

September 12, 2013




*Dependent Eligibility Verification Should Be a Part of Your **Overall Cost Containment Strategy***

A Xerox Company **buckconsultants**

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Introductions and Agenda

- Introductions
- DEV – What? Why? Who? How?
- DEV Process
- Key Elements of Success
- County of Milwaukee Case Study
- Questions



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Today's Presenter

Judy Felhaber
 National Practice Leader
 Buck Consultants - Auditing and Reporting Services

Background:

- 12 years CEO/Owner, Third Party Administration Company (TPA)
- 3 years CEO/Owner, Healthcare Consulting Benefits Review (Audit Firm)
- 7 years Current National Practice Leader position

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Buck's Audit Team in Action

20B+ Healthcare \$ Audited	250+ Audit Projects Completed	25+ Years Audit Experience	50%+ Fortune 500 Companies
60%+ Repeat Buyers	2M+ Dependents Audited	100% Positive ROI for Dependent Audit Projects	1 Single Source Solution & Dedicated National Practice

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About Dependent Eligibility Verification (DEV)...What, Why, Who and How

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What is DEV?

A Dependent Eligibility Verification process prevents unwanted guests from enrolling in your benefit plan!

- *“Direct to Employee”* communication outreach and response process
- Includes all employees with enrolled dependents (approx. 60%)
- Requires management commitment
- Protects benefit plan assets through cost avoidance
- Considered an industry *“Best Practice”*

Success requires a “High-tech” process with “High-touch” delivery!

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Why do Employers Audit Dependents?

Cost Avoidance and Compliance	Protection for You and Your Employees	Experience, People and Expertise	How Does it Work?
<ul style="list-style-type: none"> Cost avoidance is immediate Shared responsibility through employee education Standard, consistent, defensible process Satisfaction of fiduciary responsibility 	<ul style="list-style-type: none"> Identifies <i>unintentional non-compliant</i> dependents. Alerts ineligible dependents that they <u>do not</u> have coverage. Mitigates risk by avoiding potential lawsuits. Preserves benefit dollars for only <i>eligible</i> participants. 	<ul style="list-style-type: none"> "High-tech" process; "High-touch" delivery Team experience should include both administration and auditing Members should be guided through the review process DEV Advocate for alternative coverage support for ineligible dependents Minimize Noise! 	<p>Initial Population Review 100% population Amnesty Methodology Choice</p> <p style="color: red;">Protect Your Investment!</p> <p>Maintenance Process New dependents (100%) Re-enrollees (100%) Annual Sample Example: 25% / year x 4 years 100% reviewed</p>

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How to Verify Dependents: Methodology Options



- Mandatory Sign-off (MSO)**
 - Attestation Only
 - Ineligible dependents range from 0.5% to 1%
- Proof-of-Eligibility (POE)**
 - Attestation + Documentation of dependent's status
 - Considered "Best Practice"
 - Ineligible dependents range from 4% to 6%
- Hybrid Methodology**
 - Dual phased process
 - Phase I - MSO; Phase II - POE
 - Ineligible dependents range from 1% to 3%

Dependents Removed 2012*

Spouse	5%
Domestic Partners	14%
Children <19	3%
Children >19	7%

*Results are based on percentage of specific dependent type population

Recent Development

SPOUSAL SURCHARGE

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About the Dependent Eligibility Verification (DEV) Process...

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3 Step Strategy



- 1 Initial Population Review**
 - 100% of enrolled dependents
 - Attestation (questionnaire) and Documentation
- 2 New Dependents**
 - Verification of New Hire dependents
 - Verification of Qualified Family Status Changes
- 3 Annual Sample**
 - Random review of dynamic dependent relationships

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3 Step Strategy

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Initial Population Review

Key Elements of POE

- Best Practice starting point
- Review 100% of enrolled dependents
- Require "Proof-of-Eligibility" (POE)
- Documentation proves eligibility
 - ✓ Example: Birth certificate, tax return, etc.

