



# Dependent Eligibility Audit Final Report

prepared by HMS

Cape Cod Municipal Health Group  
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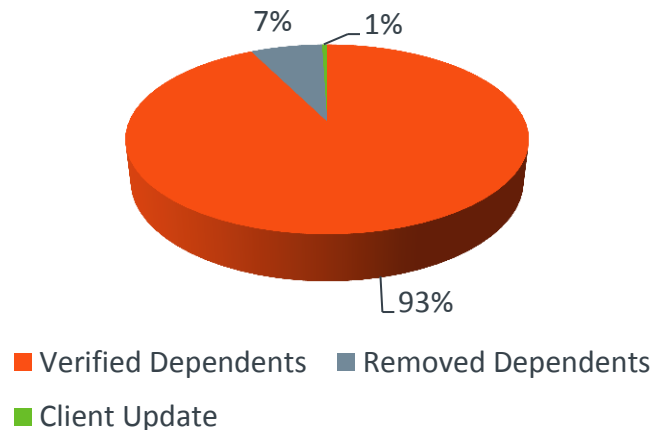
## Attachment A

- DEFINITIONS & DOCUMENT REQUIREMENTS
- COMMUNICATION OVERVIEW

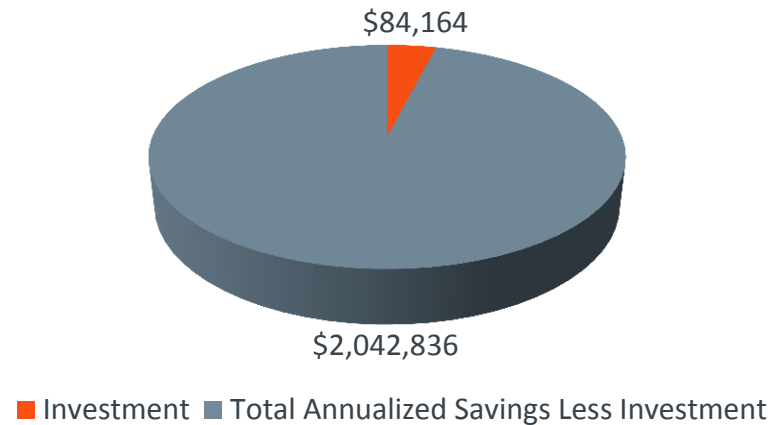
# Executive Summary

HMS Employer Solutions completed a comprehensive dependent verification program of 4,583 employees with 10,309 dependents enrolled in the Cape Cod Municipal Health Group medical plans. The objective of the program was to ensure that all dependents enrolled in the plan meet the definition of an eligible dependent by requiring employees to provide documentation to verify eligibility.

## Dependent Status Details



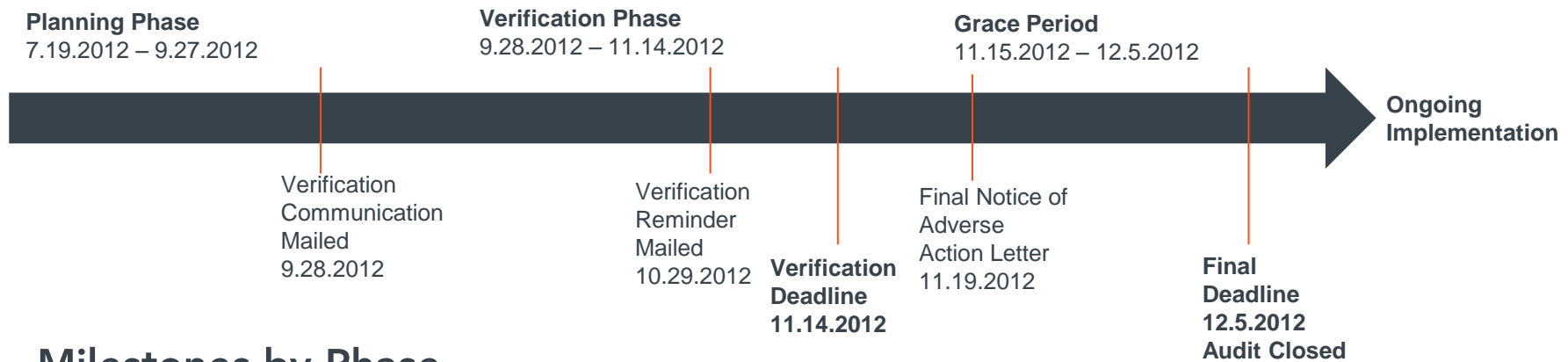
## Return on Investment



Over the course of the program, 7% of the dependents were recommended for removal because they did not meet the eligibility guidelines, or did not provide appropriate documentation to verify eligibility.

