Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

REPORT 2023/087

Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

There was a need to strengthen systems and controls for processing affiliations, premiums and claims, and some aspects of client support and feedback mechanisms

22 December 2023
Assignment No. AE2023-310-02

Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva (UNOG). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of medical insurance affiliation and claims processing at UNOG. The audit covered the period from 1 January 2021 to 31 July 2023 and included a review of risk areas relating to: (a) affiliations and premium income; (b) claims processing; and (c) support and feedback mechanisms.

The audit showed that there was a need to strengthen systems and controls for processing affiliations, premiums and claims, and to improve some aspects of client support and feedback mechanisms.

OIOS made six recommendations. To address the issues identified in the audit, the UNOG Medical Insurance Section needed to:

- Inform the participating organizations and members about the 31 days' advance notification requirement for staff taking special leave without pay (SLWOP), and establish a system to monitor the status of staff on SLWOP to ensure timely affiliation and collection of premiums;

- Establish automated controls or other compensating manual checks to prevent processing of claims for inactive members or members who are not paying premiums, and review the errors in premium income to help determine the level of checks necessary to assure the accuracy of computation of premium income;

- Formalize through memoranda of understanding the obligations of the participating organizations in enabling automated data uploads;

- Ensure that appropriate data validation controls and automated interfaces are established in the new system to enhance the quality of data, and develop a roadmap for data cleaning by including this activity and related goals in its work plans;

- Address the process errors noted in the audit in its ex post facto review of low value claims to help ensure that the risk of recurrence is minimized; and

- Define key performance indicators and targets for the quality of services it provides.

UNOG accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

CONTENTS

Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva (UNOG).

2. The United Nations Staff Mutual Insurance Society against Sickness and Accident (UNSMIS) was established in 1949 pursuant to Article 6.2 of the United Nations Staff Regulations which requires the Secretary-General to establish a scheme of social security for staff, including reasonable compensation in the event of illness or accident. UNSMIS is a self-funded scheme regulated by its Statute and a set of Internal Rules. Its main objective is to reimburse, within limits laid down in the Internal Rules, medical expenses incurred by members arising from sickness, accident and maternity.

3. Claims are financed through premiums collected from staff, retirees and participating organizations in accordance with cost-sharing ratios approved by the General Assembly. UNSMIS serves over 36,000 staff, retirees and eligible dependents across 42 participating organizations, funds, programmes and offices. According to its Statute, decisions relating to its operations, amendments to the Internal Rules, and contribution levels are made by the Director-General of UNOG within the framework of the Internal Rules. An Executive Committee comprising of 15 members provides advice to the Director-General.

4. The UNOG Medical Insurance Section (MIS) provides secretariat services to UNSMIS. MIS was headed by a P-5 (Senior Benefits Officer) who reported to the Chief of UNOG Financial Resources Management Service. In 2023, MIS had a total of 38 regular staff (4 professional and 34 general service). MIS's operational budget for 2021 and 2022 was $13.8 million and the actual operating expenditure was $12.0 million. The total number of claim invoice lines processed in 2021 and 2022 was 524,459 and 515,632 respectively, and amounts reimbursed were CHF 128 million ($142 million) in 2021 and CHF 125 million ($139 million) in 2022.

5. Comments provided by UNOG are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the management of medical insurance affiliation and claims processing at UNOG.

7. This audit was included in the 2023 risk-based work plan of OIOS due to potential financial and operational risks associated with processing large volumes of medical claims.

8. OIOS conducted this audit from June to October 2023. The audit covered the period from 1 January 2021 to 31 July 2023. Based on an activity-level risk assessment, the audit covered risk areas relating to: (a) affiliations and premium income; (b) claims processing; and (c) support and feedback mechanisms.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; (d) reperformance of calculations; and (e) sample testing.

10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Affiliations and premium income

Affiliations were done in a timely manner except in situations of staff on special leave without pay

11. All affiliations to UNSMIS should occur within 31 days of a qualifying event as defined in ST/IC/2020/13. Qualifying events include marriage, divorce, birth or adoption of a child, and transfer of staff. Staff of the United Nations secretariat are required to enroll themselves to UNSMIS in Umoja, and entities that do not use Umoja are required to submit to MIS confirmation of the qualifying event within the prescribed timeline. Staff also had the option to enroll themselves and their eligible family members through annual enrolment campaigns. MIS had established a dedicated unit to deal with affiliations, known as the Front Office and Affiliations Unit.

