



## INSPECTOR GENERAL REPORT

2011-03-0127

March 4, 2013

### SPD AUDIT

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

On March 23, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that an employee possibly carried ineligible dependents on his state provided health insurance. SPD requested the OIG’s assistance in determining the 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 daughter. He did not respond to this letter by the stated deadline of July 30, 2010, so another letter was sent by Aon extending the deadline to respond to September 10, 2010.

On September 9, 2010, the employee submitted a signed copy of the Form along with birth certificates for two of his three children. He did not, however, submit full-time student documentation for his daughter or a birth certificate for another daughter and he 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 September 14, 2010.

Based on the Report, on September 22 and September 29, 2010, a Benefit Specialist with SPD e-mailed the employee to inquire as to why he marked two dependents as ineligible. On October 4, 2010, the employee called the Benefit Specialist. During the conversation, the employee stated that his daughter was not a full-time student in 2010. He also stated that the other daughter was not his biological child and that he thought she could be covered until her mother was remarried. The Benefit Specialist explained that his non-biological daughter became ineligible when he divorced her mother. Based on the conversation, the Benefit Specialist requested copies of his biological daughter’s school transcripts from 2007 through 2010 as well as copies of both dependents’ birth certificates.

Following the phone conversation, the Benefit Specialist received a copy of the employee's divorce decree from his agency. The divorce was finalized on May 14, 2004. On October 8, 2010, the Benefit Specialist sent a letter to the employee requesting a copy of both dependents' birth certificates, a copy of his marriage certificate to his former spouse, a copy of his biological daughter's school transcripts from 2007 through 2010 and a note from the employee stating that his biological daughter was not a full-time student in 2010. On the same day the letter was sent, the Benefit Specialist received a copy of the biological daughter's birth certificate. The Benefit Specialist sent a second letter to the employee on October 14, 2010, which requested the same information as the first letter excluding his biological daughter's birth certificate. On December 15, 2010, the Benefit Specialist received a copy of the college transcript which verified that the employee's biological daughter had not been a full-time student in 2010 or during the spring semester of 2009. The employee provided a copy of his non-biological daughter's birth certificate the next day. No father was listed. He also provided a copy of his marriage license.

According to SPD's records, the employee enrolled his non-biological daughter under his medical, dental, vision and dependent life insurance plans from January 1, 2009 through August 26, 2009, and from January 1, 2010 to December 31, 2010. She was covered under his medical insurance plan from May 14, 2004 to December 31, 2005 and under his dental, vision and dependent life insurance plans from May 14, 2004 to December 31, 2010.

During his investigation, however, Special Agent Boehmer learned that, while the employee was separated from his spouse at the time his non-biological daughter was born, they were still legally married. The birth certificate does not list a father, but there were also no paternity affidavits or court orders included to dispute that the employee is the presumptive father. Per I.C. 31-14-7-1, a man is presumed to be a child's biological father if the man and the child's biological mother are married to each other and a child is born during the marriage. In addition, per I.C. 31-14-7-2, even if there is no presumed biological father, there is a rebuttable presumption that a man is the child's father if, with the consent of the child's mother, the man receives the child into his home and openly holds the child out as his biological child. In this case, the employee was married to the biological mother when his non-biological daughter was born and at his spouse's request and permission treated his non-biological daughter as his own child. He specifically stated that he was the only father she had ever known.

While being covered under the employee's plan, as an ineligible dependent per SPD, the non-biological daughter had two (2) dental claims totaling Fifty-Seven Dollars and Two Cents (\$57.02). His biological daughter did not incur any claims. SPD sent a collection letter to the employee on March 18, 2011 requesting full repayment by April 1, 2011. SPD received the full amount.

This case was presented to the Marion County Prosecutor's Office and prosecution was declined. The OIG agrees with this disposition.

APPROVED BY:

/s/ David O. Thomas, Inspector General