This represents theoretical savings due to cost avoidance of \$2,127,000 and an ROI of 2,427% for the project.

# Program Timeline & Milestones



## Milestones by Phase

### ***Planning Phase– July 19, 2012 – September 27, 2012***

- Determine details for audit using Project Workbook
- Transmit data files
- Approve audit population
- Outline Communication Plan
- Finalize Websites (Employer and employee)

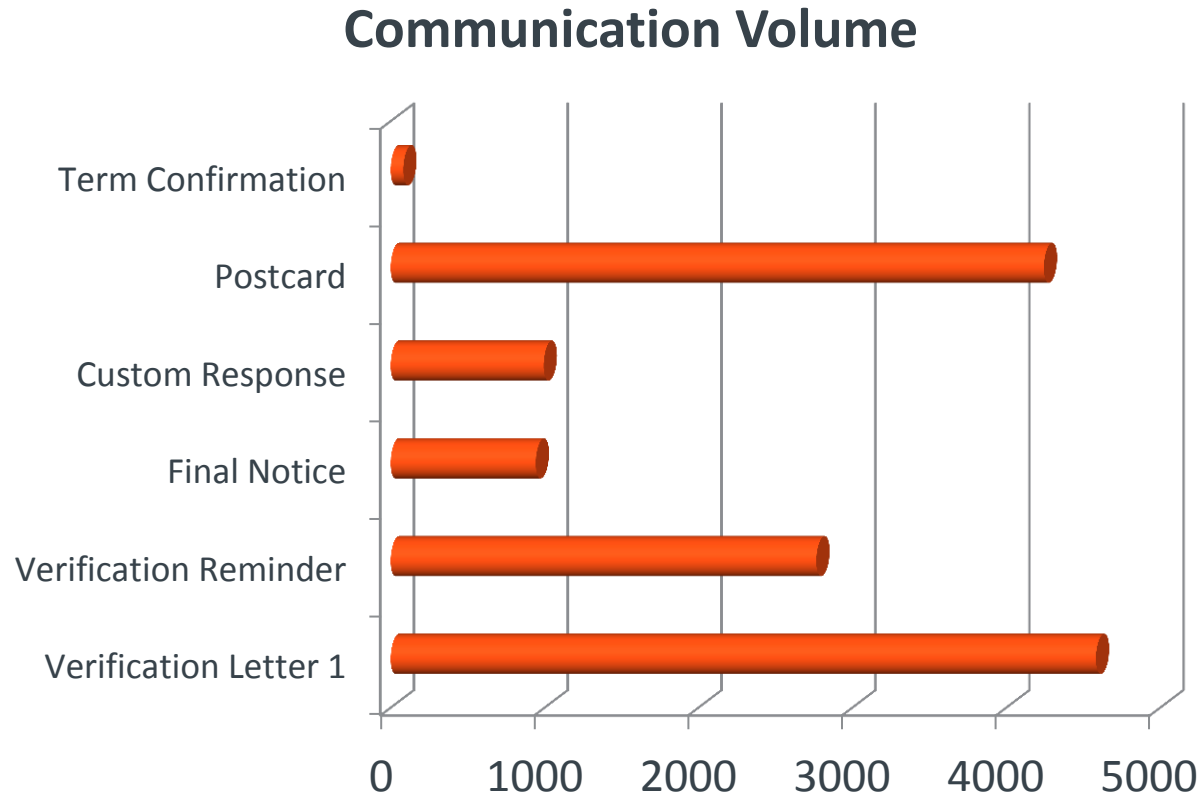
### ***Verification Phase- September 28, 2012 – November 14, 2012***

- Determine ongoing status report frequency
- Set dates for term file transmission and processing
- Finalize details for close out/appeals
- Approve verbiage for Final Notice of Adverse Action Communication

