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CORRESPONDENCE MEMORANDUM

DATE: November 7, 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 following is the status report on the Department's random sample Dependent Eligibility Verification (DEV) project, which was initiated last April.

Earlier this year a random sample of 1,000 covered dependents were selected to determine if they are eligible for coverage under the Group Health Insurance program. At the August 23 Group Insurance Board (GIB) meeting, we reported that 91 of the 1,000 dependents were under review by the Division of Insurance Services (DIS). The following summarizes the results of that review:

- DIS continued to receive responses and documentation resulting from prior correspondence with these subscribers. For example, a number of subscribers tried to use this as an opportunity to drop their dependents mid-year by either not responding to the request for documentation or communicating that they wanted the dependent removed. DIS informed these subscribers that this is not an opportunity to drop their dependent and that they must provide documentation.
- In early September, a certified/return receipt letter was sent to 35 subscribers who had either partially responded or had not responded at all. We advised the subscriber that the dependent's coverage would be suspended effective September 30, 2011, if required documentation was not received by that date. The Department would also reactivate coverage, effective October 1, 2011, if the documents were received after that date.
- After October 1, DIS sent letters to the remaining 18 subscribers who failed to respond completely, informing them that their health insurance contracts had been suspended effective September 30, 2011. DIS distributed 16 of the letters to the subscriber's Human Resources departments, with instructions to hand-deliver the

Reviewed and approved by Rhonda Dunn, Executive Assistant.

Rhonda Dunn

11-7-11

Signature

Date

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letter to the subscriber. Two letters were mailed certified/return receipt because the subscribers were a COBRA continuant and an annuitant.

NOTE: The suspension of coverage included the subscriber and all enrolled dependents of the subscriber's contract. DIS took this approach based on its contractual authority under uniform benefits. Upon receipt of documentation requested by ETF regarding the subscriber's dependents, coverage will be reinstated effective October 1, 2011 for the subscriber and all enrolled dependents.

Of the 91 dependents:

- Eighty-two were determined eligible for coverage.
- Five were determined ineligible for coverage. Four of these cases were the result of a divorce and the other was deemed ineligible because the subscriber had previously terminated coverage and was no longer employed by a participating employer.
- Four are unresolved cases.

Next Step

DIS will continue evaluating the responses to the October mailing. A final report and recommendations will be provided to the GIB on February 7, 2012.

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