



INSPECTOR GENERAL REPORT

2011-06-0205

March 4, 2013

SPD AUDIT

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

On June 3, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that a former employee possibly carried an ineligible spouse and dependents on his state provided health insurance. SPD requested the OIG’s assistance in determining the spouse’s and 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”) and send copies of the children’s birth certificates, along with a copy of his marriage license and a copy of the front page of his 2009 federal tax return showing his marital status as married.

On July 15, 2010, the employee submitted a copy of the signed Form. On the Form, he marked his spouse as no longer eligible for coverage. This information was relayed to SPD by Aon on a Self-Declared Report (“Report”) dated August 2, 2010. A second letter was sent to the employee extending the deadline for providing the remaining needed documentation to September 10, 2010. The employee did not reply to this request so a final extension was made with the deadline of September 27, 2010. On September 27, 2010, the employee submitted a copy of his children’s birth certificates. After reviewing the documentation supplied it was determined that the children were eligible dependents.

Based on the Report, a Benefit Specialist with SPD attempted to contact the employee by phone regarding why he marked his spouse as an ineligible dependent. The phone number SPD had on file had been disconnected so the Benefit Specialist sent the employee a letter on August 19, 2010. In the letter, the Benefit Specialist requested that the employee call her to clarify why he marked his spouse as ineligible. When the Benefit Specialist had not received a response by September 22, 2010, she sent a second letter to the employee. Following the second letter, the employee contacted the Benefit Specialist and informed her that he and his spouse

were divorced approximately a year prior. At that time, the Benefit Specialist requested that the employee provide her with a copy of his marriage license and divorce decree.

On March 4, 2011, SPD received a copy of the employee's divorce decree which stated that the employee and his spouse were married on June 25, 1995 and divorced on August 24, 2009. Based on this information, it was determined that the employee's spouse was an ineligible dependent on August 24, 2009. According to SPD's records, the employee's spouse was covered as an ineligible dependent under his medical, dental and dependent life insurance plans from August 24, 2009 until May 18, 2011, the date that SPD's benefits computer system was corrected. In addition, the employee's spouse was covered as an ineligible dependent under his vision plan from August 24, 2009 until December 31, 2009.

While covered under the employee's medical, dental and vision plans as an ineligible dependent, the employee's spouse had twenty (20) medical claims totaling Three Thousand Eight Dollars and Nineteen Cents (\$3,008.19), thirty-eight (38) prescription claims totaling Two Thousand Seven Hundred Thirty Seven Dollars and Forty-Five Cents (\$2,737.45) and four (4) dental claims totaling Three Hundred Thirteen Dollars (\$313.00).

During his investigation, Special Agent Boehmer learned that the employee had been off work and on disability since August 6, 2008. The employee's divorce became final while he was on disability. He enrolled his spouse and his two children in the 2009 open enrollment period which provided insurance for the 2010 calendar year. Since he was on disability, it cannot be determined whether the employee was

made aware of the limitations on dependents or realized that he was re-enrolling his spouse as well as his two children.

SA Boehmer also discovered from previous investigations that SPD does not cancel insurance unless or until it receives the needed documentation, in this instance a divorce decree, regardless of when the employee reports the change. In this case, that delay resulted in benefits being paid an additional ten months after SPD had been notified that the spouse was no longer eligible for coverage. Between the date of the divorce and the time that the employee notified SPD that his spouse was no longer eligible for coverage, there were claims totaling Two Thousand Four Hundred Seven Dollars and Sixty-Nine Cents (\$2,407.69). There were claims totaling Three Thousand Six Hundred Fifty Dollars and Ninety-Five Cents (\$3,650.95) from the date that the employee notified SPD that his spouse was no longer eligible for coverage and when SPD actually removed her from the employee's coverage ten months later. In addition, SA Boehmer learned that the Indiana Attorney General's Office declined to pursue recovery of the financial loss because the only income the employee has is Social Security.

This case was presented to the Marion County Prosecutor's Office and prosecution was declined. The OIG agrees with this disposition due to the above facts and accordingly, this investigation is closed.

APPROVED BY:

/s/ David O. Thomas, Inspector General