# Dependent Auditing in the New Age of Health Reform

## Presented by:

**April 2010**

*Pioneering Specialists in*

*Group Health Care*

*Post-Payment Administration*

*For Over 20 Years*

**Customer Philosophy**

**Respect** **for Existing Procedures**

**Emphasis** **on Customization**

**Focus** **on Solutions**

**Our Services Include . . .**

# Claim Audit Services

Our proprietary software suite examines 100% of medical claims to identify waste and abuse and pursues collection from others.

# Enrollment Audit Services

We validate the accuracy of enrollment information to remove ineligibles and update inaccurate or incomplete information.

# Enrollment Realities:
# What Health Reform Did Not Change

## Enrollment is

- The foundation of all plan management.

- The most overlooked plan management tool.

- The source for major savings opportunities.

# Enrollment Realities:
# What Health Reform Did Not Change

- Most claim payment error is caused by erroneous enrollment facts.

- Every plan administrator when presented with an error in enrollment facts blames the group health plan.

- Plan administrators have a disincentive to reduce enrollment since that reduces their income.

- The responsibility for monitoring and maintaining  enrollment facts resides with the group health plan.

- The good news is that monitoring and maintenance can be done.

# New Enrollment Realities: What Health Reform Did Change

## Federal Health Reform Just "Upped the Ante" for Dependent Coverage

- Dependents now covered until age 26

- Impacts all plans, self-funded and insured – no "grandfather" exemptions

- Current dependent rules re-written

- Dependent documentation requirements re-defined

- Changes first effective for 10/1/2010 plan years; other plan years have effective dates tied to plan year start.

# New Enrollment Realities: What Health Reform Did Change

**Two Impacts**

**1. Statistical**

**2. Substantive**

# Health Reform: Statistical Impact

| 15 Clients 52,361 Enrollees | | | | | | |
|---|---|---|---|---|---|---|
| | **Totals** | | **Deletions Pre-Reform** | | **Deletions N/%** | |
| | **N** | **%** | **N** | **%** | **Pre** | **Post** |
| <19 or >25 | 18,052 | 34.5% | 288 | 14.2% | | |
| 19-25 | 4,473 | 8.5% | 660 | 32.6% | | |
| Spouse | 16,503 | 31.5% | 667 | 33.0% | | |
| Employee | 13,333 | 25.5% | 410 | 20.2% | | |
| Total | 52,361 | 100.0% | 2,025 | 100.0% | 2,025/ 3.9% | 1,365 2.6% |

# Health Reform: Substantive Impact

**Get ready for re-instatement requests**

1. Have a plan

2. Get your facts together

3. Confirm enrollment for employees, spouses and dependents

4. Communicate Proactively

# Health Reform:
# Substantive Impact

**1. Have a Plan**

- Address initial employee questions with commitment for communication.
- Incorporate Steps 2-4 following
- Consider if entitlement changes are possible or desirable:
    - Premium sharing for all dependents
    - Elimination of dependent coverage
    - Other?
    - NOTE: Must be non-discriminatory
- Review plan documents for other changes
    - COB rule for dependents
    - Actively at work requirements
    - Declare secondary status whenever possible
- Incorporate into other changes necessitated by Reform Law

# Health Reform:
# Substantive Impact

## 2. Get Your Facts Together

- Document former dependents
  - Get enrollment history (6-8 years if possible) and/or
  - Get current enrollment with history (6-8 years if possible)
  - Age dependents to identify potential re-instatements
- Review recent deletions for potential re-instatements

- NOTE:
  - No notification requirement exists at this point.
  - But, need to establish basis for validating re-instatement request that distinguishes known former dependents from "new" dependents

# Health Reform: Substantive Impact

**3. Confirm Enrollment for Employees, Spouses and Dependents**

**Employee/Retiree Reconciliation:** Electronic "true up" of payer enrollment records to plan sponsor records to identify discrepancies, ineligibles and duplicates.

**Enrollment Verification:** Mailing to all employees requesting verification of current members and correction of information.

**Dependent Validation:** As part of Enrollment Verification mailing, request documentation with firm cut off date, and consequences for non-response.

# Health Reform: Substantive Impact

### 3. Confirm Enrollment
### New Dependent Validation Criteria

- ## Is this person a dependent?

  - Is this a child of the employee? – Birth certificate

  - Is this a grandchild? – <u>Not</u> a dependent

  - Divorce? Adoption? Foster Child? – Proof of status

- ## Is the dependent employed?

  - Authorization to access public filings

- ## Is the dependent ELIGIBLE for other coverage?

  - Signed statement independently confirmed if needed

## 4. Communicate: How Often

o    Enrollee Information Verification
- o    Annually after Open Enrollment

o    Dependent Documentation Verification
- o    As needed for new dependents
- o    Annually for working dependents

o    Other Coverage Verification
- o    As needed based on response from other coverage source
- o    For both spouse and dependents

## 4. Communicate: Keeping it Positive

o   Make this part of the benefit "routine"

o   Stress value to the enrollee

- o   Care for and about personal information
- o   Help get full value from all available coverage
- o   Excess costs effect them

o   Be clear on consequence for non-response

o   Be clear on consequences for invalid response

o   Recognize errors by others

o   Seek union endorsement, if applicable

# Health Reform: Substantive Impact

**What Is Next?**

• Wait for the regulations

• Prepare to update your plan documents

• Expect employee questions

# Closing Thoughts

**Group Plans are Responsible for**
**Enrollment Monitoring and Maintenance**

1. Have a plan

2. Get your facts together

3. Confirm enrollment for employees, spouses and dependents

4. Communicate Proactively

# For More Information

## Contact

si@healthdecisions.com

We will arrange for a private consultation to answer questions and discuss options.