted in Overpayments</u></p> <p>Effective 02/01/18 the TELADOC contract's Per Employee Per Month (PEPM) fee was reduced from \$2.75 to \$2.25.</p> <p>For the 12-month period, 02/2018 – 01/2019, TELADOC continued to invoice \$2.75 PEPM. The City paid the amount invoiced.</p> <p>The City overpaid TELADOC \$4,599.50.</p>	<p>Refunds for the overpayments should be requested.</p> <p>In the future, PEPM charges should be verified to the contract to ensure no additional overpayments are made.</p>	<p>A refund of \$4,599.50 was processed as a result and credited to the City of Allentown.</p> <p>Based on a review of the current billing, the current PEPM charges agree to the current contract.</p>
<p><u>2. Wrong Number of Active Employee PEPMs Resulted in Overpayments</u></p> <p>Using data from Eden, it was determined that the number of <u>active</u> employees eligible for medical coverage in the period 2017 - 2019 did not exceed 484 per month.</p> <p>From November 2018 to May 2019 the City was billed between 643 and 711 <u>active</u> PEPMs.</p> <p>Using the maximum number of active employees eligible for medical coverage of 484</p>	<p>Refunds for the overpayments should be requested.</p> <p>In the future, <u>active</u> employees eligible for medical coverage should be verified to the eligibility file to ensure no additional overpayments are made.</p>	<p>A total credit of \$3,615.75 was issued in November 2020.</p> <p>A request was made to HR for the eligibility files supporting the 11/2019 – 02/2020 invoices; the files needed to be requested from the vendor. Therefore, it can be</p>

<p>and the contracted rate of \$2.25, we recalculated the PEPM fee and it appears COA was overbilled a <u>minimum</u> of \$3,080.25.</p>		<p>surmised that the eligibility files are not being compared to the invoices prior to paying the invoice.</p>
<p>3. <u>Retiree Billing</u></p> <p>In the June 2019 Accounts Payable Report, the Controller's Office questioned the accuracy of the number of retired PEPMs billed.</p> <p>"We noted the 06/01/2019 invoice includes the coverage for 182 retirees. As of 04/24/2019 there are 205 retirees. Per HR, TELADOC mistakenly charged members that shouldn't have been charged and will be correcting their figures and issuing the City a credit for the overbilling."</p> <p>In July 2019, the Controller's Office was advised that the City's benefits consultant, BSI, had determined that due to a "glitch" in the data feed the City was overcharged and that a refund would be coming.</p> <p>It was not communicated what the amount overcharged would be.</p>	<p>As the Controller's Office currently has little confidence in the accuracy of Teledoc's enrollment numbers, a definitive eligibility file should be established and accurately maintained so that monthly benefit invoices can be verified against the eligibility file.</p>	<p>A request was made to HR for the eligibility files supporting the 11/2019 – 02/2020 invoices; the files needed to be requested from the vendor. Therefore, it can be surmised that the eligibility files are not being compared to the invoices prior to paying the invoice.</p> <p>Refunds were made on invoices and communicated in the response submitted with the original audit (see attached). The City overpaid \$4,599.50, which was communicated in the response submitted with the original audit (see attached). Invoice credits were made starting November 2019.</p>