



INSPECTOR GENERAL REPORT

2011-01-0013

August 16, 2012

SPD AUDIT

Inspector General Staff Attorney Kristi Shute, after an investigation by Special Agent Darrell Boehmer, reports as follows:

On January 20, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that a former employee possibly carried an ineligible spouse and dependents on his state provided health insurance. The SPD requested the OIG’s assistance in determining the spouse’s and dependents’ eligibility.

Every year the SPD requires state employees to select benefits, including medical, dental and vision insurance, in what is known as open enrollment. Aside from open enrollment, employees are only permitted to change their benefit packages and insurance coverage upon the occurrence of a qualifying event, such as marriage, divorce or the birth of a child. During open enrollment, employees also identify spouses and dependent children who will be covered under the employee’s insurance.

In the summer of 2010, the SPD conducted a dependent eligibility verification audit using third party administrator AON Consulting. In response to the audit, on September 30, 2010, AON Consulting received an Affidavit Signature Form and partial documentation from the employee. On the Affidavit, the employee marked his spouse and three step-children as no longer eligible for coverage. He also marked his biological children as eligible.

Since the documentation needed to verify eligibility was incomplete, the SPD sent a letter to the employee on October 12, 2010, requesting a copy of the step-children's birth certificates, his marriage certificate or a divorce decree with the marriage date listed and 2009 federal tax form showing his marital status as married. If any of the dependent children were over the age of 19 in 2010, student documentation was needed to verify full-time student status.

During the investigation, Special Agent Boehmer sent a subpoena to the Indiana Department of Revenue and learned that the employee filed as a single person in 2009. He also contacted the employee and discovered that he was divorced in December 2009. When asked whether he knew he was required to notify the SPD of his divorce within thirty (30) days of the day it became final, the employee said he thought that the audit was within that time period. He also advised that the divorce became final after open enrollment in 2009 which demonstrates that he notified the SPD and remedied the oversight at the first opportunity he was put on notice that he needed to verify the eligibility of his dependents, in this case, during the audit.

Since there was no intent to defraud, the biological children were determined to be eligible dependents, the employee notified the SPD at the first opportunity to make the changes once put on notice that he needed to verify the eligibility of his dependents, he did not enroll the ineligible dependents during any open enrollment after the divorce, this investigation is closed for lack of merit.

Dated this 16th day of August, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General