### ***Grace Period - November 15, 2012 – December 5, 2012***

- Determine date for final drop files
- Implement defined close out process

# Communication Details

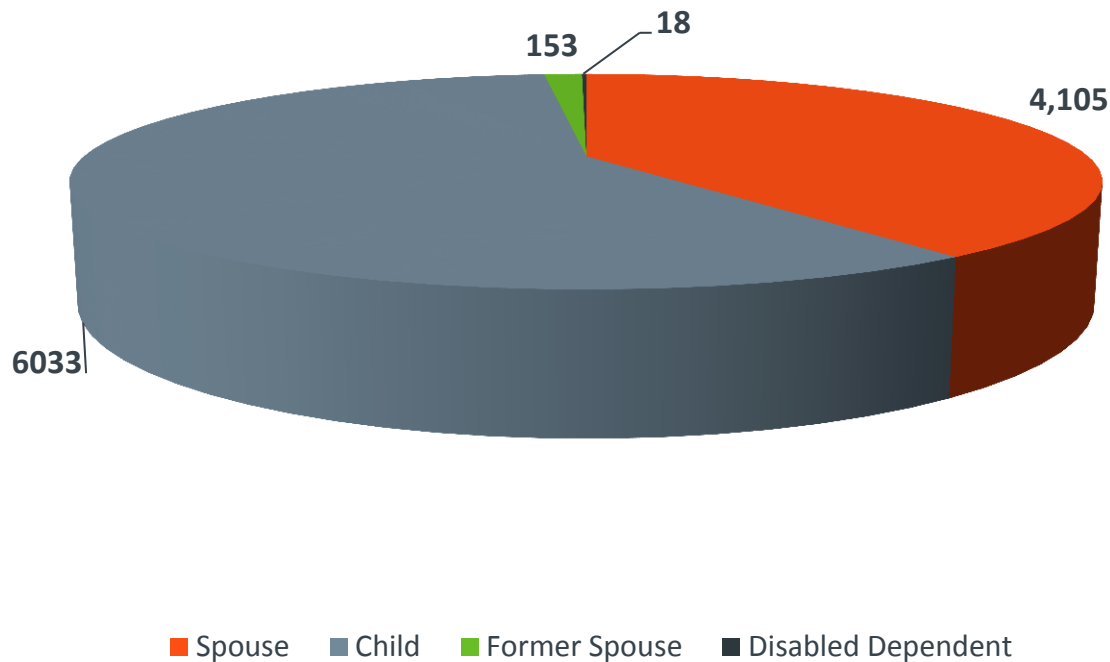


Over the course of the program 13,615 communications were sent to Cape Cod Municipal Health Group employees, generating a 96.7% response rate

# Program Results

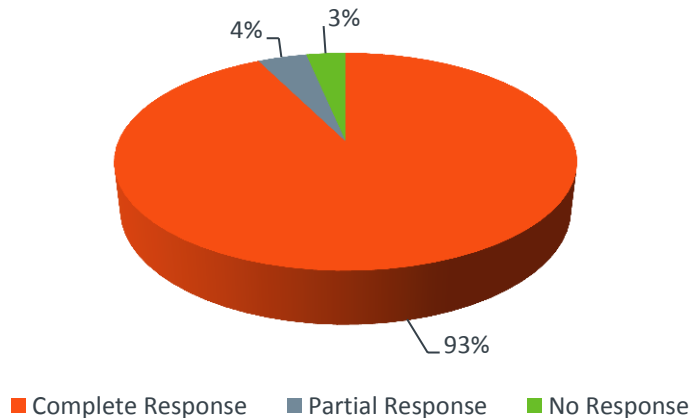
The initial data included 4,583 employees with 10,309 dependents. The statistics presented in the following sections are calculated based on this population.

