



INSPECTOR GENERAL REPORT

2011-04-0148

March 7, 2013

SPD BENEFITS INVESTIGATIONS – INELIGIBLE DEPENDENTS

Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Alan McElroy, reports as follows:

On April 6, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that a former Indiana Family and Social Services Administrations (“FSSA”) employee (“Respondent”) possibly carried an ineligible dependent on her state provided health insurance. SPD requested the OIG’s assistance in determining the dependent’s eligibility.

SPD conducted a Dependent Eligibility Verification Audit (“Audit”) using third party administrator Aon Consulting (“Aon”). On June 29, 2010, Aon sent Respondent a letter requesting that she complete and return an enclosed Affidavit Signature Form and provide documentation for her enrolled dependents to verify their eligibility. On July 21, 2010 Aon received Respondent’s signed affidavit indicating that all three of the children are her grandchildren, living with her since birth, along with documentation verifying the eligibility of her spouse and two of her three children. In addition, Respondent provided a copy of a court order

awarding her guardianship of two of the children, but not the third.

Documentation for the third child was requested by letter on two more occasions, but Respondent did not respond. On February 11, 2010 Respondent submitted a copy of the child's birth certificate. The birth certificate did not list Respondent as the mother of the child. Respondent informed the Human Resources Director at the state hospital at which she worked that the child was her grandchild and that his mother was in prison, but she had been raising him since birth.

FSSA held a pre-deprivation hearing for Respondent during which she claimed that when she filled out the state insurance forms that she identified her grandchild as "G Son" but the confirmation documents she received from SPD identified the ineligible dependent as "son". She further claimed that SPD never questioned her about her grandchild being considered a dependent in the past, and the issue was only raised after the Audit. The hearing officer concluded that the charge of Falsification of Official Documents was not substantiated because there appeared to be no deliberate attempt to falsify official documents or defraud the state or the insurance company. However, the charge of Placing Ineligible Dependents on Health Insurance Policy was substantiated and Respondent received a Letter of Reprimand in lieu of a ten (10) day suspension. Respondent retired from state employment on March 11, 2011.

According to SPD records, the grandchild was covered as an ineligible dependent under Respondent's medical, dental, and vision insurance plans from January 27, 2002 until May 28, 2005 and from June 12, 2005 until April 9, 2011,

when her benefits terminated due to her retirement. In addition, the grandchild was also covered under Respondent's dependent life insurance plan from January 1, 2006 until April 9, 2011. A total of Twelve Thousand Nine Hundred Fifty-Five Dollars and 89/100 (\$12,955.89) in claims was submitted on the ineligible dependent's behalf during the period of ineligibility.

On March 31, 2011 SPD sent a collection letter to Respondent requesting the payment of the \$12,955.89 for the claims incurred by the child and paid for by the State. Respondent was given until April 14, 2011 to make payment, but no payment was received. On April 19, 2011 SPD sent a letter to the Office of the Indiana Attorney General requesting assistance in the collection.

Special Agent McElroy made multiple attempts to reach Respondent by telephone but was unable to do so. Special Agent McElroy reviewed Respondent's insurance enrollment forms and confirmed that she identified the ineligible grandchild dependent as "G Son" on the forms. Special Agent McElroy also reviewed a copy of Respondent's 2009 federal income tax return on which the grandchild was identified as a dependent. Respondent is currently making monthly payments toward the balance owed, currently at \$12,280.89.

This case was presented to the Marion County Prosecutor's Office and prosecution was declined. The OIG agrees with this disposition, and accordingly, this investigation is closed.

APPROVED BY:

/s/ David O. Thomas, Inspector General