Average Ineligible Dependents: 4 – 8%

Step 1: Implementation	60 - 90 days
Step 2: Announcement	10 – 14 days
<ul style="list-style-type: none"> - Postcard to employee's home - Address corrections captured 	
Step 3: Response Period	45 days
<ul style="list-style-type: none"> - Employee completes questionnaire and documentation - Response options: paper; fax and web portal 	
Step 4: Confirmation	As Needed
<ul style="list-style-type: none"> - Participation complete - Incomplete notice - No response removal 	
Step 5: Project Closure	30 days
<ul style="list-style-type: none"> - Final reporting - Move to DEV Maintenance 	
Step 6: Appeals Support	180 days

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3 Step Strategy

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New Dependents

Key Elements

- Best Practice – Pend enrollment to avoid claim liability
- If immediate enrollment is allowed, coverage may not be rescinded
- Allow 30 – 45 days to respond
- Responses received after deadline must Appeal decision

Step 1: Announcement	1 day
<ul style="list-style-type: none"> - Employee is notified at time of enrollment - Employee is notified at time of QLE submission 	
Step 2: Data Exchange	
<ul style="list-style-type: none"> - Data is submitted to Buck - Initial response packet sent to employee's home 	
Step 3: Response Period	30 - 45 days
<ul style="list-style-type: none"> - Employee completes questionnaire and documentation - Response options include: paper; fax and web portal 	
Step 4: Confirmation	As Needed
<ul style="list-style-type: none"> - Participation complete - Incomplete notice - No response removal 	
Step 5: Results	Weekly
<ul style="list-style-type: none"> - Notice of ineligible dependents reported 	

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3 Step Strategy

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Annual Sample

Key Elements

- Protects initial investment
- Provides "Sentinel Effect"
- Industry "Best Practice"
- Review ONLY relationships subject to change
- Typical percentage reviewed: 15% - 25%

Step 1: Announcement	10 – 14 days
<ul style="list-style-type: none"> - Postcard to employee's home - Address corrections captured 	
Step 2: Response Period	45 days
<ul style="list-style-type: none"> - Employee completes questionnaire and documentation - Response options include: paper; fax and web portal 	
Step 3: Confirmation	As Needed
<ul style="list-style-type: none"> - Participation complete - Incomplete notice - No response removal 	
Step 4: Project Closure	30 days
<ul style="list-style-type: none"> - Final reporting 	

25% Annual review = 100% review every 4 years

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DEV Response Process

```

    graph TD
      A[Packet MAILED] --> B[Returned]
      A --> C[Response]
      B -- NO --> D[Reminder]
      D --> C
      C -- YES --> E[Eligible]
      C -- NO --> F["Coverage dropped on predetermined date"]
      E -- YES --> G[No change in coverage]
      E -- NO --> F
      F -- NO --> H[Eligible]
      H -- YES --> G
      I["Mail/Fax Response (paper)"] -- YES --> E
      J["DEV Web Response (paperless)"] -- YES --> H
      K["Outreach Call to member"] -.-> C
  
```

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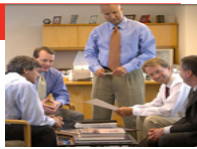
Key Elements Ensuring Project Success

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Key Communication Elements



Outbound communications must:

- Contain consistent messaging
 - Employee obligations; deadlines; ramifications
- Be clear, concise and frequent
- Have easy options for employees to respond
 - DEV web portal
 - Paper response
 - Fax – HIPAA secure line

When employees respond, vendor must:

- Immediately acknowledge receipt
- Promptly adjudicate and communicate decision

Other communication key elements

- Extended availability of DEV Specialists
- Allow for appropriate response periods
- Monitor project performance for add-on notifications

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DEV Communication - Examples

Pre – Project Announcements	Employee Initial Notifications & Reminders	Employee Subsequent Notices	Communication Support & Other Documents
<ul style="list-style-type: none"> • Open Enrollment Announcement • Announcement postcard • Announcement letter • Email Blast • Worksite Posters 	<p>Initial Packet</p> <ul style="list-style-type: none"> • Initial Letter • FAQ • Verification Form(s) <ul style="list-style-type: none"> ✓ Spouse ✓ Domestic Partner ✓ Children • Postage Paid Return Envelope <p>Reminder Packet</p> <ul style="list-style-type: none"> • Same as initial 	<ul style="list-style-type: none"> • Incomplete Notice • Participation Complete • Removal (Default) Notice • Appeal Forms • Appeal approval letter • Appeal denial letter • Telephonic outreach 	<ul style="list-style-type: none"> • Communications support • Customized verbiage • Client logos • Client style guide • Affidavit Samples: <ul style="list-style-type: none"> ✓ Coverage Dependent ✓ Domestic Partner ✓ Domestic Partner Termination ✓ Common Law ✓ Disability ✓ Hardship

