File #:	13-156	**Version:** 1	**Name:**	Dependent Eligibility Results Report
Type:	Informational Report		**Status:**	Placed on File, End of Term
File created:	2/12/2013		**In control:**	County Clerk's Office
On agenda:			**Final action:**	4/18/2016
Title:	From the Employee Benefits Administrator, Department of Human Resources, submitting an informational report regarding the Dependent Verification Project. (INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	1. Report, 2. Audio FPA 03/14/13, 3. END OF TERM MEMO 2012-2016			

Date	Ver.	Action By	Action	Result
4/18/2016	1	County Clerk's Office	PLACED ON FILE, END OF TERM	
3/14/2013	1	Finance and Audit Committee	DISCUSSED WITH NO ACTION TAKEN	
2/18/2013	1	Board Chair	ASSIGNED	

From the Employee Benefits Administrator, Department of Human Resources, submitting an informational report regarding the Dependent Verification Project. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

Issue/Background

The 2011 operating budget tasked the Employee Benefits Division, with assistance from the Department of Audit, with developing and releasing an RFP for an external administrator to conduct dependent eligibility audits on the County's behalf.

The scope of the project included the following:
- verifying all current covered dependents to ensure compliance with all eligibility rules
- removing ineligible dependents
- creating a process/mechanism for verifying eligibility on an ongoing basis for new dependents / ensuring the ongoing integrity of dependent data

This project was delayed until 2012 due to a number of legislative changes throughout the year, and initial full audit of the dependent population was concluded at the close of 2012.

Project Summary

The initial audit phase of the dependent verification project included utilizing the services of Buck/ACS to audit over 9,300 covered dependents, including children and spouses of active employees and retirees by 10/31/2012. The Employee Benefits Division reviewed the identified ineligible dependents, and conducted an appeals period throughout November and December. Upon conclusion of the review and appeal process, 707 dependents (7.6% of all covered dependents) were removed from coverage, which will have a positive impact on plan costs in 2013.

An additional 192 dependent records were purged from active coverage as data clean up, but will not generate savings. This group includes unreported deceased dependents, and duplicate records due to County-employed couples.

Ongoing Verification Process

Buck/ACS will continue to receive quarterly file updates from Milwaukee County, which will trigger distribution of a verification packet to all newly enrolled dependents. Buck/ACS is under contract to provide these services throughout 2013 and 2014 on an as-needed basis. This will catch any attempt by employees/retirees to re-enroll removed dependents, in addition ensuring our records remain current.

In 2015, it may be prudent to re-verify marital status of all covered spouses as an additional safe guard; however, it would be financially advantageous to negotiate a flat fee into a potential contract renewal, as opposed to addressing the re-verification of spouses using the ongoing per packet rate.

Potential Fiscal Impact

In the RFP process, Buck/ACS estimated a removal rate of 4% - 6%, leading to estimated savings of $800,000 - $1,200,000. At the 7.6% removal rate achieved, Milwaukee County should be in a position to exceed those expectations for the 2013 plan year.

It is important to note that these are rough estimates based on the vendor's book of business. This does not represent hard savings that can be relied upon. Further, the enrollment change resulting from the eligibility audit is only one variable among many in projecting annual healthcare costs. While the dependent verification project was successful, Milwaukee County should not expect a healthcare surplus based on this information.