



ORGANISATION DE L'AVIATION  
CIVILE INTERNATIONALE

INTERNATIONAL CIVIL  
AVIATION ORGANIZATION

## Review of Payments to Cigna

IA/2024/4

Office of Internal Oversight

## ACRONYMS

ASO	Administrative Services Only
CISO	Chief Information Security Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
FIN	Finance Branch
FWA	Fraud, Waste, and Abuse
GMS	Group Management Services
ICAO	International Civil Aviation Organization
ISAE	International Standard on Assurance Engagements
ISO	International Organization for Standardization
KPI	Key Performance Indicator
MBP	Medical Benefits Plan
OIO	Office of Internal Oversight
SEA	Staff Employment and Administration Section
SLA	Service Level Agreement
SOC	Service Organization Control
SSAQ	Supplier Security Assessment Questionnaire
TPA	Third Party Administrator
UN	United Nations

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## EXECUTIVE SUMMARY

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1. At the request of ICAO's key stakeholders and in accordance with its annual work plan for 2024 (C-WP/15526), the Office of Internal Oversight (OIO) carried out a limited review of payments to Cigna.
2. The objectives of this limited review were to (a) assess whether adequate internal controls are in place surrounding the process of payments to Cigna, including its proper authorization by ICAO; (b) review what information is shared by Cigna and how the accuracy and completeness of this information is validated by ICAO; and (c) understand what type of an independent quality control assurance has been used by Cigna for its internal control system.
3. The review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.
4. The review was limited to:
  - Reviewing the process and controls in place for payments made to Cigna; including the verification of the accuracy and completeness of data that formed the basis upon which payments to Cigna were made;
  - Reviewing a sample of payments made for confirmation purposes;
  - Checking for compliance with the contract performance between Cigna and ICAO; and
  - Enquiring with Cigna on its independent quality control assurance in place pertaining to internal controls.
5. OIO did not perform any audit tests nor verification to assess the veracity of Cigna's internal controls as this was not part of the scope of this review. As such OIO does not provide any assurance on their controls. The report describes for information the controls implemented by Cigna based on the interview and documents provided.
6. Based on the results of the limited review, OIO has given an overall rating of "*Effective*". This rating is based only on the verification performed specifically in relation to controls over the payment process and the accuracy and completeness of data validated on a sample basis.
7. The limited review noted the following positive attributes:
  - a) Cigna provides an annual stewardship report to ICAO, which presents its performance against performance indicators and other standards indicated in the contract.
8. However, OIO noted certain weaknesses where some improvements are needed to strengthen controls, which include:
  - a) Establishing a system to validate the monthly invoices from Cigna against ICAO records for the billing period.
  - b) Performing sample testing of Cigna claims on a periodic basis, including documenting the procedure, frequency, volume, and reporting of the results.
9. This report made two medium-priority recommendations. Management comments and proposed actions are included in the Management Action Plan in Annex 2.
10. OIO wishes to thank management and staff for their assistance and cooperation during this review.

## RESULTS OF THE REVIEW

### Background

11. ICAO has entered into a contract<sup>1</sup> with Cigna for the provision of ICAO Medical Insurance through a Third-Party Administrator (TPA). The contract covers the processing of all individual and healthcare providers' claims incurred by participants of the ICAO group Medical Benefits Plan (MBP). The MBP provides insurance coverage to ICAO employees at headquarters and regional offices, retirees, some delegates, and employees of other UN organizations based in Canada (United Nations Environment Programme based in Montreal, and the International Atomic Energy Agency based in Toronto).
12. The ICAO MBP is a self-funded plan, and Cigna is contracted for the processing and reimbursement of medical claims. Cigna is paid an all-inclusive Administrative Services Only (ASO) fee per month per family (a unit definition for insurance purposes, which could comprise an individual staff member or a staff member with one or more dependents) in accordance with the amounts established in the contract. The current four-year contract expires on 31 March 2025.
13. ICAO has established a working capital fund of CAD 800,000 corresponding to the average two-month balance worth of claims for Cigna to reimburse claims to MBP members on behalf of ICAO. Cigna submits a statement at the beginning of each month showing the total claims paid during the previous month as well as the cost of funding and currency fluctuations. Cigna also transmits monthly administrative ASO fee billing statements, these statements are based on the eligibility data uploaded to Cigna's Group Management Services (GMS) system by ICAO at the end of the previous month. ICAO remits estimated amounts to Cigna within 15 days to replenish the working capital fund, ensuring sufficient funds are available for Cigna's reimbursement in addition to maintaining the working capital fund balance.
14. The ICAO MBP, administered by Cigna, has six classes as follows:

Class	Details
Class 1	Active staff at Headquarters with Medicare coverage.
Class 1a	Prescription drugs coverage only for active staff at Headquarters with Medicare coverage.
Class 2	Retirees with Medicare coverage. (Ceiling of CAD ██████ per person, per year, for emergency medical coverage in the USA)
Class 2a	Retirees aged 65 years and over, residing in Quebec and covered with <i>Régie de l'assurance maladie du Québec</i> (RAMQ) drug plan. (Same limitations as Class 2)
Class 2b	Retirees aged 65 years and over, residing in Quebec and not covered with RAMQ drug plan. (Same limitations as Class 2)
Class 3	Active staff in Headquarters and Regional Offices.
Class 4	Retirees living in Canada without Medicare coverage and retirees living elsewhere. (Ceiling of USD ██████ per person, per year, for medical coverage in the USA and Canada)
Class 5	Retirees with worldwide coverage including the USA and Canada.
Class 6	Retirees with worldwide coverage living in Canada with Medicare (Ceiling of USD ██████ per person per year for medical coverage in the USA)

### Review Objectives and Scope

15. The objectives of this limited review were to:

<sup>1</sup> Contract No. 12501090 for the provision of ICAO Medical Insurance through a Third-Party Administrator (TPA)

- a) Assess whether adequate internal controls are in place surrounding the process of payments to Cigna, including its proper authorization by ICAO.
  - b) Review what information is shared by Cigna and how the accuracy and completeness of this information is validated by ICAO.
  - c) Understand what type of independent quality control assurance has been used by Cigna for its internal control system.
16. The review covered contract compliance, the process and controls in place in validating payments to Cigna and understanding what independent quality control assurance pertaining to Cigna's controls are in place.
  17. Additionally, OIO interviewed key stakeholders in ICAO's Human Resources (SEA), Finance Branch (FIN), and the ICAO Chief Information Security Officer (CISO) as well as Cigna.
  18. OIO did not perform any audit tests or verification to assess the veracity of Cigna's internal controls.
  19. The review covered payments to Cigna during the period from January 2022 to March 2024.

## Findings and Recommendations

### Payment process and controls, including data accuracy and completeness

#### Accuracy and completeness of membership data

20. Cigna charges a monthly ASO fee<sup>2</sup> based on subscriber eligibility information provided by ICAO HR. Cigna updates the subscriber list in one of two methods: (i) manual e-mail enrollment by HR; and (ii) automatic uploads based on eligibility lists provided by ICAO HR monthly.
21. Cigna informed OIO that it had implemented controls to ensure the accuracy of the ICAO subscribers list. These controls include deviation lists, regular contact with ICAO HR, and close collaboration with its billing team.
22. OIO analyzed the administrative services fees paid to Cigna from January 2022 to March 2024 to determine if controls at ICAO and Cigna on membership data supporting payment were working as intended. OIO noted that Cigna charged a total administrative fee of CAD [REDACTED] for this period, and the average monthly fee charged to ICAO ranged from CAD [REDACTED] to CAD [REDACTED].
23. Based on the current practice, FIN receives monthly MBP admin fee invoices and a claims overview (a summary of daily claims paid in CAD) from HR/SEA. FIN first reviews the invoice and claims overview to identify if any unusual changes occurred during the month and then transfers the details to the monthly MBP fund report as a record. Cigna deducts the admin fee and claims payments directly from the funds held at Cigna and sends an invoice for information to ICAO.
24. OIO noted discrepancies between the total number of insured subscribers and the monthly fee invoiced to ICAO. This resulted in a difference of 305 insured subscribers over the review period, totaling CAD 8,649. The discrepancy, though not significant, was subsequently resolved as Cigna had not yet updated its records promptly during the time that OIO performed the analysis.
25. OIO noted that this discrepancy was not proactively identified by ICAO before the invoice had been authorized due to a lack of a robust process for verification of the admin fees before authorizing the payment. ICAO HR/SEA needs a robust validation system to ensure that monthly invoices by Cigna correspond to the actual number of subscribers insured for the billing period.