## Demographics

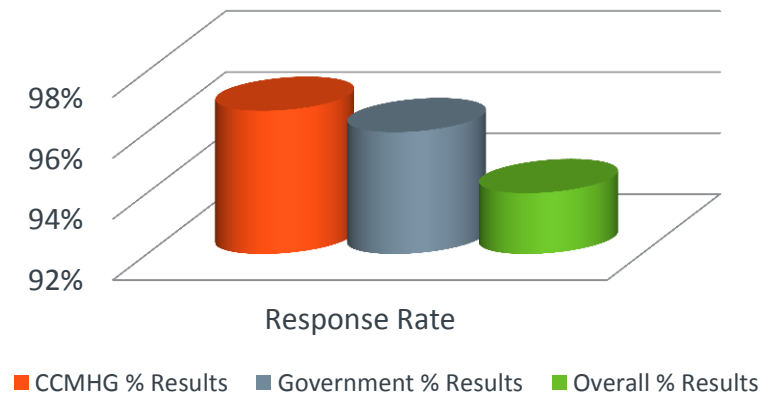


# Program Results – Response Rate

## Overall Response Rate



## Total Response Rate Trends

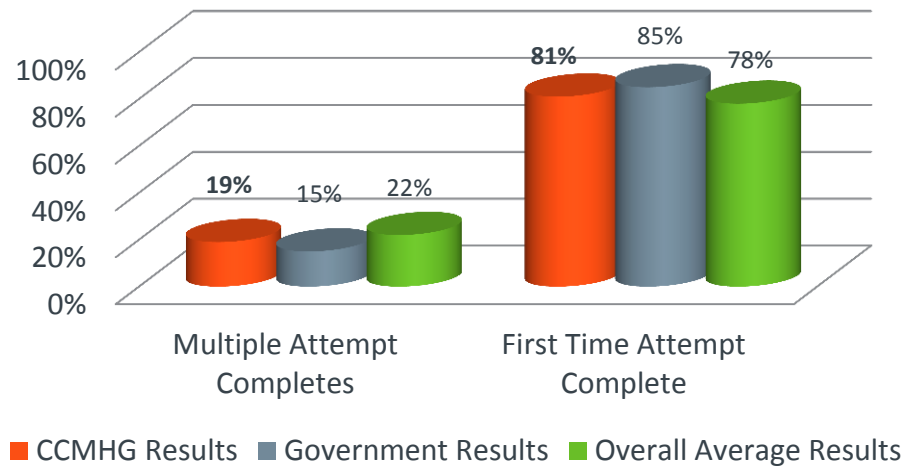


The overall response rate of the program was 96.7%. This represents employees who fully complied and also who partially complied with the audit process. Cape Cod Municipal Health Group's total response was higher than those in the same industry and overall audit results.

- 92.6% (4,245 employees) fully completed the audit process
- 4.1% (189 employees) responded to the program but did not provide complete documentation.
- 3.3% (149 employees) failed to respond to the program.

# Program Results - Response Rate

## Complete Response by Submission

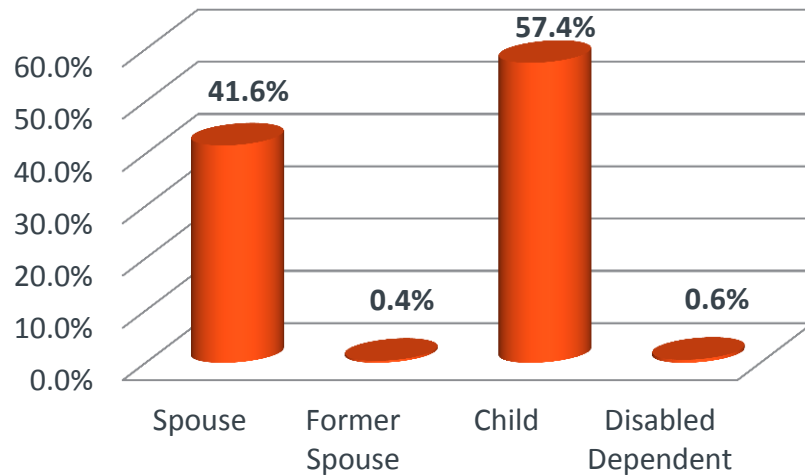


81% of employees successfully completed the program at their first attempt of submitting documents to HMS

