



## INSPECTOR GENERAL REPORT

2011-05-0186

September 17, 2012

### SPD BENEFITS INVESTIGATIONS

*Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Alan McElroy, reports as follows:*

On May 12, 2011, the Office of the Inspector General (OIG) received information from the State Personnel Department (SPD) stating that an employee (Employee) with the Indiana Department of Corrections (DOC) possibly carried an ineligible student dependent (Student) on his state provided health insurance. The SPD requested the OIG's assistance in determining the dependent's 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 student status requires enrollment in twelve (12) hours of course credits for the semester. SPD conducted a Dependent Eligibility Verification Audit (Audit) using third party

administrator Aon Consulting (Aon). The Audit revealed that Student, date of birth August 20, 1988, was enrolled under Employee's State insurance plans but did not meet the full-time student requirements for eligibility.

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 July 28, 2010, Aon received Employee's signed Affidavit on which he marked Student as no longer eligible for coverage. 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 16, 2010 to inquire as to why he marked Student as no longer eligible for coverage. Employee explained that Student was not currently enrolled in school. SPD obtained Student's transcripts which revealed that Student was not a full-time student during the spring 2009 semester and the spring and fall 2010 semesters.

As a result of the Audit, DOC personnel conducted a pre-deprivation hearing on April 19, 2011. During the hearing it was determined that, in addition to reimbursing the State for the claims paid, Employee should receive a written reprimand in lieu of a one (1) day suspension for failing to remove an ineligible dependent in a timely manner from his state benefit plans.

SPD determined that Student was covered as an ineligible dependent under Employee's medical, dental, vision, and dependent life insurance plans

from January 1, 2009 through August 24, 2009 and from January 1, 2010 through December 31, 2010. According to SPD records, claims paid by the State on behalf of Student totaled Twelve Thousand Eight Hundred Thirty-Seven Dollars and 51/100 (\$12,837.51) during the period of ineligibility. On May 10, 2011, SPD sent a collection letter to Employee requesting payment for the claims incurred by and paid for Student.

On November 2, 2011, SPD sent a letter to the OIG advising that Anthem, the state health insurance coverage provider, was able to recover Six Thousand Five Hundred Forty-Two Dollars and 81/100 (\$6,542.81) in claims paid, thus leaving a balance owed by Employee of Six Thousand Three Hundred Eighty-Four Dollars and 570/100 (\$6,384.70). SPD sent a revised collection letter requesting payment of the new balance owed. On August 23, 2012, Special Agent McElroy was advised by SPD that Employee had entered into an agreement with the State for a bi-weekly garnishment of his wages until full reimbursement is made.

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

APPROVED BY:

/s/David O. Thomas, Inspector General