



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: May 9, 2011
TO: Group Insurance Board
FROM: John Vincent, Director
Office of Internal Audit
SUBJECT: Dependent Eligibility Verification Review

This memo is for informational purposes only. No Board action is required.

The Group Insurance Board (Board) was previously advised of the Department's plans to initiate a random sample Dependent Eligibility Verification (DEV) Review. I will review the preliminary results with you at the meeting. In the meantime, here is a brief recap of the project:

- The State of Wisconsin Group Health Insurance Program and the Wisconsin Public Employers Group Health Insurance Program cover 240,000 state and local government employees, retirees, and their dependents.
- Of the 240,000 individuals covered, 135,000 are dependents of the subscriber.
- A DEV Review provides a reasonable assessment of whether ineligible dependents are a risk to the Programs and at the same time ensures all dependents currently covered under the Programs are entitled to that coverage.
- The Department of Employee Trust Funds (ETF) partnered with the Public Consulting Group (PCG), an independent health and human services consulting firm, to conduct a random sample DEV Review. PCG was authorized by ETF to obtain the required documentation from the subscriber.
- PCG signed a Confidentiality Agreement with ETF, requiring the company to comply with federal and state information security and data protection regulations.
- 1,000 covered dependents were randomly selected for the DEV Review.

Reviewed and approved by Rhonda Dunn, Executive Assistant.

Rhonda Dunn 5-11-11
Signature Date

Board	Mtg Date	Item #
GIB	6.7.11	10A

- On April 11, 2011, subscribers were sent requests for specific documentation in support of their dependent's eligibility, or to report the dependent as ineligible (coverage is then terminated). Responses are due May 27, 2011.
- We expect some responses to come in after the May 27, 2011, deadline. Therefore, final results will not be compiled until late in June. At that time ETF will determine whether a more comprehensive audit would be a cost-effective use of Public Employee Trust Funds resources. A final report will be provided to the Board at the August 23, 2011, meeting.

I will be available at the Board meeting to answer questions.

PCGHealth & Human Services™

WI Random Sample Dependent Eligibility Audit

Prepared for:

Wisconsin ETF

June 7, 2011



**PUBLIC
CONSULTING
GROUP**

Board	Mtg Date	Item #
GIB	6.7.11	10A

Public Focus. Proven Results.™

Agenda

- **Project Goals**
- **Project Timeline**
- **Audit Results**
- **Next Steps**
- **Questions/Discussion**















Project Goals

The random sample dependent eligibility audit has 2 overarching goals.

- 1 Provide a reasonable assessment of whether ineligible dependents are a risk to the Programs**
- 2 Ensure randomly selected dependents currently covered under the Programs are entitled to that coverage**