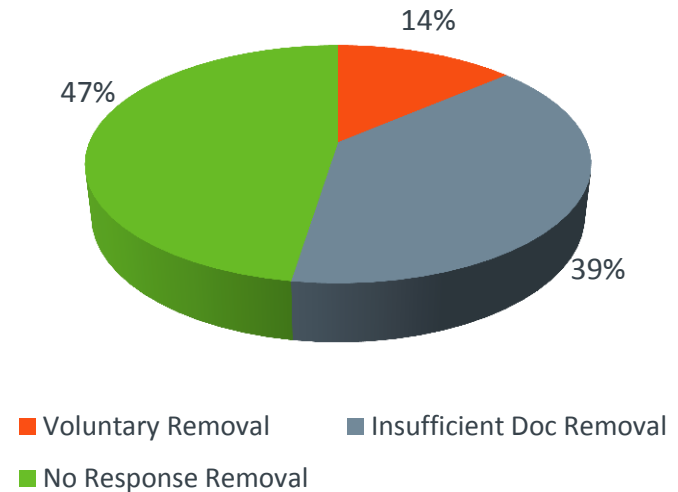


# Program Results - Term Statistics

## Termination by Relationship



## Removal % by Type

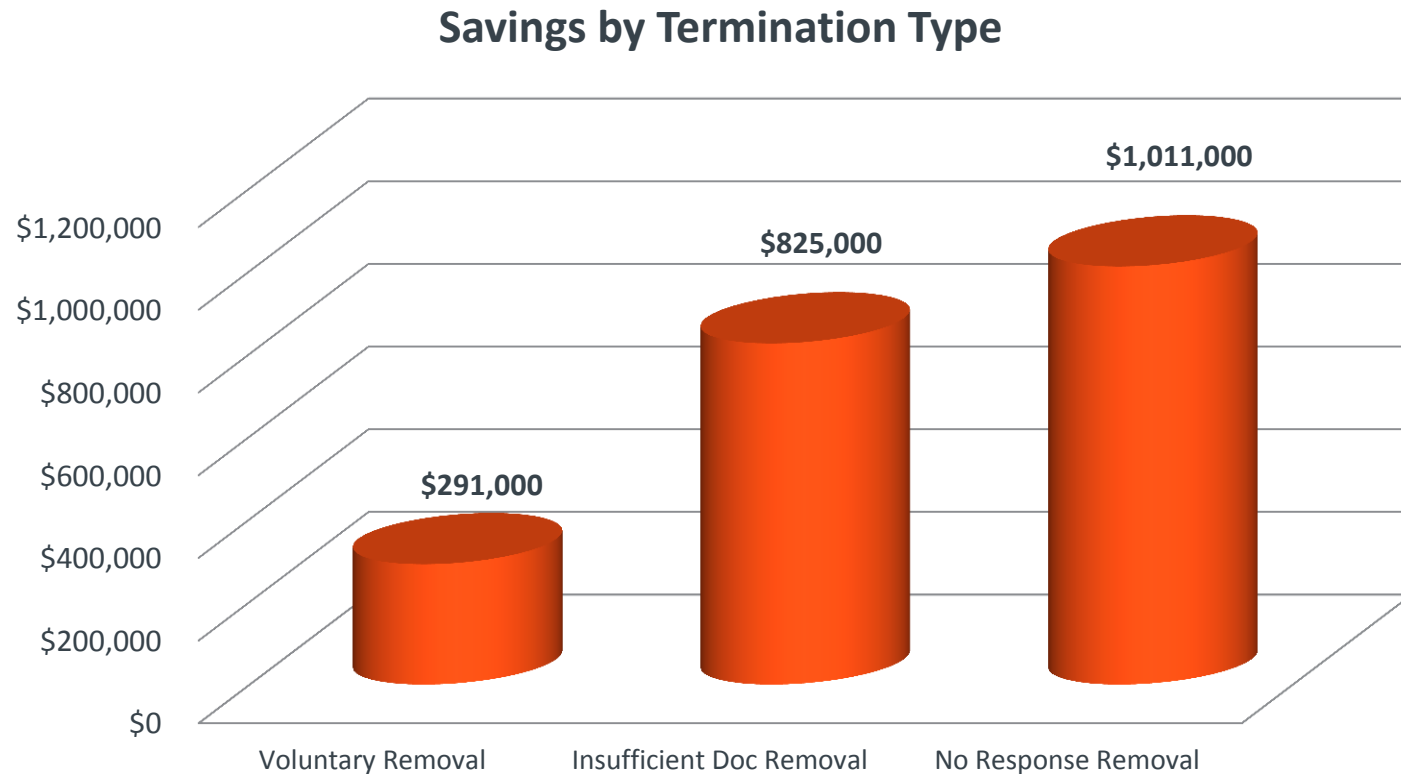


**Total Ineligible Dependents: 709**

Voluntary Terms: 97  
Insufficient Term: 275  
No Response Term: 337

57.4% of the removed dependent were categorized as children.

