File #: INF 11-232, **Version:** 1

2011 Budget Amendment 1C008: From the Interim Director, Employee Benefits Division, submitting an informational report regarding dependent eligibility audits. **(Referred to the Committees on Finance and Audit and Personnel.) (04/11: Follow-up report requested.) (INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

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COUNTY OF MILWAUKEE
DAS - Division of Employee Benefits
Inter-Office Communication

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Date   :   May 2, 2011

To   :   Supervisor John Thomas, Chair, Finance & Audit Committee
          Supervisor Joe Sanfelippo, Chair, Personnel Committee

From   :   Gerald J. Schroeder, Interim Director - Employee Benefits Division

Subject   : **Informational report from the Interim Director, Employee Benefits Division, regarding dependent eligibility audits.**

In the 2011operating budget, the Department of Audit and the Employee Benefits Division were tasked with developing the process for an audit of dependent benefits eligibility and releasing an RFP to an external administrator to conduct the audit on the County's behalf.

The Employee Benefits Division, working in conjunction with the Director of Audits, provided an update on the progress of this RFP in the March and April committee cycles, indicating the pending actions by the State would impact the timing of the RFP release, the completion of the audit, and the potential return on this investment. However, in the continued absence of certitude on when the State law will take effect, the Benefits Division is proceeding with this project.

A draft RFP has been completed and reviewed by the Employee Benefits Division and the Department of Audit. The RFP allows for flexibility in the scope of the audit to include proposals for a one-time audit of dependent record, as well as ongoing eligibility verification services. The tentative timeframe in the RFP allows time for the completion of the medical RFP and time to evaluate the effect of SB10 on this project. It also allows the audit project to leverage Milwaukee County's open enrollment activities to aid in the employee and retiree communication efforts.

Amnesty Period:
Literature on dependent eligibility audits recommends offering an amnesty period to employees and retirees prior to the initial audit period. This places the focus on cleaning up eligibility records rather than the punitive aspect. Generally, the employer would waive any employment or financial ramifications related to past coverage for people who voluntarily remove ineligible dependents.

While typically recommended, the decision to offer an amnesty period is ultimately at the County's discretion and can be revisited for the initial audit or future audits.

May 2, 2011
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Tentative Timeline:

Activity	Proposed Timeline
Release RFP	June 20, 2011
Intent to Bid and questions from bidders due	July 1, 2011
Proposals due to Milwaukee County	July 15, 2011
Notification of finalist selections	July 22, 2011
Finalist presentations	TBA
Final Vendor Selection	TBA
Approval of Scope / Contract	September Committee Cycle
Communication / Education	October 2011
Amnesty Period	November 2011
Audit Period / Procurement of Documents	February 2012 - March 2012
Conclusion	April 2012

The RFP will follow the procedures outlined in Chapter 56.30 of the Milwaukee County Code of Ordinances, and the successful bidder will be required to comply with the Disadvantaged Business Enterprise (DBE) policy defined in CFR 49 Part 23 and 26 and Chapter 42 of the Milwaukee County Ordinances.

GJS/MH:hmf

Cc: Jerome Heer, Director of Audits
      C. J. Pahl, Acting Fiscal & Budget Administrator
      John Jorgensen, Corporation Counsel
      Rick Ceschin, Senior Research Analyst, County Board
      Steve Cady, Fiscal and Budget Analyst, County Board
      Carol Mueller, Chief Committee Clerk
      Jodi Mapp, Personnel Committee Clerk