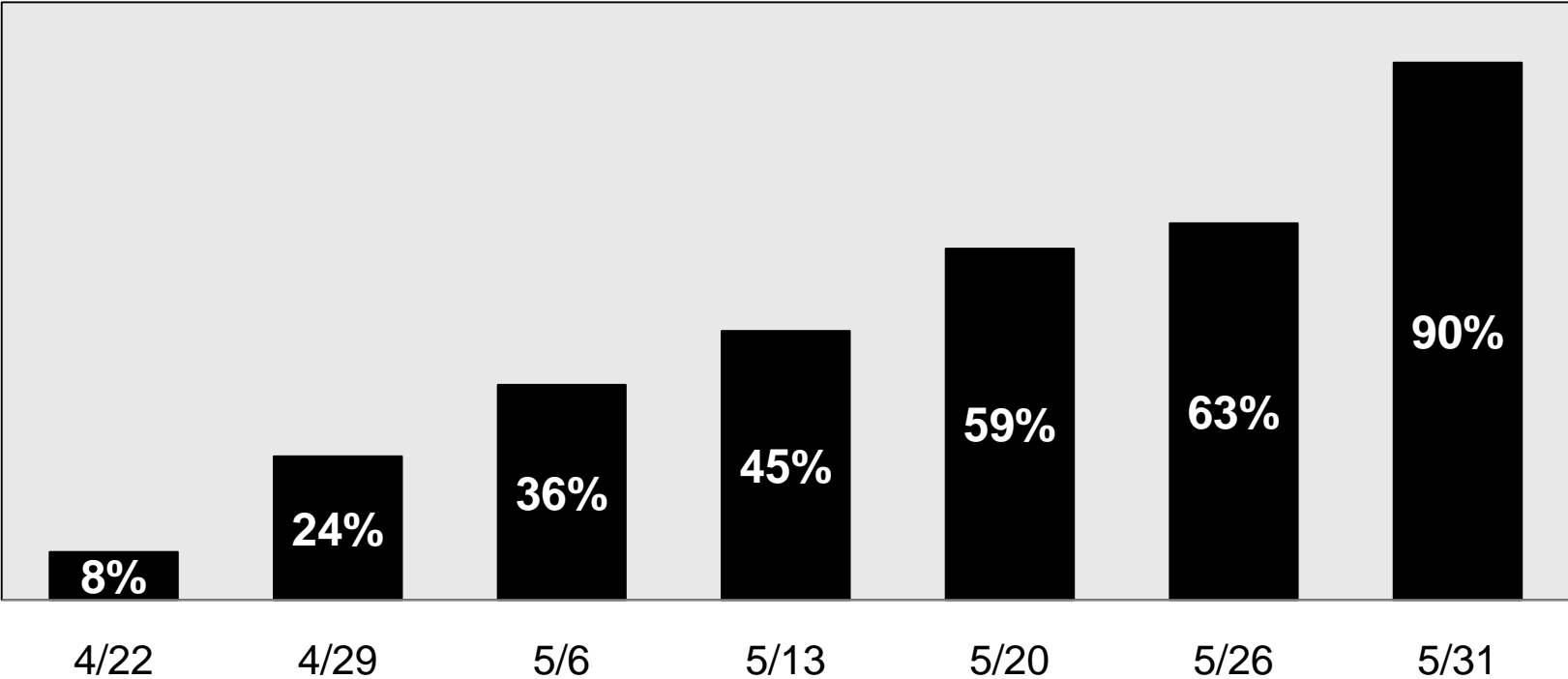
A dependent eligibility audit does NOT raise the bar for coverage – it simply enforces the rules that members have already agreed to comply with.

Project Timeline

4/1		<i>ETF Announces Random Sample Dependent Eligibility Audit</i>
4/11		<i>PCG mails introductory letter, subscriber affidavit, and audit information</i>
4/11-6/10		<i>PCG operates the WI ETF dependent eligibility audit call center</i>
4/11-6/10		<i>PCG collects documentation and rules on dependent eligibility</i>
4/11-6/10		<i>PCG mails follow-up letters to subscribers who provided incomplete documentation</i>
4/28		<i>PCG mails reminder letter, subscriber affidavit, and audit information</i>
5/17		<i>PCG sends compliance email #1 to employers identifying unresponsive employees</i>
5/25		<i>PCG sends compliance email #2 to employers identifying unresponsive employees</i>
5/27		<i>Audit Deadline</i>
5/28-6/17		<i>PCG accepts late document submissions</i>
6/17		<i>PCG mails Approval and Final Alert letters</i>
6/30		<i>PCG submits final report to ETF</i>

