



## INSPECTOR GENERAL REPORT

2011-04-0149

September 17, 2012

### SPD BENEFITS INVESTIGATIONS

*Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Michael D. Mischler, reports as follows:*

On April 14, 2011, the Office of the Inspector General (OIG) received information from the State Personnel Department (SPD) stating that a state employee (Employee) with the Indiana Department of Transportation (INDOT) possibly carried ineligible dependents on his state provided health insurance. The SPD requested the OIG's assistance in determining the dependents' eligibility.

During the 2009 and 2010 state provided health insurance plan years, unmarried, dependent children were eligible for coverage through the end of the calendar year of their nineteenth birthday, or until the end of the calendar year of their twenty-third birthday if the dependent child was a full-time student enrolled in an educational institution per the Benefit Handbook. Full time status requires enrollment in twelve (12) hours of course credits for the semester. The SPD conducted a Dependent Eligibility Verification Audit (Audit) using third party administrator Aon Consulting. The Audit revealed that Employee had enrolled

two dependents who did not meet the full-time student requirements for eligibility under his State insurance plans.

On June 29, 2010, Aon sent Employee a letter requesting that he complete and return the enclosed Affidavit Signature Form (Affidavit) and provide documentation for his dependents to verify their eligibility. On August 2, 2010 Aon received Employee's signed Affidavit along with all documentation required to verify his dependents' eligibility with the exception of full-time student documentation for his son and daughter. On September 27, 2010 Employee submitted his daughter's academic transcript from which it was determined that his daughter had not been a full-time student in the 2008 fall semester, both the 2009 spring and fall semesters, and the 2010 spring semester.

An SPD Benefits Specialist spoke with Employee's wife on September 27, 2010, regarding the Audit. During the conversation Employee's wife stated that Employee's son had not attended school in 2010. On February 9, 2011 Employee submitted a note to SPD indicating that his son had withdrawn from school in 2009. On February 25, 2011 Employee submitted a revised note to SPD stating that his son had not attended school in 2010.

SPD determined that Employee's daughter was covered as an ineligible dependent under Employee's medical, dental, vision, and dependent life insurance plans from January 1, 2008 through August 23, 2010. Employee's son was covered as an ineligible dependent from January 1, 2010 through December 31, 2010. As a result of the Audit, INDOT conducted a pre-deprivation hearing on

March 4, 2011, during which Employee received a five (5) day suspension for failing to remove ineligible dependents in a timely manner from his State benefit plans.

According to SPD records, claims paid by the State on behalf of Employee's daughter when she was an ineligible dependent totaled Eight Thousand Seven Hundred Twenty-Nine Dollars and 41/100 (\$8, 729.41). No claims were paid on behalf of Employee's son during the period of ineligibility. On April 7, 2011 SPD sent a collection letter to Employee requesting the payment of \$8,729.41 for claims incurred by and paid for his daughter during her period of ineligibility. On April 8, 2011 Employee spoke to the SPD Benefits Specialist regarding the collection letter. Employee informed the Specialist that he was seeking reimbursement for the claims from Medicare.

On March 21, 2012 SPD sent a letter to the OIG advising that Anthem had received a refund in the amount of One Thousand Seven Hundred Seventy-Five Dollars and 94/100 (\$1,775.94) in claims that were originally paid for Employee's daughter during her period of ineligibility. SPD sent a revised collection letter to Employee on March 21, 2012 requesting payment on the Six Thousand Nine Hundred Fifty-Three Dollars and 47/100 (\$6,953.47) balance still owed.

Dated this 17<sup>th</sup> day of September, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General