12. OIOS' review of a sample of 59 affiliations, separations and extensions for 2021 and 2022 showed that they were generally undertaken in a timely and satisfactory manner. The only exception was situations of special leave without pay (SLWOP). The 31 days' advance notice period was not complied with in 3 of the 8 cases of SLWOP that OIOS reviewed, which led to delays in receipt of premiums. In the first case, the staff member requested extension of SLWOP coverage one day before it expired and paid the premium two months after SLWOP was extended. In the second case, the staff member requested coverage on the day SLWOP started, and in the third case, the staff member requested coverage 50 days after the commencement of SLWOP.

13. The gaps were attributed to participating organizations and staff not being aware of the 31 days' advance notice requirement for SLWOP. This was because the requirement was not specified in UNSMIS Internal Rules and had not been communicated to the participating organizations and staff through other means. Further, the notes section in the New Health Insurance Information System (NHIIS) did not indicate the affiliation history of staff on SLWOP as required. MIS attributed it to a technical issue which led to the disappearance of notes recorded in NHIIS. No other mechanism had been established to track SLWOP end dates and ensure timely receipt of premiums.

(1) The UNOG Medical Insurance Section should: (a) inform the participating organizations and members about the 31 days' advance notification requirement for staff taking special leave without pay (SLWOP); and (b) establish a system to monitor the status of staff on SLWOP to ensure timely affiliation and collection of premiums.

UNOG accepted recommendation 1 and stated that part (a) of the recommendation will be implemented through an information campaign addressed to insured members and participating organizations. Part (b) of the recommendation will be implemented by developing a module within the new system that captures the entire audit trail of each SLWOP.

Need to ensure accurate and complete payment of premiums

14. Information on premium income was submitted through emails and was not entered in NHIIS or the e-Claims system. As a result, there was a risk that claims could be processed for inactive members who were not paying premiums. OIOS' review identified 26 cases where claims totaling CHF 25,812 ($28,680) were processed for members who did not have active affiliations in NHIIS. In 2 of the 26 cases involving claims totaling CHF 17,259 ($19,166), MIS had established that no premium had been received and initiated corrective action to recover the claims reimbursed or retroactively recover the premiums. MIS

attributed the other cases mostly to data loading errors, retroactive termination of coverage, and incorrect master data. MIS indicated that it planned to implement premium cross-checking tools and automated data uploads with all entities to help reduce the risk of such errors.

15. Further, MIS did not perform checks to verify the accuracy of the premium income computation at the individual member level. MIS indicated that it had previously attempted to contact some participating organizations to perform such checks, but it was not successful. OIOS re-performed the premium computation for a random sample of 20 staff members from five participating organizations for one month (June 2023). In 3 out of 4 cases sampled for one participating organization, the review showed differences between the computed premium and the premium reported, ranging from CHF 4.5 ($5) to CHF 32 ($35). Since these were arithmetical errors, there is a risk that they could be systemic which would mean that the total error per year for that organization could be significant. The organization concerned indicated that it was in contact with MIS to determine the possible reasons for the differences.

(2) The UNOG Medical Insurance Section should: (a) establish automated controls or other compensating manual checks to prevent processing of claims for inactive members or members who are not paying premiums; and (b) review the errors in premium income to help determine the level of checks necessary to assure the accuracy of computation of premium income.

UNOG accepted recommendation 2 and stated that the implementation of this recommendation will take about 12 months and is contingent on the participation of the involved organizations.

Need for safe transmission of affiliation and premium data

16. Affiliation records and updates were entered in NHIIS through automated data uploads in the case of the United Nations entities that used Umoja, as well as for two other entities. For the other participating organizations, affiliation records were received by email. Information on premium was also submitted by email by the entities. The use of emails for transmission of sensitive information on affiliations and premiums increased the risk of data breaches. Some participating organizations' representatives interviewed by OIOS raised concerns about this issue. MIS indicated that it was consulting with its clients with the goal of eventually implementing automated data uploads for all participating organizations. However, the memoranda of understanding (MOUs) between UNOG and the participating organizations did not address data submission requirements and data privacy issues to clarify mutual expectations and obligations.

