



INSPECTOR GENERAL REPORT

2011-05-0175

March 5, 2013

SPD AUDIT

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

On May 6, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that a former 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”), provide a copy of his daughter’s birth certificate, as well as proof of her disability and court orders that granted him custody of his two granddaughters (“KC” and “KL”). 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 August 2, 2010, the employee submitted a signed copy of the Form in which he marked KC as no longer eligible for coverage. This information was relayed to SPD by Aon on a Self-Declared Report (“Report”) dated September 2, 2010. A final extension was made with the deadline of September 27, 2010 for the employee to provide the remaining needed documentation for his dependents. The employee did not respond to the request.

Based on the Report, on September 16, 2010 a Benefit Specialist with SPD e-mailed the employee to inquire as to why he marked KC as no longer eligible for coverage. On September 23, 2010, the Benefit Specialist sent a follow-up e-mail to both the employee and the Department of Correction’s (“DOC”) Human Resources contact. SPD learned from DOC that the employee was currently off work. DOC attempted to contact the employee using his home phone number but was unable to leave a message. On October 1, 2010, the Benefit Specialist mailed the employee a letter requesting that he contact her

regarding why he marked KC as ineligible. The employee did not respond to the Benefit Specialist's request.

On December 7, 2010, SPD received a copy of a petition for modification of custody order filed August 26, 2010. The document stated that on December 27, 2004 custody of KL and KC had been granted to the employee. It further stated that custody of KC had since been transferred to KC's mother and that KL was currently residing with her father. On December 10, 2010, SPD received a copy of the employee's divorce decree which had been finalized on April 13, 2006. At the time of the divorce, both KC and KL were in the employee's custody. In addition, the divorce decree also mentioned the employee's daughter as being disabled. Following this information, SPD received a copy of the employee's daughter's birth certificate and the employee's 2009 federal tax return which showed the employee's daughter listed as a dependent. Based on this information, it was determined that the employee's daughter was an eligible dependent.

Subsequently, on April 11, 2011, SPD received copies of two custody orders. The first was filed on October 30, 2008. In this document, custody of KC was changed from the employee to KC's mother. The second document, which was filed on September 23, 2010, ordered that custody of KL be transferred from the employee to KL's father. Based on this information, it was determined that KC became an ineligible dependent on October 30, 2008 and KL became ineligible on September 15, 2010.

According to SPD's records, KC was covered as an ineligible dependent under the employee's medical insurance from October 30, 2008 through December 31, 2010. KC was also covered as an ineligible dependent under the employee's dental, vision and dependent life insurance from October 30, 2008 through April 20, 2011. KL was covered as an ineligible dependent under the employee's medical plan from September 15, 2010 through December 31, 2010. KL was also covered as an ineligible dependent under the employee's dental, vision and dependent life insurance plans from September 15, 2010 through April 20, 2011.

During his investigation, Special Agent Mischler called the employee and asked why he did not report to SPD that his granddaughters had been removed from his custody. He explained that he did not know he was supposed to contact SPD within 30 days even though he knew they were not eligible to use his insurance once their custody changed. He noted that when KC's custody was changed to her mother he advised the mother that KC was ineligible to use his insurance. He discovered, however, that KC had a medical claim and again advised her mother that his insurance would not cover KC since she was no longer in his custody. Also, when KL's custody was changed to her father, he explained to the father that KL was ineligible to use his insurance. He again discovered, however, that KL had two medical claims and one prescription claim. He stated that he was not attempting to deceive anyone and when advised of the money owed, he immediately paid the entire amount.

While being covered under the employee's plan as an ineligible dependent, KC had six (6) medical claims totaling One Hundred Sixty-Five Dollars and Sixteen Cents (\$165.16). KL had two (2) medical claims totaling Seventy-Seven Dollars and Fifty-Six Cents (\$77.56) and one (1) prescription claim totaling Sixty-Nine Dollars and Two Cents (\$69.02). SPD sent a collection letter to the employee on April 20, 2011 requesting full repayment of Three Hundred Eleven Dollars and Seventy-Four Cents (\$311.74) by May 4, 2011. On April 27, 2011, SPD received the full amount from the employee.

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

APPROVED BY:

/s/ David O. Thomas, Inspector General