

Dependent Spouse & Domestic Partners Health Insurance Eligibility Audit

Group Insurance Board

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Audit Objectives & Scope

Audit Objectives

- Determine if individuals covered by a health insurance plan administered by the Department of Employee Trust Funds (ETF) and the Group Insurance Board insuring a dependent spouse or a domestic partner are notifying their employer in a timely fashion to terminate the coverage of the spouse or domestic partner after a divorce or termination of domestic partnership.
- Determine if COBRA notification is sent timely by the employer to the divorced spouse and stepchildren or domestic partner and dependent children.

Audit Scope

All Wisconsin state and local employees and annuitants enrolled in the State of Wisconsin Group Health Insurance Program and the Wisconsin Public Employers' Group Health Insurance Program for the 2014 benefit year with a covered dependent spouse or domestic partner.



Summary

- The Office of Internal Audit identified 284 divorced health plan participants in the plan year 2014. Of the 284, 36% did not report divorce timely with 7% continuing as unreported as of 7/31/2015. The overall non-compliance rate is about 0.2%.

*Study suggests that roughly 8% of dependents enrolled in health care plans are ineligible for coverage and 40% of those ineligible dependents are spouses. The most common reason for spousal ineligibility is divorce, where the ex-spouse was never removed from the health plan.

- The Office of Internal Audit identified improvement opportunities in COBRA compliance

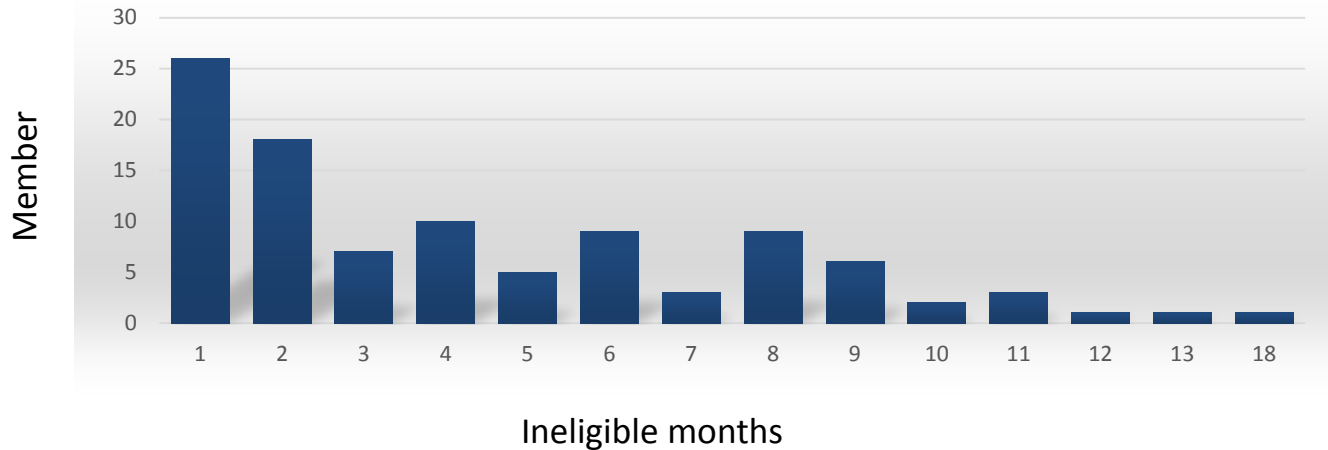
* Government Finance Review June 2015, page 31 – Controlling Health-Care Costs with Dependent Eligibility Audits

Financial Effects of Ineligible Coverage

Based on Actual Testing Results

Members	\$ 30,011
Employers	220,079
Programs	<u>\$250,090</u>

Actual Testing Results



Extrapolated

Members	\$ 71,134
Employers	521,647
Programs	<u>\$592,781</u>



Audit Methodology

The following two databases were used to identify the potential divorced health participants:

- Health plan members with dependent spouses for the plan year 2014
- Wisconsin Court System, Circuit Court Access (CCAP) divorces filed in family court during 2014 and extracted on March 26, 2015