# Program Results - Term Statistics

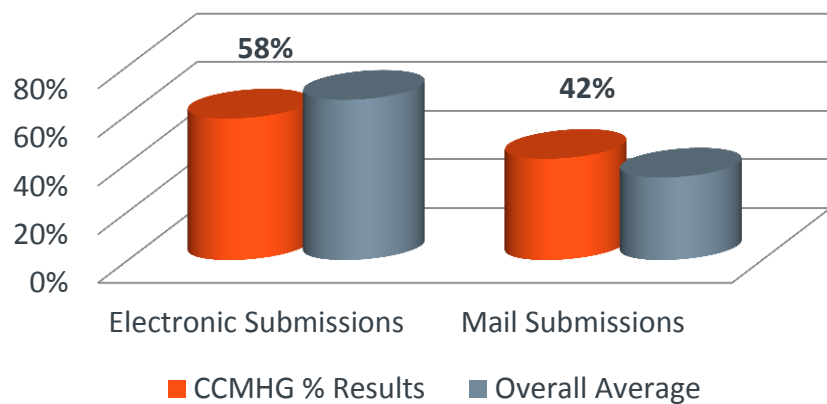


**Total Savings: \$2,127,000**

Voluntary Term Savings: \$291,000  
Insufficient Term Savings: \$825,000  
No Response Term Savings: \$1,011,000

# Program Results - Customer Service

## Electronic vs. Manual Submission

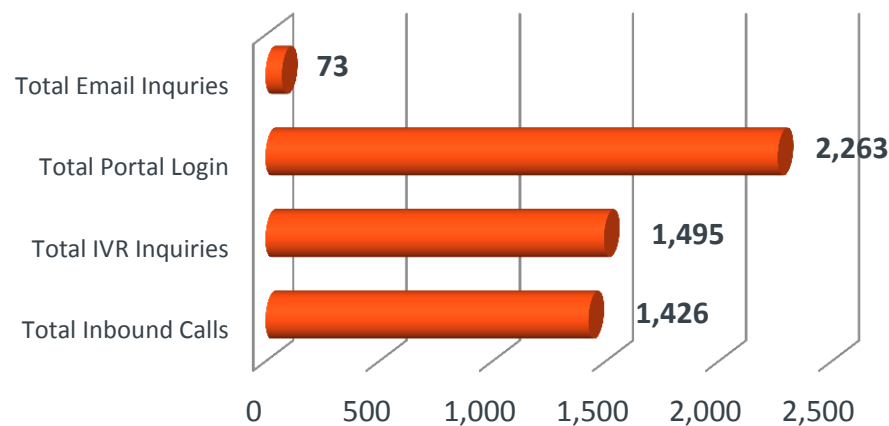


Total documents processed: 6,971

Electronic were higher than Mail submissions.

## Inbound Service Activities

Total service activities: 5,257



# Final Recommendations

## ***Ongoing Dependent Verification Programs***

We recommend that Cape Cod Municipal Health Group continue verifying all newly enrolled dependents. HMS offers a host of ongoing services will partner with Cape Cod Municipal Health Group to facilitate a program to meet your needs and reduce your exposure of enrolling and paying claims on ineligible dependents.

## **Sample of HMS Ongoing Programs:**

Scheduled Ongoing Verification– Similar timeline and process as a comprehensive program, frequency is dependent on the volume of new enrollees and/or Cape Cod Municipal Health Group needs.

Annual Spousal Verification - Annual verification of spousal relationships will help ensure only dependents in an active relationship with your employee remain on plan.

Point of Enrollment Verification – “Audit as you enroll” approach which enables Cape Cod Municipal Health Group to send HMS data at the point of enrollment. The electronic process is expedited to help you eliminate costs associated with invalid dependents.

# Other Services

## ***Claim Audit Programs***

We offer several different approaches for claims auditing services to ensure that claims are being processed according to plan guidelines. Our most popular claim audit approaches and other services are described below. For more information, please contact our team.