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<sup>2</sup> a) From 1 April 2021 – 31 March 2022 (year 1): USD [REDACTED] per month, per subscriber  
b) From 1 April 2022 – 31 March 2023 (year 2): USD [REDACTED] per month, per subscriber  
c) From 1 April 2023 – 31 March 2024 (year 3): USD [REDACTED] per month, per subscriber  
d) From 1 April 2024 – 31 March 2025 (year 4): USD [REDACTED] per month, per subscriber

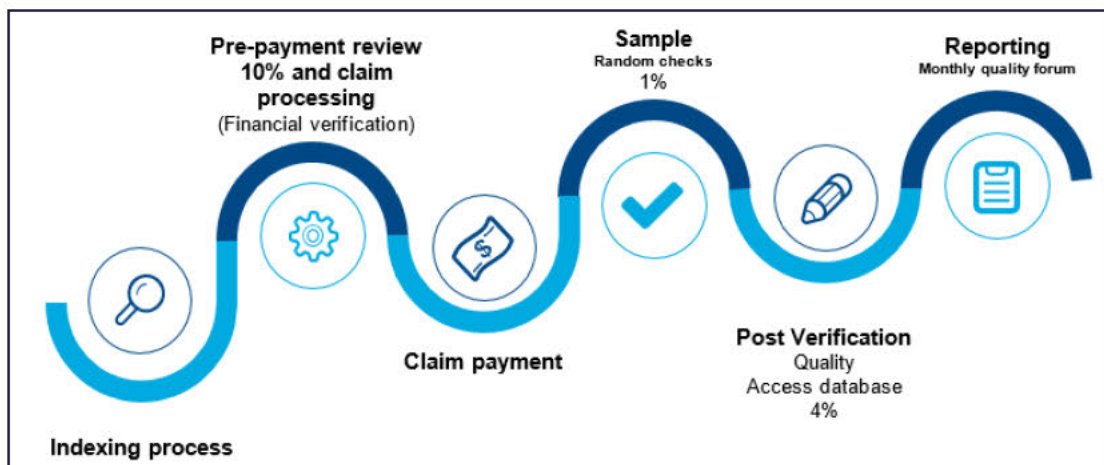
Recommendation 1	Validation of monthly invoices
Priority	Medium
<p>The Chief SEA should establish a system to review and validate the ASO fee monthly invoices from Cigna against ICAO records on the number of insured subscribers for the billing period. In case of any discrepancies, the invoice and associated charges deducted from the ICAO MBP fund must be adjusted. For this purpose, HR/SEA should send an official communication to Cigna with FIN in copy, and confirm the correct adjustment is actioned in subsequent invoices.</p>	
<p>Closing criteria:</p> <p>A documented workflow for review and validation of Cigna invoices.</p>	

### Accuracy and completeness of claims data

26. Based on the information provided by Cigna, it appears that it had put in place internal controls to ensure the accuracy of claims. These controls include an ISO-certified claims handling process. The ISO 9001:2015 certification suppose to confirm that Cigna (i) measures and monitors claims; (ii) communicates processes and output according to strict quality criteria; and (iii) defines and implements process improvements as and when needed.
27. Cigna also indicated that it embedded the following automated checks within its claims handling system:
- Membership data
  - Area of cover
  - Maximum reimbursement ceilings in a certain timeframe
  - Prior authorization of treatment
  - Double expenses
  - Claims submission deadline
  - Correct authority level: if a particular claims analyst has an insufficient authority level, the reimbursement will have to be approved by someone with sufficient authority

