

# Benefits Resource Group

## Case Study: Dependent Eligibility Audit



Dependent Eligibility Audit

### Background

- A 4,000 plus employee, self-funded employer wanted to reduce healthcare plan costs and meet their fiduciary responsibility.

### Issues

- During the employee enrollment process, the employer did not require documents such as marriage license, birth certificate, divorce decrees, etc. to verify the employee's dependents meet the eligibility rules set forth in the plan document.
- The employer, if audited, would not be able to demonstrate their obligation to ensure that only qualified beneficiaries were receiving benefits under the healthcare plan.

### Solution

- Benefits Resource Group completed a dependent eligibility audit whereby all employees covering dependents were first provided with an amnesty period to voluntarily remove any ineligible dependents.
- After the amnesty period, employees were required to submit documentation demonstrating that remaining dependents were eligible according to the plan language.

### Results

- During the amnesty period, 329 dependents were voluntarily removed resulting in a savings in excess of \$897,000.
- At the conclusion of the audit, an additional 159 dependents were removed representing savings of almost \$353,000.
- The combined savings was \$1,250,000 first year.
- The savings is sustainable year after year.
- A zero tolerance precedence has now been established.
- Demonstrated intent to meet fiduciary responsibility.