### *Random Sample Audit - Compliance:*

This approach can be utilized whenever compliance and due diligence, not overpayment recovery, are the primary objectives. The random audit reviews a sample of claims allowed by the carrier selected on a stratified basis. The results would be statistically valid and could be extrapolated across the entire population of claims.

### *Comprehensive Audit - Overpayment Recovery & Compliance:*

The comprehensive audit focuses primarily on overpayment recovery but also achieves objectives related to compliance and due diligence with the comprehensive audit of 100% of all claims using a three-tier process.

### *Hybrid Audit Approach- Compliance & Overpayment Recovery:*

The Hybrid approach is a combination of random and comprehensive audits using both a statistical view of payment accuracy and the ability to seek to recovery of overpayments, though on a smaller scale than what could be done with a comprehensive audit.

# Feedback

We value your partnership in completing a successful Dependent Verification Program. One of our core competencies is focused on continuous process improvement. We would appreciate any feedback you are willing to share to assist us in our efforts.

## ***Overall Experience***

How would you describe your overall experience? Did you find your involvement to be more or less than you originally planned? Did the overall project results meet your expectations?

## ***Lessons Learned***

If you could change anything about the audit process or communications, what would it be? Was there anything that surprised you during the course of the program? What advice would you give someone preparing to start a Dependent Verification audit?

Additionally, a short survey will be sent to you in a few weeks. Please provide us with your feedback so that we may continue to improve our services.

# Attachment A

# Dependent Definitions & Document Requirements

The eligibility definition was determined by the Summary Plan Description (SPD) supplied by Cape Cod Municipal Health Group . The plan definitions were used to determine documentation requirements to ensure that each dependent both originally met and continues to meet the eligibility rules defined by the plan.

Dependent Relationship	Definition of an eligible dependent	Document Requirements		
<b>Spouse</b>	Your Legal Spouse	A copy of your government issued marriage certificate (church or Justice of the Peace copies are not sufficient)	<b>AND</b>	A copy of the front page of your 2011 Federal Tax Return (1040 or 1040A) confirming this dependent is your spouse. Submit only the top portion which includes the names of the employee, spouse and any dependent children as required. Please black out Social Security numbers, as well as any income information.
<b>Same Sex Spouse</b>	Your Legal Spouse	A copy of your government issued marriage certificate (church or Justice of the Peace copies are not sufficient)	<b>AND</b>	A copy of the front page of your 2011 state tax return confirming this dependent is your spouse. Submit only the top portion which includes the names of the employee, spouse and any dependent children as required. Please black out Social Security numbers, as well as any income information.
<b>Former Spouse</b>	Your eligible former spouse until either you or your former spouse remarries and/or as indicated by your divorce decree.	A copy of your divorce decree (Note: only the first page, last page and any pages detailing continuation of health care coverage for your former spouse are required for verification)		
<b>Children and Disabled Children</b>	Your child to age 26; coverage may be extended to a child of any age who is incapable of self-support due to a mental or physical disability.	A copy of the child's government issued birth certificate (hospital copy is not sufficient), the long form listing parents' names		

A child is defined as your natural biological child; stepchild; legally adopted child or a child under age 18 placed with you for adoption; a child for whom you or your spouse has been appointed the legal guardian, or a child for whom you are required to provide health insurance by a Qualified Medical Child Support Order.



# Communication Overview

## ***Verification Communication***

The verification communication was mailed to all employees with enrolled dependents. An initial verification letter was mailed to employees providing detailed information regarding the program, their enrolled dependents and the documents required to validate eligibility. A reminder verification letter was mailed to employees who had still not responded to the audit.

As an employee responded to the program and supplied documentation, each piece of documentation was reviewed against the audit guidelines.

- ***Complete Postcards:*** mailed to employees who provided all necessary documentation.
- ***Custom Response Communications:*** mailed to employees who responded to the program, but did not provide complete documentation. This letter detailed the documents received and ones still outstanding for each dependent.
- ***Termination Confirmations:*** Voluntary termination confirmations were mailed to employees that requested that dependents be removed from coverage due to ineligibility.

## ***Final Notice of Adverse Action***

The final notice of adverse action was sent to employees that had either not responded or partially responded to the audit. This communication outlines the consequences for failing to fully comply with the audit, appeals information and extends the deadline for providing documentation.