



Dependent Eligibility Audits

Next Generation Enrollment wants to assist your organization in ensuring that the dependents covered on your medical plan are truly eligible per the wording in your plan documentation.

A simple, cost cutting solution that does not require plan changes or increased employee payroll deductions, is a Dependent Eligibility Audit. *A Dependent Eligibility Audit will allow for the verification of covered dependents and will allow for the removal of participants that do not satisfy the eligibility definition in the medical plan summary description.*

Why Do a Dependent Eligibility Audit?

- 1. Reduce expenses on your Medical Plan without changing the plan design or employee contributions**
- 2. Adhere to plan compliance requirements, Sarbanes-Oxley, and Stop Loss Contracts**
- 3. Pricing can be based on savings so that there is little up-front risk to your organization**

To illustrate the average cost for a dependent covered under your medical plan, we take your "single" rate for each spouse that is removed and half the "single" rate for a dependent child. The "single" rate will either be the COBRA equivalency rate or the fully-insured rate.

5% to 15% of a plan's covered dependents are typically found to be ineligible. By removing these dependents, a significant reduction in ongoing and future claims costs will be created.

Not only is the Dependent Eligibility Audit process a cost-saving solution, but it also ensures that the plan is being properly administered according to your plan documentation. Along with plan compliance issues, there may be Sarbanes-Oxley concerns due to the financial significance of health plan costs. Paying benefits to ineligibles could increase your organization's exposure. Stop

Loss providers will audit large claims and if the claim pertains to an ineligible dependent, they will reject those claim payments.

What is the process of conducting a Dependent Eligibility Audit?

The Dependent Eligibility Audit process is intensive. It begins with determining and verifying the medical plan's eligibility, includes mailing documents to employees for completion, record keeping, outbound calling and database management. For our clients, Next Generation Enrollment will manage this process in its entirety and proposes to offer the following assistance to fully implement this cost-cutting solution:

- ▶ Review of the plan documentation to determine eligibility
- ▶ Consultation to determine Employer Specific documentation required from employees to keep dependents covered on the medical plan (i.e. marriage certificate for spouse, birth certificate for children, proof of full-time student status, court orders, etc)
- ▶ Initial drafting of client-specific documentation to be mailed to employees for completion
- ▶ Mailing of approved documentation
- ▶ Full Call Center Support, both inbound and outbound, to assist employees with questions, concerns, and reminders that documentation is due
- ▶ Collection and tracking of Dependent Verification Information
- ▶ Record Keeping and Database management. Records are filed alphabetically and returned to your organization at the completion of the audit
- ▶ Assistance with determining dependent COBRA eligibility

For more information, please contact:

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