



FCPS Audit Report: 26-1001 Healthcare Claims Management Audit

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Prepared by
Office of Auditor General

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Office of Auditor General (OAG) conducted a performance audit of Healthcare Claims Management in accordance with the Fiscal Year (FY) 2026 audit plan approved by the Fairfax County School Board.

Fairfax County Public Schools (FCPS) provides medical and dental health benefit plans to employees and retirees. Beginning in calendar year 2023, FCPS replaced its Aetna and CareFirst medical plans with the Cigna Open Access Plan (Cigna). FCPS continues to offer the Kaiser Permanente plan, which is fully insured. Eligible employees and retirees may also select stand-alone dental coverage from either the dental network organization (DNO) plan or the dental preferred provider organization (DPPO) plan, which are both administered by Aetna Dental.

For Cigna and Aetna DPPO plans, FCPS utilizes a self-insured model. FCPS outsources claim administration to third-party administrators (TPAs), Cigna and Aetna DPPO. FCPS pays the TPAs for (a) the claims adjudicated which they in turn pay the healthcare providers, and (b) administration fees to manage services, which include receiving and adjudicating claims.

The audit scope period includes January 1, 2023, through March 31, 2025, for FCPS self-insured medical and dental plans.

The objective of this audit was to evaluate effectiveness and efficiency of the current framework of monitoring healthcare claims by the Office of Benefit Services (OBS), including assessing the adequacy of internal controls to ensure TPAs, including Cigna and Aetna DPPO, are adjudicating claims according to terms and conditions. The Kaiser Permanente Health Maintenance Organization (HMO) plan and Aetna DNO are not included in the scope of this review, as they operate on a fully funded model for which Kaiser and Aetna DNO assume all financial risk in exchange for a fixed premium paid by FCPS.

In accordance with Virginia Code Section § 2.2-3711(A)(7) and (A)(8), the public body may hold a closed meeting for consultation with legal counsel concerning the following:

1. Litigation Strategy (A)(7): consultation or briefings pertaining to actual or probable litigation where discussion in open session would adversely affect the negotiating or litigating posture of the school division.
2. Specific Legal Advice (A)(8): the provision of legal advice regarding the school division's ongoing legal obligations.

With the above Virginia Code Sections, and Virginia Code Sections § 2.2-3705.1 (2), (3) and (5), the results of this audit will not be shared publicly.