Additionally, Cigna stated that it also implemented pre- and post-payment quality controls, including conducting a statistically valid random sample of claims to measure performance and turnaround time. All findings were analyzed by Cigna quality auditors and claims analyst managers with a view to implement quality improvements, where necessary, and to facilitate continual improvement in the claims processing procedures.

28. The figure below illustrates Cigna’s quality control process.



Source: Cigna

29. OIO requested the claims data for the period January 2022 to March 2024 to conduct a review and analysis of data to verify a sample of payments and identify trends, anomalies, or outliers. The data requested by OIO, and provided by Cigna, did not contain any personally identifiable information or other sensitive medical information.
30. OIO analyzed the individual claims data provided by Cigna in 2023 against the claim amounts reimbursed as shown in monthly balances. The data provided by Cigna amounted to 52,271 claims by 1,358 claimants for a total of CAD 7,158,686 that were reimbursed in 2023.
31. OIO identified the claims data provided by Cigna was CAD 285,739 less than the claims reimbursed to Cigna by FIN as recorded in the ERP system. When the discrepancies were communicated to Cigna, a new data extract was provided and Cigna informed ICAO that the discrepancies were due to an error in how the original dataset was extracted and filtered.
32. Due to the discrepancies in data provided by Cigna, OIO also validated the accuracy and integrity of the revised data, by comparing the two datasets provided where the new dataset reconciled to the data in the ERP system. In the initial dataset, there were 677 cases out of 1,358 (49.8%) with negligible differences of minor amounts up to CAD 12,281.
33. To further validate the accuracy and integrity of the data, OIO selected a stratified sample of 45 subscribers where the differences ranged between CAD 483 and CAD 12,281. From this sample, 10 subscribers were randomly selected from amongst the active staff list with their IDs encrypted for further analysis and direct confirmation with the staff members. The claims data of these 10 staff members were requested from Cigna without the sensitive and confidential medical information and the staff members were requested to participate in a voluntary exercise to confirm the total amounts reimbursed to them by Cigna during the year 2023. Seven staff members (70%) responded and confirmed the amounts received in 2023 matched the amounts provided by Cigna per the revised dataset.
34. While no overpayments were noted, it will be beneficial for ICAO to enhance monitoring and perform sample-based periodic validation of data provided by Cigna to ensure the integrity of the data provided since this is used for billing and to diminish the risk of overpayment. OIO is of the view that SEA has over-relied on Cigna's controls related to the accuracy and completeness of claims data. Good third-party risk management practice requires periodic monitoring and oversight.

Recommendation 2	Periodic sample testing of Cigna claims data
Priority	Medium
The Chief SEA should as part of the validation system (rec. 1), perform sample testing of Cigna claims on a periodic basis. The mechanism should document the procedure, frequency, volume, and reporting of the results.	
Closing criteria:	
A documented sample testing mechanism, with results reporting on a periodic basis.	

### Contract performance reporting

35. The contract with Cigna includes a Service Level Agreement (SLA) that outlines specific performance standards agreed between the parties. These performance standards are designed to ensure financial and procedural accuracy, service satisfaction, account satisfaction, and claim turn-around time among others.
36. On financial accuracy, Cigna has guaranteed that the annual accuracy of the member claims payment dollars will be 99% or higher. Cigna has also guaranteed that the percentage of member

