Audit Rights and Data Access

What Plan Sponsors Need to Know

As sponsors of self-insured plans are being asked to sign new ASO agreements, it's important to pay close attention to audit provisions. Lumelight has observed agreement language that limits audit rights and, in some cases, even includes fees for the types of comprehensive audits allowed by previous agreements. Language is often added to restrict a plan sponsor's access to its own data for purposes of electronic analysis of benefits payments.

ASO language to consider during renewal discussions

If Language...	Adjust to...
limits audit scope to a single sampling methodology *(e.g. random)*	allow for multiple sample selection options *(e.g. random, judgmental, combination of methods)* or at a minimum, allow for 50 judgmental samples to be included.
refers to a separate agreement *(e.g. audit rights)*	include a copy of the actual agreement that outlines audit terms; this ensures that changes are not made without the plan's knowledge
includes charges to the employer for time spent responding to an audit	eliminate or minimize fees for auditing
reduces allowable timeframe of processed claims that can be audited	include a minimum allowable auditing timeframe of 12-24 months
prohibits a regular data feed and/or sharing of data with a 3rd party for claims analysis	permits a monthly data file transfer and claims analysis by a 3rd party
restricts the data fields available for use during an audit *(often worded as 'minimally necessary')*	allow sharing of all data fields necessary to accomplish the intended purpose
prohibits reimbursement of errors under a specific dollar amount or to a specific error type	permits reimbursement of all errors regardless of type or dollar amount

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