

Benefits Resource Group

Case Study: Random Dependent Eligibility Audit



Random Dependent Eligibility Audit

Background

- A 1,000 plus employee, self-funded financial institution wanted to reduce plan costs and meet their fiduciary responsibility.

Issues

- During the employee enrollment process, the employer did not require documents such as a marriage license, birth certificate, divorce decrees, etc. to verify the employee's dependents meet the eligibility rules set forth in the plan document.
- The employer, if audited, would not be able to demonstrate their obligation to ensure that only qualified beneficiaries were receiving benefits under the healthcare plan.

Solution

- Benefits Resource Group completed a random audit whereby selected employees were first provided with an amnesty period to voluntarily remove any ineligible dependents.
- After the amnesty period, employees were required to submit documentation demonstrating that remaining dependents were eligible according to the plan language.

Results

- During the amnesty period, 39 dependents were voluntarily removed resulting in a savings in excess of \$90,000.
- At the conclusion of the audit, an additional 80 dependents were removed representing savings over \$170,000.
- The combined savings over \$260,000 first year.
- The savings is sustainable year after year.
- A zero tolerance precedence has now been established.
- Demonstrated intent to meet fiduciary responsibility.