



INSPECTOR GENERAL REPORT

2011-09-0279

August 21, 2012

SPD AUDIT

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

On September 22, 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. 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 a letter to the employee requesting that he complete and return the enclosed Affidavit Signature Form and provide documentation for his spouse and sons to verify their eligibility. Copies of his son'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 were required to complete the audit. He did not respond to this request.

The employee was given two additional extensions with a final deadline of September 27, 2010. The employee did not contact the SPD until December 2010 and stated that he could not get copies of his marriage license or son's birth certificates. The SPD requested the eligibility documentation from the employee several more times through August 2011. The employee was terminated as of August 26, 2011. He never completed the audit.

During the investigation, Special Agent Mitchell learned that no insurance claims were made for any of the potential ineligible dependents.

Dated this 21th day of August, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General