



INSPECTOR GENERAL REPORT

2011-02-0067

March 7, 2013

SPD AUDIT

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

On February 11, 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. SPD requested the OIG’s assistance in determining the spouse’s and dependents’ eligibility.

Every year 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. These changes must be made within thirty (30) days of the qualifying event. During open enrollment, employees also identify spouses and dependent children who will be covered under the employee’s insurance.

In the summer of 2010, SPD conducted a dependent eligibility verification audit using third party administrator Aon Consulting (“Aon”). On June 29, 2010, Aon sent a letter to the employee requesting that he complete and return the enclosed Affidavit Signature Form (“Form”) and send copies of the children’s birth certificates, along with full-time student documentation for one son, a copy of his marriage license and a copy of the front page of his 2009 federal tax return showing his marital status as married. He did not respond to this request, so another letter was sent by Aon extending the deadline to respond to September 10, 2010. He also did not respond to the second letter, so a final extension was made with the deadline of September 27, 2010.

On September 29, 2010, the employee submitted a signed copy of the Form along with one son’s birth certificate. No documentation was provided, however, to verify the eligibility of his spouse or other son, and the employee marked on the Form that they were both no longer eligible for coverage. This information was relayed to SPD on a Self-Declared Report (“Report”) from Aon dated October 8, 2010.

Prior to contacting the employee, it was determined that the son for which no documentation was provided should not have been included in the Audit since he was not covered under any of the employee’s plans in the 2010 plan year. Based on the Report, on October 12, 2010, a Benefit Specialist with SPD left a message for the employee to return her call. She spoke with the employee over the phone the next day. During the conversation, he stated that he divorced his wife over a year ago. Based on that information, the Benefit Specialist requested a copy of the employee’s

divorce decree. He never fully complied with the Audit and did not provide SPD a copy of his divorce decree as a result of the Audit.

According to SPD's records, the employee enrolled his spouse under his medical and dental insurance plans from January 20, 2002 through November 27, 2010, the date the employee's benefits ended due to his employment terminating. She was also enrolled under his vision insurance plan from January 20, 2002 until December 31, 2009 and under his dependent life insurance from July 20, 2003 until November 27, 2010.

Special Agent Mitchell contacted the Bartholomew County Clerk's Office and learned that the employee's divorce from his spouse was finalized on April 29, 2009. Special Agent Mitchell also interviewed the employee who explained that he had been placed on long-term disability in 2006 and had not worked since that time. He stated that he did not contact SPD upon the divorce because he did not think to do so at the time. A few months after the divorce was finalized, the employee received paperwork stating that a claim had been paid for his former spouse.

After receiving the paperwork, the employee contacted his former spouse and told her that she was no longer allowed to use his insurance since they were divorced. The employee advised that he also called Anthem, was told that they could not make the changes to his insurance program and that he needed to call SPD to make the necessary changes. The employee also claimed to have called SPD and was told several times that he could not make any changes until the next open enrollment period. At that time, he also faxed a copy of his divorce decree to SPD. Due to his frustration in attempting to remove his former spouse from his insurance,

the employee told her that, in his opinion, since SPD didn't seem concerned about removing her she could use his insurance until she was removed in the next open enrollment period. He also told her that if there was a problem in the future, SPD could seek reimbursement.

While being covered under the employee's plan as an ineligible dependent, the former spouse had medical claims totaling Three Thousand One Hundred Eighty-Five Dollars and Eighteen Cents (\$3,185.18), prescription claims totaling One Thousand Six Hundred Sixty-Nine Dollars and Forty Cents (\$1,669.40), dental claims totaling Fifty-Seven Dollars and Sixty Cents (\$57.60), and vision claims totaling One Hundred Fifty-Five Dollars and Fifty Cents (\$155.50).

SPD sent a collection letter to the employee on March 18, 2011 requesting repayment in the amount of Five Thousand Sixty-Seven Dollars and Sixty-Eight Cents (\$5,067.68) by April 1, 2011. On April 1, 2011, SPD received the full amount from the employee.

Since this State has been reimbursed in full and under the above circumstances, this investigation is closed.

APPROVED BY:

/s/ David O. Thomas, Inspector General