



State Payments to Two Companies for COVID-19 Testing

July 2021

What is a “special review?”

- Not a financial audit or program evaluation
- We may undertake special reviews in response to complaints/allegations or legislative requests
- In this case, we provided an expedited response to concerns expressed to us during the 2021 legislative session

Conclusion

- Based on our review of the early months of the state's COVID-19 testing contract with two companies, there is no evidence that the state or its contracted insurers made excessive payments to the companies

MDH entered into an emergency contract for testing in late 2020

- Saliva specimens
- Two companies: Vault for specimen collection and Infinity BiologiX (IBX) for specimen analysis
- Contract specified maximum price per test—from insurers first and (potentially) then from the State of Minnesota
- Test recipients not responsible for costs
- Contract expires no later than September 2021, with MDH payments not to exceed \$75 million

We focused on payments made through publicly funded programs

- DHS-administered health care programs
- MMB-administered State Employee Group Insurance Program (SEGIP)

DHS-contracted health plans paid a fraction of billed amounts

- We examined claims through March 2021
- Health plans paid:
 - 25 percent of Vault's billed amounts
 - 33 percent of IBX's billed amounts
- Companies submitted no claims during this period on behalf of DHS fee-for-service clients

MMB-contracted health plans were also paying well below the billed amounts

- One health plan had paid 35 percent of Vault's billed amounts and 32 percent of IBX's billed amounts
- The other two MMB-contracted health plans had not yet authorized any payments as of April 2021; they were negotiating individual contracts with the companies

Health plans said the companies submitted excessive bills

- They said claims did not accurately reflect the services provided in many cases
- But they did not attribute this to ill intent by the companies, suggesting there was a learning curve for COVID-19 billing

Companies said they used standard billing practices

- Vault and IBX said they have charged the same amounts to all insurers
- They said some insurers pay at or near the standard billing rates, but many pay substantially less

MDH has paid a small amount so far under the Vault-IBX contract

- Maximum state obligation under the contract: \$75 million
- Most expenses paid so far were for initial set-up costs
- Only about \$3 million paid so far for payments for direct testing costs

Summary

- For clients in managed care, state-contracted health plans have helped to ensure that the state does not overpay for COVID tests
- For clients in state-paid fee-for-service care, there were been no Vault and IBX claims submitted as of the time of our analysis

Cautions

- The number of claims processed at the time of our analysis was limited, so state and health plan officials should review future claims carefully
- We did not examine claims submitted by Vault and IBX to insurers on behalf of privately insured people, and we do not know how carefully those insurers scrutinized these bills

The report is available at:

<https://www.auditor.leg.state.mn.us/>