



Does My School District Need To Conduct a Dependent Eligibility Audit?

The U.S. healthcare system changed dramatically during 2010 with the passage of the new healthcare bill. According to the federal government, new provisions will allow more than 2 million dependents to become newly eligible for coverage in 2011 through their parent's health plan. The financial burden on school districts will be significant, so it is more important than ever to make sure that the dependents on your school district's health plan are actually eligible for coverage. As a proud AASA School Solutions Center partner, HMS is available to help you meet this challenge through a dependent eligibility audit.

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— Eugene T.W. Sanders, CEO of the Cleveland Metropolitan School District

School districts that have performed this audit have identified significant waste and put these funds towards fulfilling their core function. School districts that have not conducted this audit or that do not have dependent verification procedures in place can expect to find 4-8 percent of their dependents to be ineligible for coverage during an audit. We have performed audits for more than 100 school districts nationwide and have yet to find an organization where ineligible dependents were not a serious problem.

Superintendents can assess their district's risk by asking staff whether the following procedures are in place:

- ▶ Each time a dependent is enrolled in our district's health insurance plan, we ask for copies of documents that prove the dependent's relationship to our employee (birth certificates, marriage licenses, etc.)
- ▶ Every two years, we ask for documents that help establish that spouses on our plan are still married to our employees (mortgage statements, utility bills, etc.)

▶ Each year we ask adult children on our plan to sign a statement affirming that they don't have coverage available through their own employer (applies to grandfathered plans only).

If your district does not follow the procedures listed above, it is likely that ineligible dependents are on your plan.

“The Cleveland Metropolitan School District conducted its dependent audit and reduced fully insured premium cost by \$2.4 million per year,” said Eugene T.W. Sanders, CEO of the Cleveland Metropolitan School District. “My advice to superintendents considering this project would be to move forward! You can be as personally or universally involved as you like — whichever you decide. It is definitely worthwhile for the future protection of your employees' benefits program.”

Whether a school district wants to conduct the dependent eligibility audit internally, or wants to collaborate with us through an RFP or direct sourcing, HMS is here to help.

A great starting point for you is HMS's Dependent Audit Guide on our website www.DependentCheck.com. We offer it at no cost to school districts to provide valuable and up-to-date information on “best practices” and considerations associated with dependent audits. It contains over 50 pages of information, as well as RFPs that other public entities have used when thinking about hiring a vendor for these services.

You can also learn more about our services and request a proposal for a customized dependent audit solution to meet your district's needs.



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