



INSPECTOR GENERAL REPORT

2011-04-0150

September 17, 2012

SPD BENEFITS INVESTIGATIONS

Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Darrell D. Boehmer, reports as follows:

On April 18, 2011, the Office of the Inspector General (OIG) received information from the State Personnel Department (SPD) stating that a state employee (Employee) with the Worker's Compensation Board (WCB) possibly carried an ineligible student dependent (Student) on her state provided health insurance. The SPD requested the OIG's assistance in determining the dependent's eligibility.

During the 2009 and 2010 state provided health insurance plan years, unmarried, dependent children were eligible for coverage through the end of the calendar year of their nineteenth birthday, or until the end of the calendar year of their twenty-third birthday if the dependent child was a full-time student enrolled in an educational institution per the Benefit Handbook. Full time status requires enrollment in twelve (12) hours of course credits for the semester. The SPD conducted a Dependent Eligibility Verification Audit (Audit) using third party

administrator Aon Consulting (Aon). The Audit revealed that Student was enrolled under Employee's State insurance plans but did not meet the full-time student requirements for eligibility.

On June 29, 2010, Aon sent Employee a letter requesting that he complete and return the enclosed Affidavit Signature Form (Affidavit) and provide documentation for her dependents to verify their eligibility. On August 5, 2010 Aon received Employee's signed Affidavit along with all documentation required to verify her dependents' eligibility with the exception of full-time student documentation for Student. In addition, Employee marked Student as no longer eligible for coverage on her Affidavit. This information was relayed to SPD on the Self-Declared Report (Report) dated August 9, 2010.

Based on the Report, an SPD Benefit Specialist contacted Employee on August 13, 2012 to inquire as to why she marked Student as no longer eligible for coverage. Employee explained that Student was no longer a full-time student but failed to provide documentation verifying Student's past full-time status.

SPD determined that Student was covered as an ineligible dependent under Employee's medical, dental, vision, and dependent life insurance plans from January 14, 2008 through December 31, 2010. According to SPD records, claims paid by the State on behalf of Student totaled Twelve Thousand Five Hundred Sixteen Dollars and 15/100 (\$12, 516.15) during the period of ineligibility. On April 7, 2011 SPD sent a collection letter to Employee

requesting the payment of \$12, 516.15 for claims incurred by and paid for Student.

As a result of the Audit, WCB conducted a pre-deprivation hearing on December 14, 2011. During the hearing it was determined that Employee should receive a written reprimand in lieu of a five (5) day suspension for failing to remove ineligible dependents in a timely manner from her State benefit plans, because a suspension would have caused an undue hardship on the agency and its clients served.

Dated this 17th day of September, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General