



INSPECTOR GENERAL REPORT

2011-04-0158

September 17, 2012

SPD BENEFITS INVESTIGATIONS

Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Darrell D. Boehmer, 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 Homeland Security (IDHS) 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 (Aon). 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 5, 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, date of birth October 21, 1988, and daughter, date of birth March 12, 1987. In addition, Employee marked both son and daughter as no longer eligible for coverage on his Affidavit. This information was relayed to SPD on the Self-Declared Report (Report) dated September 2, 2010.

Based on the Report, an SPD Benefit Specialist contacted Employee on September 15, 2012 to inquire as to why he marked his son and daughter as no longer eligible for coverage. Employee explained that both his son and his daughter had not been full-time students during the spring 2010 semester but were currently full-time students. On February 4, 2011 an SPD Benefits Specialist was able to obtain an enrollment invoice for Employee's daughter showing that she had been a full-time student during the 2008 spring semester. On February 4, 2011, SPD received an enrollment verification form for Employee's son which verified that the son was an eligible dependent from August 24, 2009 through December 31, 2009. Employee was unable to provide further documentation verifying either his daughter's or his son's full-time student status.

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, 2009 through December 31, 2010. Employee's son was covered as an ineligible dependent from January 1, 2008 through August 24, 2009 and again from January 1, 2010 through December 31, 2010.

According to SPD records, claims paid by the State on behalf of Employee's daughter when she was an ineligible dependent totaled One Thousand Nine Hundred Two Dollars and 40/100 (\$1,902.40). No claims were paid on behalf of Employee's son during the last two years of his period of ineligibility. On April 20, 2011 SPD sent a collection letter to Employee requesting the payment of \$1,902.40 for claims incurred by and paid for his daughter during her period of ineligibility. On May 11, 2011 SPD sent a letter to the Office of the Indiana Attorney General requesting assistance in the collection.

As a result of the Audit, IDHS conducted a pre-deprivation hearing on January 14, 2011, during which Employee received a letter of reprimand in lieu of a three (3) day suspension without pay for failing to verify that his daughter was a full-time student when he enrolled her in his State benefit plans in violation of the SPD Discipline Policy Statement dated July 1, 2005.

Dated this 17th day of September, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General