

A public school district that was concerned about whether its plan's eligibility rules were being followed requested a dependent eligibility verification audit. The result was an estimated annual savings of \$430,000.

The challenge

As a result of staffing shortages and concerns about storage of sensitive documents, the school district did not have a process in place to verify employees' dependents at the time they enrolled in health benefits. The school district needed a cost-effective way to ensure that claims paid were only for eligible dependents, as outlined in the Summary Plan Description. The school district also wanted to gather demographic updates, both to ensure accuracy and to assist them with future employee communications.

Our solution

Segal's Benefit Audit Solutions practice conducts dependent eligibility verification audits (DEVAs) that securely gather documentation to verify a dependent's relationship to the employee. Our DEVA for the school district consisted of four phases:

1. Review the plan's documents to confirm compliance with all current requirements and to help develop personalized verification communications about the audit.
2. Evaluate the school district's annual initiatives and incorporate a new audit component: gather demographic information, which consolidated two initiatives and helped determine the best timing for the audit.
3. Create a website to gather responses and establish a service center to provide guidance to employees who had questions.
4. Conduct a regularly scheduled call to provide status updates and advice on next steps when the statistics did not meet benchmarks.

The results

This DEVA was a resounding success.

The response rate for the request for demographic information was 97 percent. The school district was able to update its information for 55 percent of dependents in the plan. Three percent of the updates were to dependents' dates of birth, information that affected their eligibility for plan benefits. Overall, the DEVA found 5.7 percent of dependents enrolled in the plan were ineligible for coverage. Any dependent that did not respond by the end of the project was terminated from coverage.

All future enrollments will require completion of the dependent-eligibility verification process before coverage will begin. Additionally, the school district established a new cadence of annual spousal verification.

The estimated cost avoidance is \$430,000 annually. The DEVA's return on the school district's investment was \$21.90 to \$1.00.

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