

SAVE MONEY ON BENEFITS THROUGH

Dependent Verification

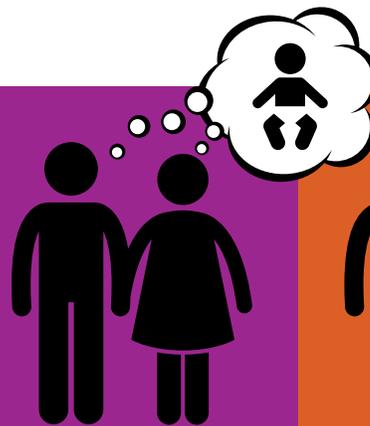
By Nash Skiles
Colonial Life & Accident
Insurance Company



Families are always changing – whether it be through births or deaths, marriages or divorces.

And when they do, they don't always think to update the dependents on their benefits. This can not only cause them stress, it can cost you money. And, with most budgets already tight, public employers are looking at every option available to save money. Dependent verification can help counties make better use of their total benefits budget.

A reported eight percent of the dependents enrolled in an employer's medical plan are actually ineligible to receive benefits according to their plan's own criteria, according to a study released this June by Colonial Life and the Government Finance Officers Association (GFOA). Ineligible dependents subject public employers to increased legal exposure. The issue also heightens the compliance risk associated with paying claims for ineligible dependents, which is prohibited by federal law. In addition, ineligible dependents assume they have coverage they actually don't have, which can create unpleasant surprises when they eventually learn the truth.



For the employers, providing insurance benefits for dependents who are no longer eligible for coverage can be very expensive. Mercer estimates that employers pay an average of \$3,500 annually to provide coverage for a single dependent.¹ At this rate, counties can rack up big price tags in a hurry by funding dependents who aren't qualified for coverage.

Who are ineligible dependents? They can include those who are over the age for eligibility, former employees, family members who aren't blood relatives or spouses and children who are no longer eligible for dependent coverage after a divorce. While some cases are simply a misunderstanding by employees who fail to remove these dependents from their plans, others may be less innocent. Fraud does exist. Federal investigators reportedly found and recovered \$3.3 billion in health care fraud in 2014 alone.¹¹

ONE TEXAS CITY SAVED MORE THAN \$1 MILLION IN FIRST YEAR

In 2013, the City of Corpus Christi, Texas, was surprised to find that nine percent of dependents covered by its health plans were ineligible for coverage. Considering the national average-annual-price tag of roughly \$3,500 per dependent, the dependent eligibility audit resulted in the City of Corpus Christi saving roughly \$1.1 million in the first year.¹

The recent Colonial Life-GFOA study examined 17 local governments that conducted audits in 2013. These included cities, counties and school districts. The average number of ineligible dependents across all 17 governments was greater than seven percent. The five largest jurisdictions reviewed (which ranged from 3,500 to 7,500 employees) would be able to save between \$590,000 and \$1.3 million annually by removing the ineligible dependents.¹

CONSIDER OUTSIDE PROVIDERS FOR DEPENDENT VERIFICATION

Dependent eligibility audits can be time consuming, detail oriented, and resource intensive. There's also potential for damaged moral and friction among employees as they are asked to obtain various personal records and demonstrate the eligibility of their dependents. However, by working with a third party auditor, the human resource department is not placed in the uncomfortable position of asking personal questions of employees, such as marital status.

An alternative to an extensive audit is a dependent review as part of a benefits enrollment with individual counseling sessions. The process is seamless: Since benefits counselors are already personally

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Conduct an annual dependent verification

We'll take care of everything

Freeing up your staff and resources for their regularly scheduled tasks, we will:

- Schedule 1-to-1 benefits counseling sessions with your employees
- Notify employees of what documentation to bring to the meeting
- Personally review their benefit plans
- Discuss eligibility criteria
- Answer any questions and educate on available benefit options
- Add or remove dependents as needed

Nash Skiles
District Development Manager
717-517-7016

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Save Money on Benefits Through Dependent Verification

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reviewing the offered benefits plan, they're able to have a more unguarded conversation about eligibility criteria and easily add or remove dependents from the plan as needed. Conducted at the time of enrollment, employees sign an affidavit verifying their dependents and the accuracy of their records.

A well-planned communications strategy can help employees understand dependent eligibility criteria in advance of the review. Employees are notified ahead of time when they will be meeting with a benefits counselor and are asked to bring documentation for any new or existing dependents they plan to enroll. This minimizes unwelcome surprises and eases tensions around the process. In fact, Corpus Christi was surprised by the low number of employee complaints they received. This is believed to be the result of a thorough communication effort.

If you're looking for a way to keep your employees engaged and motivated with strong benefits, while protecting your taxpayers and your bottom line, consider partnering with a strong benefits provider who can work with you on a dependent verification program. 📌

Nash Skiles, an Assistant District Manager with Colonial Life, has more than 20 years of experience partnering with public sector clients to help protect America's workers.

¹Controlling Healthcare Cost with Dependent Eligibility Audits, Government Finance Officers Association, June 2015.

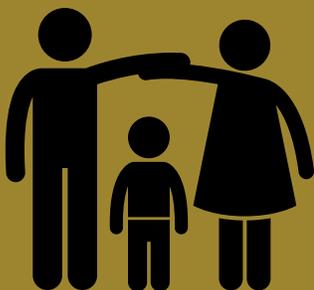
²Departments of Justice and Health and Human Services announce over \$27.8 billion in returns from joint efforts to combat health care fraud, U.S. Department of Health and Human Services, May 19, 2015.

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Gibson-Thomas Engineering Co., Inc.

Corporate Headquarters: ISO 9001-2008

1004 Ligonier St., Fifth floor
P.O. Box 853, Latrobe, PA 15650
Phone 724-539-8562 Fax 724-539-3697
gtemain@gibson-thomas.com
www.gibson-thomas.com



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