- claims processed without payment error will be 98% or higher. On procedural accuracy, Cigna has guaranteed that the percentage of member claims processed without non-financial errors will be 97% or higher.
37. Cigna stated that it tracks and reviews these Key Performance Indicators (KPIs) in monthly quality forums to identify trends, determine improvement actions, review root cause analysis, and identify potential corrective actions. Cigna is required to present annually a stewardship report to ICAO on its performance against the KPIs indicated in the SLA.
  38. OIO reviewed the latest report covering the period April 2023 - March 2024 where Cigna reported a 99.2% financial accuracy (target = 99%), 97.7% payment incidence accuracy (target = 98%), and 95.2% procedural accuracy (target = 97%). The member satisfaction rate was 84.4% (target = 80%) and no fraudulent cases were identified on the ICAO MBP for the reporting period. As it was discussed above, ICAO does not have its own oversight mechanism to validate the above statistics.
  39. Establishing an SLA with specific performance indicators and regular performance reporting represents good practice in managing the outsourced service providers. SEA should continue to regularly monitor the performance of Cigna against the standards and validate the KPIs indicated in the contract.

#### Quality assurance on service-provider controls

40. OIO enquired from Cigna as to what independent assurance process is in place regarding the effectiveness of its internal control system and the internal control framework adopted. OIO was informed that Cigna adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for Internal Controls over Financial Reporting in accordance with SEC requirements. COBIT, ITIL, SOC 1/2, and ISO/IEC 27002 are also leveraged within their IT department to achieve robust security processes and controls. Cigna indicated that it was also compliant with NIST, GLBA, Sarbanes-Oxley, HIPAA, and various other regulations. Cigna also added that it has the ISO 9000 certification and administers the ICAO MBP in accordance with its ISO-certified claims handling process and that the service provider's data centers (external) are ISO 27001-certified. Additionally, Cigna is pursuing its own ISO 27001 certification which is expected to be completed by early-2025. OIO did not perform any validation as this was not part of the scope of this limited review.
41. Cigna indicated that its internal controls are reviewed by its external auditors as part of the audit of its annual financial results in addition to various internal and external audits each year to provide assurance that its internal controls are functioning as intended. OIO requested copies of audit reports on Cigna's internal control system, however, these reports were not made available to OIO as they were restricted and not shared externally. OIO was informed that there are no outstanding audit recommendations that would impact the nature of its service provision to its clients. As discussed with Cigna, OIO noted that Cigna's oversight providers do not provide specific assurance on the state of governance, risks and controls related to ICAO's transactions, or at least this information was not available to ICAO.
42. Additionally, OIO noted through its discussion with Cigna that its oversight providers do not provide assurance in accordance with the International Standard on Assurance Engagements 3402: *Assurance Reports on Controls at a Service Organization* (ISAE 3402). ISAE 3402, is an international assurance standard that outlines Service Organization Control (SOC) engagements, providing assurance to an organization's customers regarding the adequacy of its internal controls.
43. The need for an ISAE 3402 assurance report was raised by the ICAO External Auditors and the Evaluation and Audit Advisory Committee (EAAC) for assurance on the effectiveness of the internal control system of Cigna on ICAO's medical claims. Cigna confirmed that there is no plan to carry out an ISAE 3402 assurance engagement at this stage.

### Other areas for information purposes

44. The below section details OIO's discussion with Cigna, is for information purposes only, and no assurance is provided thereupon.

#### Safeguards against fraudulent claims

45. Based on a discussion with Cigna, OIO was informed that the service provider has in place internal controls, systems, and processes to detect fraud, waste, and abuse (FWA) by plan members, their enrolled dependents or providers, including an automated process to prompt additional reviews if necessary.
46. The Payment Integrity Team at Cigna is accountable for detecting, preventing, and investigating FWA. This Team includes clinicians, data scientists, auditors, and investigators who utilize data analysis and data visualization tools to proactively and predictively widen the scope of FWA detection capabilities at Cigna.
47. Other tools employed by Cigna to detect FWA include specialist functions, training and awareness, manual referral (whistleblower), and automated programs and there are documented procedures for handling and reporting confirmed fraud cases, including a recovery process.
48. At the same time, Cigna confirmed that there were no reported fraud cases for ICAO plan members between April 2023 and March 2024.
49. ICAO can enhance its own anti-fraud prevention and detection efforts in raising awareness among staff and putting in place oversight and monitoring.