(3) The UNOG Medical Insurance Section should formalize through memoranda of understanding the obligations of the participating organizations in enabling automated data uploads.

UNOG accepted recommendation 3 and stated that a MOU will be issued on this area.

Need to address data quality issues

17. Ensuring data quality is a key component of the Secretary-General's Data Strategy. The quality of data in NHIIS is dependent on the quality of data fed into it either automatically or manually with data from the participating organizations. In situations where the data was sent and uploaded manually, there were inadequate validation controls to ensure that data was entered in all fields in the correct format. There were also a few errors that arose during data uploads in cases where there were automated interfaces. In addition, there were legacy errors from previous systems. MIS indicated that it had made efforts to clean up the data

in NHIIS and had significantly reduced the level of errors. However, OIOS' review and analysis of data in NHIIS showed that there were still several inconsistencies and errors as detailed below which affected the quality and reliability of data in NHIIS.

(a) There were several gaps and inconsistencies related to data on the end date of insurance coverage including: (i) 1,200 cases where the end date of insurance coverage was prior to the effective date of coverage; (ii) 738 staff and dependents without end date of insurance coverage; (iii) end date of coverage not set for non-dependent children in the age groups of 21-24 and 25-29 years; and (iv) two cases of errors in end date coverage for dependent children below 21 years (in one case the end date was set at 39 years and another case at 31 years).

(b) The information on nationality was a mandatory field in NHIIS, but it was not completed for 188 active insured persons.

(c) There were several other inconsistencies such: as labeling of a retired staff as a staff member; the lack of retirement dates; and labelling a staff member's marital status as 'divorced' even though there was a dependent spouse for the same affiliation period.

18. Further, OIOS' review of data for one month (July 2023) for three organizations that did not have automated data uploads showed several cases with differences in either the names or personnel numbers of members. In 24 cases relating to one entity, the information in NHIIS and that submitted by the participating organizations did not match by name or personnel number. The differences were attributed to inconsistencies between the data structure in NHIIS and that of the participating organizations. MIS indicated that as part of its efforts to establish automated interfaces, it had provided the organizations with a data structure for sending the monthly data.

19. Since MIS is scheduled to implement a new system in 2023 to replace NHIIS, it is essential that it develops a plan of action to comprehensively address data cleaning and data architecture issues to enhance the quality of data for operational and analytics purposes. The fact that MIS did not perform regular reconciliations of the data on affiliations provided by the participating organizations against its NHIIS records meant that errors that occurred were not detected and continued to accumulate. Periodic data reconciliation is necessary for organizations without automated data upload until an automated solution is established.

(4) The UNOG Medical Insurance Section should: (a) ensure that appropriate data validation controls and automated interfaces are established in the new system to enhance the quality of data; and (b) develop a roadmap for data cleaning by including this activity and related goals in its work plans.

UNOG accepted recommendation 4 and stated that the new system will include data validation controls and automated interfaces. A roadmap for data cleaning will also be developed.

B. Claims processing

Targets for claims processing timelines were achieved

20. OIOS' analysis of the 2021-2022 claim invoice lines data showed that the average processing timelines from their submission date was approximately 7.54 calendar days (slightly over one week). This was within the four-to-five-week target established in the MOUs between MIS and its clients. On average 80 per cent of the claims were processed in one week which was above the target of 70 per cent established

in MIS's work plan. MIS effectively monitored workload and claims processing timelines using information in its dashboard. MIS also reported the aging of outstanding claims in its presentations to the Executive Committee.

Need for continued review to reduce the risk of recurrent processing errors

21. MIS is expected to continuously manage the inherent risk of errors and inconsistencies associated with processing a large volume of medical claims from various parts of the world under a complex set of its internal rules. As part of its quality control framework, MIS performs independent reviews of all claims with reimbursements above CHF 5,000. For claims with reimbursements below CHF 5,000, MIS does not carry out such reviews given the large volume of low value claims. As a compensating control, the Compliance Officer regularly performs post facto reviews of claims below CHF 5,000 on a sample basis.

