



INSPECTOR GENERAL REPORT

2010-08-0215

December 14, 2011

SUMMARY OF SPD BENEFITS INVESTIGATIONS

Inspector General David O. Thomas reports after multiple investigations by OIG Special Agents and OIG Attorneys, as follows:

This report summarizes the actions of the Office of the Inspector General (OIG) with regard to a state-wide audit of state employee benefits by the Indiana State Personnel Department (SPD). SPD contracted with AON to conduct this audit to determine compliance with state rules with regard to employee benefits. SPD shared with the OIG its plans and requested assistance with regard to its findings if it appeared that wrongdoing was involved. The OIG agreed.¹

At our request, SPD submitted the following overview of the audit project. AON was engaged to audit the eligibility of dependents in the state employee health insurance plans. The initial outreach requested information concerning 31,759 dependents in 20,155 households. At the conclusion of its process, AON

¹ Previous to this audit, a continuous review of individually suspicious cases submitted by SPD to the OIG has yielded investigations, some resulting in criminal prosecutions. *See e.g. Ex-Spouse Insurance Overpayment*, 2010-02-0036, (<http://www.in.gov/ig/files/2010.02.0036.InsuranceOverpay.pdf>); *Ineligible Insurance Dependent*, 2008-05-0129, (http://www.in.gov/ig/files/2008050129_Tubbs_Benefits.pdf); *Ineligible Insurance Dependent*, 2008-07-0183, (http://www.in.gov/ig/files/2008070183_DOC_Benefits.pdf).

was unable to verify the eligibility of 2,256 individuals. State management officials determined to meet, face to face, with each employee who, according to AON, may have enrolled an ineligible dependent or who did not cooperate during AON's audit. As a consequence of the meetings and research with the claims administrator, it was determined that 68 ineligible dependents had made improper claims and health savings account contributions. The ineligible dependents' insurance coverage was terminated, and SPD demanded reimbursement of improper payments. Employees who enrolled the ineligible dependents were disciplined. If the errant employee did not make restitution, the matter was also referred to the Attorney General for collection. In cases where discipline was imposed and the State suffered financial loss, the OIG was also notified and asked to determine whether further action was appropriate.

Individual investigations were opened on each of the approximately 100 cases submitted to the OIG for investigation. Legal research, interviews, and the review of documentation were conducted on each, requiring substantial time and coordination.

This summary report addresses the first 41 investigatory reports which are being published simultaneously. In each of these first 41 reports, (1) no fraud was determined, although it was (2) confirmed that these state employees failed to respond to the AON audit or SPD's inquiries. Furthermore, (3) some type of agency reprimand or response was issued to each employee, some of which resulted in termination from state employment.

Because each investigation involved a different set of factual

circumstances and a separate investigation, each case is individually reported with the relevant information regarding the employee's failure to comply with the audit. Although it did not appear that fraud was evident in this grouping, a listing of these cases with relevant information was supplied to the Marion County Prosecuting Attorney's Office.

Dated this 14th day of December, 2011.

Signed /s/
David O. Thomas, Inspector General