

Saving Health Care Dollars Through Dependent Audits

BY TONY SCHY



Just about everyone is familiar with the debates that have been raging in Washington, D.C., over health care and medical insurance. While these problems will require complicated solutions, school districts still must

deal with the rapidly rising cost of providing health benefits to employees.

As publically funded entities, school districts have the added public accountability to spend allocated funds wisely. Prudent employers nationwide are looking closely to ensure their health care plans are administered in the most cost-effective manner. Dependent audits are one method rapidly becoming common practice among public and private entities. At Chapman Kelly we have saved companies and school districts more than \$125 million with our industry-leading dependent audit service.

Abuses are common. In Michigan, a woman took a job where she had good benefits. She enrolled herself and her two children in her employer's medical plan. Two weeks later, her employment was terminated. Because the employer lacked the proper controls, the woman continued for several years to use her medical benefits, ultimately costing the employer nearly \$100,000.

While the Michigan incident likely involved fraud, in most cases ineligible dependents don't remain on a health care plan due to willfully fraudulent acts. Rather, it's due to oversights and misunderstandings.

Recession's Effects

With a tough economy, company health plans are significantly affected. A survey conducted in late April 2009 by the International Foundation of Employee Benefit Plans indicated many plan sponsors are seeing increased use of their health plans during the financial downturn. Here is what the association said in a press release:

"About one-third of plan sponsors have noticed an increase in the number of participants filling prescriptions and engaging

in costly medical procedures before their insurance runs out. Twenty-four percent of plan sponsors have observed growth in the number of participants adding dependents to their plans. At the same time, 17.8 percent of plan sponsors have introduced or are considering dependent eligibility audits."

Chapman Kelly, as a member of the AASA School Solutions Center, offers AASA members a dependent audit service. The concept is simple. We work with school districts to ensure only eligible dependents are enrolled in your district-sponsored health plan. The goal is not to attempt to remove people from proper coverage, but rather to ensure the plan is administered as designed and for the exclusive benefit of those who are entitled to benefits.

Our experienced team knows how to work with school districts. We have more than 100 districts nationwide currently going through our dependent audit process. Past customers include the Akron, Ohio, and Columbus, Ohio, school districts.

We know how to deal with complex and emerging issues. For example, the passing of Michelle's Law, signed by President Bush in 2008, will have a direct impact on how a school district conducts an audit. Michelle's Law ensures that seriously ill college students can continue to receive health care insurance through their fam-

ily's health insurance policy even if they are unable to maintain their full-time student status. The law requires employers to provide additional notices regarding the law and necessitates additional training for insurance companies' call center staff who will field inquiries.

Custom Fits

The results of a dependent audit can be significant. We often find between 5 percent and 12 percent of employees had an ineligible dependent on a company health plan. These ineligible dependents are increasing the health care costs to your school district and your plan's members.

Chapman Kelly has a solution to fit every need. For large districts or consortiums, we offer fully outsourced programs with a high level of customization. For groups with a small number of participants, we offer a Dependent Audit Toolkit to help you conduct an effective dependent audit yourself. And for mid-sized plans, we have options that provide the right level of customization but remain sensitive to budget pressures.

To learn more, visit our website at www.chapmankelly.com. We have a blog (www.chapmankelly.com/blog) that provides useful information to school administrators.

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AASA SCHOOL SOLUTIONS PARTNERS

Eleven firms make up the AASA School Solutions Center, created in January 2009:

- ▶ **CHAPMAN KELLY**, dependent health-care eligibility audits, www.chapmankelly.com
- ▶ **FARS**, school food service check recovery, www.ibgfars.com
- ▶ **K-12 INSIGHT**, survey tool, www.k12insight.com
- ▶ **MEDEXPERT**, medical issues management services, www.medexpert.com
- ▶ **NATIONAL JOINT POWERS ALLIANCE**,[®] municipal contracting with vendors, www.njpacoop.org
- ▶ **OPTIMUM EXPENSE RECOVERY AND CONSULTING**, cost recovery, www.optimumerc.com
- ▶ **PAETEC**, telecommunications for businesses, www.paetec.com
- ▶ **PFM-FINANCIAL SERVICES**, procurement card program for schools, www.pfm.com
- ▶ **PIXETELL**, visual communication and collaboration software, www.pixetell.com
- ▶ **POWERIT**, cost-saving web technology solutions, www.poweritschools.com
- ▶ **TUTOR.COM**, online tutoring, www.tutor.com

Chapman Kelly and Verify Solutions are now



In 2010, two leading healthcare cost-containment firms joined forces to create HMS Employer Solutions. This newly formed division of HMS combines the distinguished personnel and advanced technology from each company, making it one of the most experienced providers of cost-containment services within the industry. The staff of HMS Employer Solutions provides employers and managed care organizations with Dependent Eligibility Audits, Medical Claim Audits, as well as other healthcare cost-containment services.

Since 2001, clients have saved over \$1 billion through our auditing services. Over 2 million dependents have been verified through our dependent eligibility services, which makes HMS Employer Solutions one of the most qualified dependent verification providers in the industry. HMS Employer Solutions is the *only* dependent verification firm with products and experience across the entire range of employer sizes. Our dependent audit clients range in size from those with 50 employees to the largest Fortune 500 companies and government entities. This newly formed division is supported by the 30-year history of HMS, the healthcare cost-containment, coordination of benefits, and program integrity services experts.