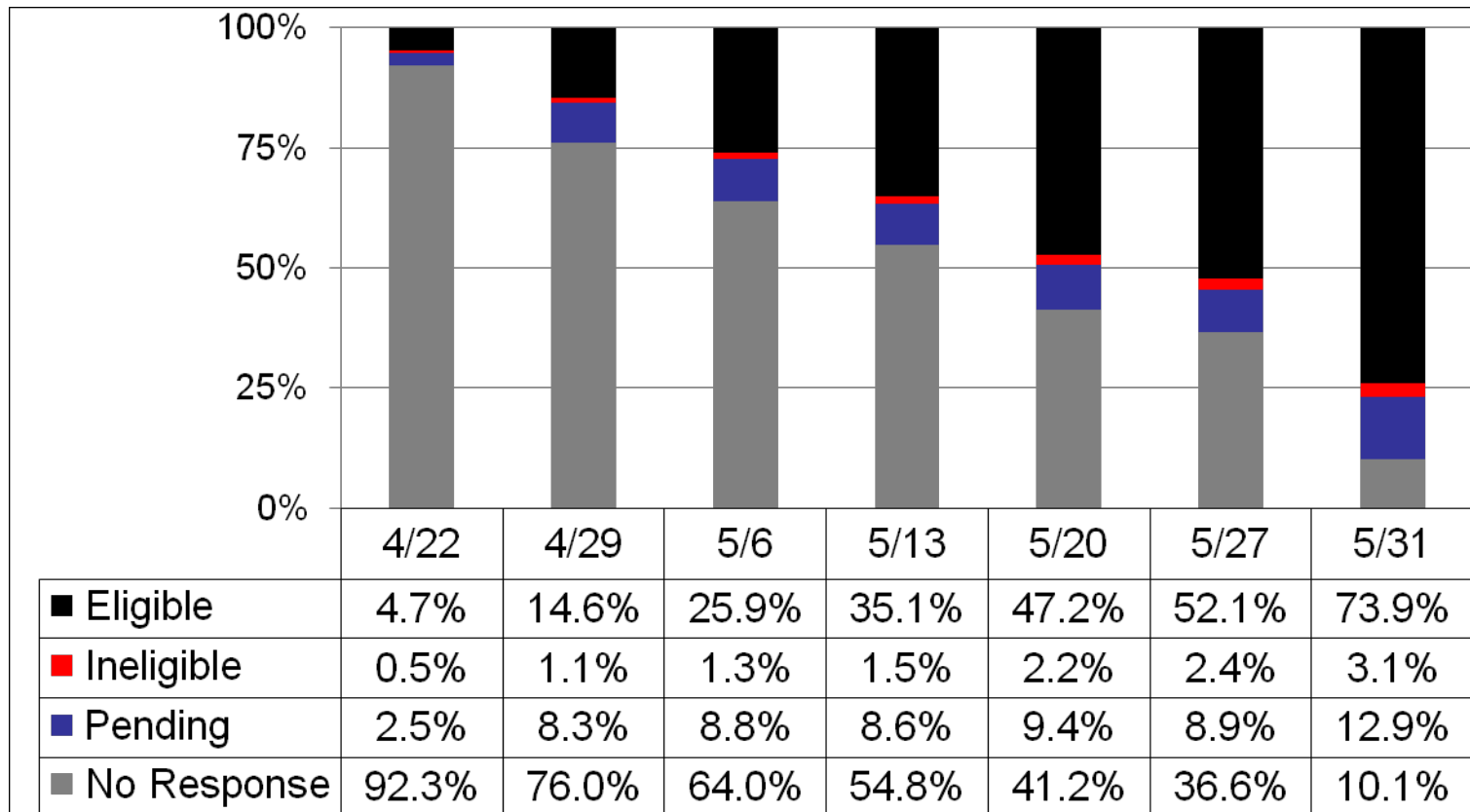
Audit Results – Response Rate

WI ETF DEV *Audit Response Rate*



Audit Results

WI ETF Random Sample DEV Audit Summary



Next Steps

- 1 Accept Late Document Submissions**
- 2 Mail Approval and Final Alert Letters**
- 3 Notify Employers of Ineligible Dependents for Coverage Removal**
- 4 PCG submits Final Report to ETF**
- 5 PCG transfers Audit Data and Documentation to ETF**



Questions/Discussion



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