



INSPECTOR GENERAL REPORT

2011-06-0204

August 20, 2012

SPD AUDIT

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

On June 3, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that an employee possibly carried an ineligible spouse and dependents on his state provided health insurance. The SPD requested the OIG’s assistance in determining the spouse’s and dependents’ eligibility.

Every year the 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, the SPD conducted a dependent eligibility verification audit using third party administrator Aon Consulting. On June 29, 2010, Aon Consulting sent the employee a letter requesting that he complete and return the enclosed Affidavit Signature Form and provide documentation for his spouse and seven children to verify their eligibility. Copies of the children's birth certificates, along with a copy of the employee's marriage license and a copy of the front page of his 2009 federal tax return showing his marital status as married were required to complete the audit. He did not respond to this request.

Due to the lack of response, a second letter was sent to the employee extending the deadline for providing the needed documentation to September 10, 2010. On August 2, 2010, Aon Consulting received an Affidavit, marriage license, 2009 tax return and six birth certificates from the employee. On the Affidavit, the employee marked one son as no longer eligible for coverage. The SPD attempted to contact the employee several times to determine why the son was marked as ineligible. The SPD was eventually able to speak to the employee's spouse who stated the employee marked his son as ineligible because he was married on December 19, 2009. The SPD requested a copy of the son's birth certificate and marriage license. The SPD received the requested documents.

During the time the son was ineligible due to his marriage, he incurred six (6) prescription claims totaling thirty six dollars and sixty cents (\$36.60). Special Agent Mischler established that the employee had not enrolled any ineligible

dependents in any open enrollment after the audit was performed which demonstrates that he notified the SPD and remedied the issue at the first opportunity he was put on notice that he needed to verify the eligibility of his dependents, in this case, during the audit.

Since there was no intent to defraud, the spouse and other children claimed as eligible on the Affidavit were in fact eligible for benefits, the employee notified the SPD at the first opportunity to make the changes once put on notice that he needed to verify the eligibility of his dependents, he did not enroll the ineligible dependent during any open enrollment after the audit, this investigation is closed for lack of merit.

Dated this 20th day of August, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General