



## INSPECTOR GENERAL REPORT

2012-12-0303

January 30, 2013

### SPD INSURANCE BENEFIT FRAUD

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

On December 18, 2012, the Office of the Inspector General received information from the State Personnel Department (“SPD”) stating that an Indiana Department of Transportation employee was suspected of committing insurance fraud. Specifically, it was alleged that the employee carried an ineligible spouse (“wife #2”) on his insurance coverage.

During the investigation, Special Agent Mitchell learned that the employee enrolled wife #2 under his insurance coverage as a new hire on August 27, 2007. On October 9, 2012, the employee visited SPD to report a new marriage (“wife #3”). In processing his recent marriage, it was discovered that the employee still had wife #2 listed as a dependent. Per SPD procedure, a divorce decree was requested to properly remove wife #2. The employee provided SPD with a Court Order dated December 6, 2011 stating his marriage to wife #2 was void pursuant to Indiana Code 31-11-8-2. In other words, the employee was still married to wife #1 at the time of his marriage to wife #2. The employee stated

that at the time he married wife #2 he believed he was already divorced from wife #1. Because of this, SPD requested the divorce decree from wife #1. That divorce decree stated that his first marriage ended on October 25, 2005. He married wife #2 on October 15, 2005. As a result, SPD determined that wife #2 was never an eligible dependent to be enrolled under the employee's state insurance plans.

SPD records state that wife #2 was enrolled in the employee's medical, dental, vision and dependent life insurance plans from September 23, 2007 through December 31, 2011 and was ineligible during that entire period. The employee removed wife #2 during Open Enrollment for the 2012 calendar year. While covered as an ineligible dependent, wife #2 incurred sixty-seven (67) medical claims totaling Sixteen Thousand Eight Hundred Fifty dollars and Fourteen cents (\$16,850.14) and prescription claims totaling Sixteen Thousand Two Hundred Thirty-Nine dollars and Twenty-Seven cents (\$16,239.27).

On October 24, 2012, a collection letter was sent to the employee requesting payment of Thirty-Three Thousand Eighty-Nine dollars and Forty-One cents (\$33,089.41). The employee was given until November 8, 2012 to make payment. On October 29, 2012 the employee contacted SPD's Benefits Division and requested more time to respond appropriately. On October 31, 2012, the employee provided documentation from the Superior Court of California that he stated led him to believe his first marriage was dissolved before he married wife #2. According to SPD, the documentation was not an official divorce decree, was not signed by a judge and thus was not sufficient to resolve the case. SPD

referred the case to the Attorney General's Office for collections assistance.

In reviewing the information contained in the case file submitted by SPD and the court dockets from the employee's divorce proceedings in California and Hamilton County Indiana, Special Agent Mitchell considered that the employee made a mistake of fact and did not act with knowledge or the criminal intent needed to defraud the State of Indiana and commit insurance fraud when he enrolled wife #2 as an eligible dependent for insurance benefits. The mistake of fact occurred because the California Court issued a ruling dated August 12, 2005 stating that the marriage was dissolved and that the parties were restored to the status of unmarried persons. Subsequently, the California Court gave the file a date stamp of October 25, 2005 on the Judgment Order. The employee presented a copy of the California Court's ruling to the Hamilton County Clerk for review to acquire an Indiana marriage license with wife #2 on October 15, 2005. The employee relied on the Clerk's review to determine whether he was permitted to marry wife #2.

Since the Hamilton County Clerk issued a marriage license, the Marion County Prosecutor's Office has declined prosecution and the Attorney General's Office is seeking civil restitution, this case is closed.

Dated this 30<sup>th</sup> day of January, 2013.

APPROVED:

/s/ David O. Thomas, Inspector General