22. OIOS' review of a stratified sample of 161 invoice lines totaling CHF 333,974 ($351,552) showed that in 11 cases totaling CHF 14,644 ($15,415), there were procedural gaps or errors as detailed below:

(a) In three cases the amount reimbursed for the treatment category was incorrect. In one case, MIS incorrectly reimbursed tax; in the second case MIS reimbursed delivery fees that were not reimbursable, leading to an overpayment of CHF 77 ($81); and in the third case, MIS did not correctly apply a rule which led to an underpayment of CHF 40 ($42). The errors per claim were low but if they become recurrent, the total error rate could end up being significant.

(b) In five cases, the information on treatment dates entered in the system was not accurate, which could make it difficult to identify duplicate claims.

(c) In the remaining three cases, there were procedural gaps including one case where the prescriptions were not dated, one case of a missing claim form, and one case of unclear comments regarding the claim.

23. All the procedural issues noted above related to claims below $5,000 and could be largely attributed to lack of independent review of this category of claims. The errors were varied in nature, and presented risk factors that need to be continuously monitored to ensure that they are not recurrent. This could be done as part of the Compliance Officer's regular ex post facto reviews of claims below CHF 5,000.

(5) The UNOG Medical Insurance Section should address the process errors noted in the audit in its ex post facto review of low value claims to help ensure that the risk of recurrence is minimized.

UNOG accepted recommendation 5 and stated that it will update its internal procedures to address the errors identified in the audit.

C. Support and feedback mechanisms

Need to define key performance indicators for the services provided to the insured population

24. Client orientation is a crucial aspect of MIS's work. MIS had established a dedicated Front Office and Affiliation Unit at the Client Support Centre of UNOG. In 2022, the Client Support Centre issued 1,949 tickets to visitors with queries related to services provided by MIS. MIS also maintained a website that broadly covered essential information. At the time of the audit, MIS was in the process of improving its website. Further, regular surveys were conducted to assess client satisfaction. In 2021, there were two

surveys conducted – one by UNOG Division of Administration and the other by MIS, which showed satisfaction rates of 96 per cent and 87 per cent, respectively.

25. Telephone calls, in person meetings and emails were the three means by which members could reach MIS. There was a decline in the average number of calls received per month by 51 per cent from 2021 to 2023 but the average waiting time of calls answered continued to increase. The proportion of calls not answered had reduced but it was also still quite high at 60 per cent.

Table 1: Analysis of telephone calls data (2021-2023)

Year	Total number of calls	Average number of calls per month	Percentage of calls not answered	Answered calls average duration	Answered calls average waiting time
				Minutes	
2021	30,440	2,537	80	6.72	0.84
2022	19,720	1,643	71	9.21	2.98
2023 (up to July)	8,710	1,244	60	10.65	4.58

26. MIS had not established key performance indicators (KPIs) and targets for assessing the quality of services provided. MIS did not also maintain a database of queries received through the telephones, emails and in-person visits. Establishing KPIs would help MIS assess and improve the quality of its services.

(6) The UNOG Medical Insurance Section should define key performance indicators and targets for the quality of services it provides.

UNOG accepted recommendation 6 and stated that it will define KPIs and targets for the quality of services it provides.

IV. ACKNOWLEDGEMENT

27. OIOS wishes to express its appreciation to the management and staff of UNOG for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

