



MEMORANDUM

TO: Health Care Commission
Steve Dechant
Sandy Praeger
Nancy Ruoff
John Staton
Dennis Taylor

FROM: Mike Michael

DATE: February 24, 2011

SUBJECT: **Dependent Eligibility Audit**

Most large employers periodically undertake some type of dependent eligibility review to verify continued eligibility for coverage. The State Employee Health Plan (SEHP) will be conducting an audit to ensure the dependents covered under the SEHP meet the current eligibility criteria to be a covered dependent. The SEHP is working with Claim Technologies Inc. (CTI) to finalize the parameters of the audit.

Phase one of the audit involves CTI accessing the SEHP records to determine a list of members with participating dependents who do not have appropriate supporting documentation on file. Phase two of the audit involves SEHP and/or CTI contacting the human resource representatives of the agency or non state covered public employer to obtain copies of any documentation they may have for these dependents in their files. When the documentation is received from the agency or non state covered public employer, the documentation will be reviewed to ensure the dependent meets the eligibility requirements for the plan, and the member's record will be updated. For Direct Bill members a list will be developed for handling during the next phase of the audit.

Once we have all the documentation from phase two, we will review to determine the next phase. One option is to contact all of the members who have missing documentation for their dependents and request copies. If the requested documentation is not received those dependents would be removed. Any dependents we receive documentation for will be reviewed to ensure the dependent meets the eligibility requirements for the plan, and the member's record will be updated. If the dependent is determined ineligible they would be removed from the plan as well. A second option is to contact those members whose dependents have paid claims in excess of a set dollar amount.

The SEHP is in the process of securing a final cost estimate for the dependent eligibility audit. In order for CTI to provide an accurate estimate they will have two of their staff onsite the afternoon of March 30, 2011, and the morning of March 31, 2011, to review the SEHP database and conduct a productivity test. This will help CTI determine a timeline for the audit. The anticipated start date of the audit is May 2011.