#### Protection of personal and confidential information

50. During the same discussion with Cigna and a limited review of the documents provided, OIO observed that Cigna has policies, procedures, standards, and technical safeguards in place to protect the personal and confidential information of client groups. Examples of confidential level data handled by Cigna include Protected Health Information and Personal Information.
51. Cigna completed the ICAO Supplier Security Assessment Questionnaire (SSAQ) in March 2021 when Cigna was awarded the contract. The SSAQ was reviewed by the ICAO Information Security Office and found to be within an acceptable risk score.
52. It should be noted, however, that the SSAQ was completed prior to the initial contract signing and there is no annual questionnaire to assess the third-party provider's continued compliance and risk score in case of any major changes in its information technology and information security infrastructure.

## ANNEX 1: DEFINITION OF AUDIT TERMS

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### Audit Ratings

In providing an overall assessment of the results of the audit, OIO uses the following standardized audit rating definitions:

Audit Assessment	Definition
Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses or areas for improvement were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Several key control weaknesses were noted and/or several areas of strategic/high importance were identified where significant improvements can be made to increase efficiency and effectiveness.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Internal control is defined as a process effected by senior management and staff, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance objectives. Whilst internal control provides reasonable (but not absolute) assurance of achieving organizational objectives, limitations may result from:

- suitability of objectives established as a precondition to internal control;
- reality that human judgment in decision making can be faulty and subject to bias;
- breakdowns can occur because of human failures such as simple errors;
- ability of management to override internal control;
- ability of management, other staff, and/or third parties to circumvent controls through collusion;
- external events beyond the organization's control.

### Priority of Audit Recommendations

The audit recommendations in this report are categorized according to priority as a guide to management in addressing the issues raised. The following categories are used:

High: recommendations, which address significant and/or pervasive deficiencies or control weaknesses, or areas where significant improvements can be made.

Medium: recommendations, which address important deficiencies or control weaknesses, or areas where some improvements can be made.

Low: suggestions, which represent best practice, or general opportunities for improvement

## ANNEX 2: MANAGEMENT ACTION PLAN

Ref	Recommendation	Priority Rating	Accepted (Y/N)	Management Comments	Agreed Actions	Office/Section Responsible	Target Date
1.	The Chief SEA should establish a system to review and validate the AOS fee monthly invoices from Cigna against ICAO records on the number of insured subscribers for the billing period. In case of any discrepancies, the invoice and associated charges deducted from the ICAO MBP fund must be adjusted. For this purpose, HR/SEA should send an official communication to Cigna with FIN in copy, and confirm the correct adjustment is actioned in subsequent invoices.	Medium	Y	To ensure accurate and timely enrollment of participants, HR provides Cigna with a list of participants at the beginning of each month. Cigna then generates an invoice based on these totals, which is subsequently validated before being forwarded to Finance. This process ensures that all participants are accounted for and that financial records are accurate and up-to-date.	<p>We shall develop a process as follows:</p> <ul style="list-style-type: none"> <li>Request Cigna to provide a comprehensive list of participants from their system to forward on the 5<sup>th</sup> of every month</li> <li>HR to review and validate that all participants have been enrolled as required by the 15<sup>th</sup> of every month.</li> </ul> <p>Any discrepancies identified will be communicated to Cigna for update and alignment to invoices. FIN/GLU will be copied on this communication.</p>	HR/SEA	28 February 2025

Ref	Recommendation	Priority Rating	Accepted (Y/N)	Management Comments	Agreed Actions	Office/Section Responsible	Target Date
2.	The Chief SEA should as part of the validation system (rec. 1), perform sample testing of Cigna claims on a periodic basis. The mechanism should document the procedure, frequency, volume, and reporting of the results.	Medium	Y	Accepted.	HR will conduct sample testing every six months to validate the claim settlements.	HR/SEA	31 August 2025