



Dependent Eligibility Auditing: Best Practices

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About Health Decisions, Inc.

***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 ineligible and update inaccurate or incomplete information.

Enrollment Audits:

Enrollment Reconciliation Audit: File to file electronic “true up” audit to identify discrepancies and to report exceptions for correction.

Verification Audit: Mailing to all employees requesting verification of current members and correction of information. No documentation requested.

Dependent Eligibility Audit: Most aggressive approach involving mailing to employees with dependents, requesting documentation with firm cut off date, amnesty offer, and consequences for non-response.

Dependent Eligibility Audit

- Currently the most popular service helping plan managers reduce health plan expenses.
- Our Dependent Eligibility Audit combines mailing and other communication technology to verify the eligibility of dependents enrolled in employee health plans.

Dependent Eligibility Audit

Key Components: Set-Up Activities

1. **Amnesty Period** – Advance notification to employees of upcoming audit is recommended.
2. **Customized Communications** – Customized employee communications and form design to reflect an organizations' culture and goals.
3. **Data Intake-** Define data available, request, receive and test. Data can come from internal HR system or payer eligibility.
4. **Data Translation** – Into the client's customized *Master Eligibility File* to be used for form production, data entry, recording documents received and call center documentation.

Dependent Eligibility Audit

Key Components: Implementation

5. **Mailings** – Electronic merge of eligibility data onto enrollment verification form. Up to three mailings performed.
6. **Call Center** – Toll free call center established to answer inbound employee questions.
7. **Form Processing** – Data entry of new information
8. **Document Review** – For accuracy and completeness
9. **Determination of Eligibility** – Final decision on eligibility/ineligibility rests with the client.

Dependent Eligibility Audit

Key Components: Results

10. **Reporting** – Customized reporting to client including:
- Eligible/Ineligible spouses/dependents
 - Missing documentation: Marriage licenses, birth certificates, Student schedules/transcripts, QDROs
 - Information changes: names, new terminations and corrections
 - Bad addresses
 - Access to Database interface via web for client reporting

Dependent Eligibility Audit: Keys to a High Response Rate

- **Customized and Integrated Communications:** announcements and verification forms are employer-defined and enrollee-personalized and easy to understand
- **3-Letter Process**
- **Strong Call Center Support:** inbound and outbound calls made to employees with missing or erroneous documentation
- **Weekly Status Calls** with client
- **Real-Time Access** to audit status and metrics

Dependent Eligibility Audit: Timing

Months 1 - 2 :

Project planning, customization, data acquisition, approval of cover letter and verification form

Months 2 - 4:

Audit Execution: mailings, Call Center, weekly status calls, reporting

Months 4 - 6:

Complete mailings, weekly status calls, final determination on responses, delivery of final report to client.

Dependent Eligibility Audit: Select Client Experience

Client Industry	Total number of employees	% of Dependents Removed	ROI to Date
Automotive	950	18.77%	\$25.56 to \$1
Hospital	3,160	3.50%	\$5.17 to \$1
Health System	3,000	6.28%	\$5.40 to \$1
Manufacturing	8,779	8.23%	\$20 to \$1
Health System	5,000	1.08%	\$30.19 to \$1
National Retailer	7,266	7.20%	\$8.76 to \$1
Higher Education	6,000	6.64%	\$19.56 to \$1

Enrollment Monitoring: What to do after the audit.

Episode Verification

- Adds/Deletes
- Status Changes
- COBRA Elections

Life Event Verification

- Spouse Change
- Dependent Change
- Retiree Age
- Dependent Age

Payer
Enrollment
Processes
Unchanged

Medicare Validation

- Section 111 Response
- MSP Response
- Part A & B Dates
- Part C Enrollment
- Part D Subsidy MEI
- ESRD Coordination Period
- Disability Case Status

Routine Confirmation

- Plan Specific Validation
- Cross Plan Reconciliation
- Open Enrollment Confirmation

Closing Thoughts

Enrollment Error Is Self-Funding's "Dirty Little Secret"

- Most claim payment error is caused by erroneous enrollment facts.
- Every plan administrator when presented with an error in enrollment facts blames the self-funded 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 self-funded plan.
- The good news is that monitoring and maintenance can be done.

For More Information
Contact
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For private consultations, to answer questions, and to discuss options.