

MEMORANDUM

TO: Health Care Commission
J. Scott Day
Steven Dechant
Sandy Praeger
Nancy Ruoff
Dennis Taylor

FROM: Mike Michael

DATE: August 31, 2011

SUBJECT: **Dependent Eligibility Audit**

Historically, the State Employee Health Plan (SEHP) has required the agency human resource offices to obtain documentation from an employee of his or her dependent's eligibility for coverage under the SEHP, and this documentation was stored in the member's personnel file at the agency. The documentation was available to the SEHP upon request.

Beginning October 1, 2008, the SEHP started requiring that all documentation for newly enrolled dependents be submitted to the SEHP office. The documentation is scanned into the imaging system and associated with the member's enrollment record in SHaRP.

Beginning June 27, 2011, the SEHP, in conjunction with Claim Technologies Incorporated (CTI), began Phase I of a three-phase dependent audit to ensure that the health plan has dependent documentation on all currently enrolled dependents. During Phase I, CTI reviewed all of the dependent documentation warehoused in the imaging system and compared this documentation to the dependents currently enrolled in the health plan. A comprehensive list of those dependents with no supporting documentation was provided to the SEHP for review.

Phase II of the audit started August 9, 2011. During this phase, CTI and the SEHP communicated to the human resource offices a request for the dependent documentation that they have in their possession for those members identified during Phase I. Communications to the various human resource offices has been staggered to help manage the documentation flow to CTI and the SEHP. At the conclusion of Phase II, CTI will provide a comprehensive list to the SEHP of those dependents who did not have documentation at their human resource offices.

During Phase III, CTI will contact those employees who lack dependent documentation who have a claims threshold of \$10,000, requesting their documentation. Also during this phase, the SEHP will work with the human resource offices to obtain the missing dependent documentation identified during Phase II, excluding the dependents who have a claims threshold of \$10,000 that CTI will be working with.

Most large employers periodically undertake some type of dependent eligibility review to verify continued eligibility for coverage under the plan. CTI has projected a savings of \$171,599 to \$343,198. The timeline for completion of this audit is projected to be November 2011.

In July 2011, Legislative Post Audit (LPA) contacted the SEHP, asking for a report on what actions the SEHP has taken, or has considered taking, to identify ineligible dependents. The information provided in this update to the HCC was submitted to LPA.