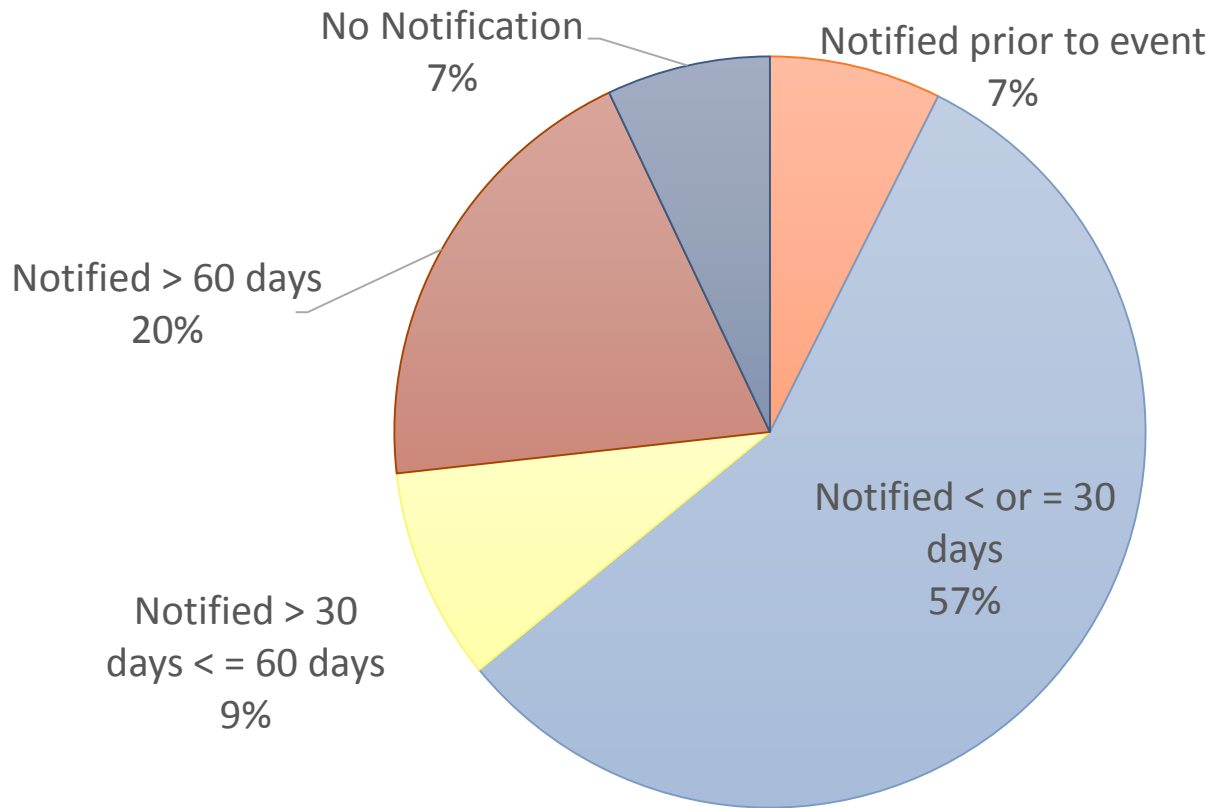
Health insurance plan members were matched by last and first name to the names filed in CCAP to determine the pool of names which matched in both systems. These names were authenticated in Step2000 and myETF Benefits by achieving the exact match of the followings to CCAP:

- names
- birth month and year
- the residential address

And lastly the divorce petition must be concluded in a divorce.

OIA identified 284 divorced health plan participants

Timely Removal of Ex-spouses From Health Plans



Of the 284 divorced health plan participants, 102 did not report divorce in a timely fashion

Employers with the highest percentage of late notifications

EMPLOYERS (ER):	Timely	> 30 days	Total	Non-compliance (> 30 days) % of Individual ER
Corrections, Dept. of	27	25	52	48%
University of WI	52	22	74	30%
Workforce Devel, Dept. of	7	3	10	30%
Health Services, Dept. of	16	4	20	20%
UW Hosp. & Clinics	16	4	20	20%
Transportation, Dept. of	10	5	15	33%
Madison, City of	5	4	9	44%
All Others (50 different agencies)	49	35	84	42%
TOTAL	182	102	284	36%

Management Action Plan

Health Plan Coverage of Spouse as Dependent

- To detect the occurrence of a qualifying event:
 - Leverage the Benefit Administration System
 - Assess the feasibility of potential internal process modification
 - Research the queries function of CCAP
- To improve the occurrence of compliance:
 - Enhance education
 - Review health insurance contract language
 - Propose work rule changes

COBRA Compliance

- Enhance education
- Update health insurance manuals