ANNEX I

STATUS OF AUDIT RECOMMENDATIONS

Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	The UNOG Medical Insurance Section should: (a) inform the participating organizations and members about the 31 days' advance notification requirement for staff taking special leave without pay (SLWOP); and (b) establish a system to monitor the status of staff on SLWOP to ensure timely affiliation and collection of premiums.	Important	O	Receipt of evidence that: (a) the participating organizations and members are informed about the 31 days' advance notification requirement for staff taking special leave without pay (SLWOP); and (b) a system to monitor the status of staff on SLWOP is established to ensure timely affiliation and collection of premiums.	31 March 2025
2	The UNOG Medical Insurance Section should: (a) establish automated controls or other compensating manual checks to prevent processing of claims for inactive members or members who are not paying premiums; and (b) review the errors in premium income to help determine the level of checks necessary to assure the accuracy of computation of premium income.	Important	O	Receipt of evidence that: (a) automated controls or other compensating manual checks are established to prevent processing of claims for inactive members or members who are not paying premiums; and (b) the errors in premium income are reviewed to help determine the level of checks necessary to assure the accuracy of computation of premium income.	31 March 2025
3	The UNOG Medical Insurance Section should formalize through memoranda of understanding the obligations of the participating organizations in enabling automated data uploads.	Important	O	Receipt of evidence that memoranda of understanding are formalized to define the obligations of the participating organizations in enabling automated data uploads	31 March 2024
4	The UNOG Medical Insurance Section should: (a) ensure that appropriate data validation controls and automated interfaces are established in the new system to enhance the quality of data; and (b) develop a roadmap for data cleaning by including this activity and related goals in its work plans.	Important	O	Receipt of evidence that: (a) appropriate data validation controls and automated interfaces are established in the new system to enhance the quality of data; and (b) a roadmap is developed for data cleaning by including this activity and related goals in its work plans.	30 June 2024

[1] Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.
[2] Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.
[3] Please note the value C denotes closed recommendations whereas O refers to open recommendations.
[4] Date provided by UNOG in response to recommendations.

ANNEX I

STATUS OF AUDIT RECOMMENDATIONS

Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

5	The UNOG Medical Insurance Section should address the process errors noted in the audit in its ex post facto review of low value claims to help ensure that the risk of recurrence is minimized.	Important	O	Receipt of evidence that UNOG Medical Insurance Section addressed the process errors noted in the audit in its ex post facto review of low value claims to help ensure that the risk of recurrence is minimized	31 March 2024
6	The UNOG Medical Insurance Section should define key performance indicators and targets for the quality of services it provides.	Important	O	Receipt of evidence that key performance indicators and targets were defined for the quality of services it provides.	31 March 2024

APPENDIX I

Management Response

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Management Response

Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNOG Medical Insurance Section should: (a) inform the participating organizations and members about the 31 days' advance notification requirement for staff taking special leave without pay (SLWOP); and (b) establish a system to monitor the status of staff on SLWOP to ensure timely affiliation and collection of premiums.	Important	Yes	Senior Benefits Officer, UNSMIS	31.03.2025	The part a) of the recommendation will be implemented through an information campaign addressed to insured members and participating organizations. The part b) of the recommendation will be implemented by developing a module within the new system that captures the entire audit trail process of each SLWOP. This development is expected to take about one year.
2	The UNOG Medical Insurance Section should: (a) establish automated controls or other compensating manual checks to prevent processing of claims for inactive members or members who are not paying premiums; and (b) review the errors in premium income to help determine the level of checks necessary to assure the accuracy of computation of premium income.	Important	Yes	Senior Benefits Officer, UNSMIS	31.03.2025	The implementation of this recommendation will take about 1 year and is contingent on the participation of the involved organizations.
3	The UNOG Medical Insurance Section should formalize through memoranda of understanding the obligations of the participating organizations in enabling automated data uploads.	Important		Senior Benefits Officer, UNSMIS	31.03.2024	A memorandum of understanding will be issued on this area.

[1] Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

[2] Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

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Audit of medical insurance affiliation and claims processing at the United Nations Office at Geneva

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The UNOG Medical Insurance Section should: (a) ensure that appropriate data validation controls and automated interfaces are established in the new system to enhance the quality of data; and (b) develop a roadmap for data cleaning by including this activity and related goals in its work plans.	Important	Yes	Senior Benefits Officer, UNSMIS	30.06.2024	UNSMIS new system will include data validation controls and automated interfaces. A roadmap on data cleaning will also be developed. This recommendation will be implemented by 30 June 2024.
5	The UNOG Medical Insurance Section should address the process errors noted in the audit in its ex post facto review of low value claims to help ensure that the risk of recurrence is minimized.	Important	Yes	Senior Benefits Officer, UNSMIS	31.03.2024	UNSMIS will update its internal procedures to address the errors identified in the audit.
6	The UNOG Medical Insurance Section should define key performance indicators and targets for the quality of services it provides.	Important	Yes	Senior Benefits Officer, UNSMIS	31.03.2024	UNSMIS will define key performance indicators and targets.