In-house document fulfillment capabilities provide quality assurance and control

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Key Service Center Highlights

The Team


- Management team should have extensive experience
- Consider service center location - Protected Information (PI)
- Customer service team should be dedicated to DEV only
 - Optimal staffing has low turnover
- DEV Specialist "Live" (direct employee contact)
- DEV Advocate for alternative coverage support
- Multilingual service representatives
- Client specific cultural training

Availability

- Extended customer service hours during week and Saturdays
- Dedicated 800 line
- *Telephonic outreach to employee for non-responses*

Services

- Auto call recording
- In-house fulfillment capabilities
- Supports end-to-end solution (no outsourcing)



Implement Customer Satisfaction Survey


Overall Satisfied
Issue Resolved
DEVs Knowledge
DEVs Courtesy
Easy to Comply

Survey 20%+ of participants

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Key Web Portal Elements



- Dedicated URL
- Employer identification/logo presence
- Maximum security
- Frequent updates
- 24/7 Access

Employee Web Portal Features

- Dependent specific response display
- Easy reference to project specific communications
- "Contact Us" information on constant display
- FAQ's
- Service links (i.e. documents, SPD)
- Coverage alternative links
- Document upload capability

Employer Web Portal Features

- Dashboard Summary Reporting (status / stats)
- Ad-hoc reports posting
- Report download functionality
- Project calendar
- Project communication samples
- Project discussion/topics log

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Key Decisions and Options

Key Project Decisions

- Project timing - Avoid Annual Enrollment!
- Termination date
- COBRA parameters
- Hardship situations
- Post-Open Enrollment Reconciliation (*Identify re-enrollees*)
- 125 Plan coordination

Key Alternative Services

- Social Security Number (SSN)
- Health Insurance Claim Number (HICN)
- Internal Coordination of Benefits (COB)
- Spousal Surcharge Information
- Other Survey Questions

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A Real Success Story



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County Of Milwaukee's DEV Project

Initial DEV Project: Kickoff: August 2012

- Methodology: Proof of Eligibility Method (*documentation*)
- Project included actives and retirees
- Ineligible dependent removal rate: 8.4%
- Performed project 90 days prior to open enrollment

DEV Maintenance: Effective: April 2013

- Methodology: Proof of Eligibility Method (*documentation*)
- Population included: actives and retirees
- New hire and new dependents

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Roll-out Strategies Utilized

Multiple touch points with members

All communications County Branded

Members provided a "no-harm; no-foul" approach

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Member Response Options

FAX

HIPAA secure fax number

Mail

Postage paid return envelopes provided

Website


Paperless option. Member can scan and upload documents

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Personally Identifiable Information Protection



All documents scanned into *EligibilityInsight*®

QA Reviewed

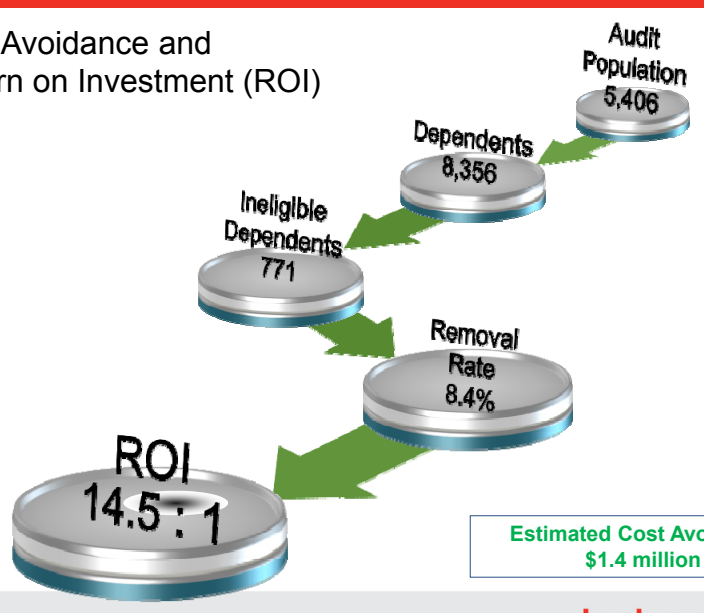
Immediately shredded

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Cost Avoidance and Return on Investment (ROI)



Audit Population 5,406

Dependents 8,356

Ineligible Dependents 771

Removal Rate 8.4%

ROI 14.5:1

Estimated Cost Avoidance \$1.4 million

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