

The Hidden Problem in Employee Health Plans



STATISTICS SUGGEST YOUR school district has a costly problem lurking within its employee health plan. It's not obvious, but it has a substantial impact on the budget, the

benefits offered and the valuable employees who work hard for your students in the schools.

As a company that specializes in conducting dependent verification audits, HMS Employer Solutions has found that, on average, from 4 to 8 percent of the dependents on a health plan are not eligible for coverage according to plan rules.

We recently completed an eligibility audit for a school district in the South that yielded tremendous savings. Of the 6,797 dependents covered by the health plan, 406 were found ineligible (6 percent). At an average cost of \$3,500 per covered life on the plan, the projected annual savings for this project was \$1.2 million. The audit fee was affordable relative to the savings, and the audit yielded a 2,040-percent return on investment. While these results might seem surprising, they are actually typical.

Skirting Rules

While intentional fraud is certainly a contributor to these rates of ineligibility, misunderstanding plan rules also can have an impact. Even with no fraud intended, ineligible dependents have a way of making their way onto a plan for a myriad of reasons.

One perfect example of this occurs when couples divorce. In some instances, the court may order that one party provides health coverage to an ex-spouse for a set period of time. If the provider of coverage is an employee of your district, he or she may assume the court is ordering

that the ex-spouse must remain as a dependent on your employee's health plan.

In reality, the employee should be finding individual coverage elsewhere for that person. (In most cases, plan rules do not cover ex-spouses.) Things such as this can cost significant money over time.

Cost-Containment Strategy

As the Affordable Care Act begins to affect health-care budgets, it's becoming clear that not exploring every possible cost-containment measure is the most costly approach of all. Dependent verification is one of the few options available where significant plan savings can be had without watering down coverage, switching plans or increasing employee contributions. It simply saves money by eliminating costs that shouldn't be there to begin with.

HMS, as a partner of the AASA

School Solutions Center, has been helping school districts nationwide conduct dependent verification audits to eliminate unnecessary costs for their health plans. In addition to cost savings, these projects provide compliance and show fiduciary responsibility, which is important for any employer but especially for entities that use public funds.

Most importantly, employees shouldn't have to spend hard-earned dollars on health-plan cost increases that are partially driven by covering ineligible dependents.

Verifying dependents provides savings, but it's also, quite simply, the right thing to do.

To learn more, go to www.employeraudits.com or www.hms.com.

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AASA School Solutions Center

These firms make up the AASA School Solutions Center. NJPA is the premier member.

NATIONAL JOINT POWERS ALLIANCE, national contract purchasing solution, www.njpacoop.org

ADVANCE PATH, budget-friendly academic growth solutions, www.AdvancePath.com

ECRA GROUP, research, analytics and accountability solutions, www.ecragroup.com

EDBACKER, crowd fundraising for education, www.edbacker.com

EDUCATION INDUSTRY ASSOCIATION, the home for K-12 education entrepreneurs, www.educationindustry.org

HMS EMPLOYER SOLUTIONS, dependent healthcare eligibility audits, www.dependentcheck.com/about/partnerships/aasa

JASON LEARNING, STEM education through exploration, www.jason.org

K12 INSIGHT, develop strategic communication initiatives to engage and collaborate with stakeholders, www.k12insight.com

KELEHER & ASSOCIATES, helping schools close the strategy-to-execution gap, www.keleherassociates.com

MEDEXPERT, medical issues management services, www.medexpert.com

ORGANIZATIONAL HEALTH, organizational audits of human capital, www.organizationalhealth.com

PENN MID-CAREER DOCTORAL PROGRAM IN EDUCATIONAL LEADERSHIP, national, executive, cross-sector, innovative, cohort-based, www.gse.upenn.edu/midcareer

PITSCO EDUCATION, STEM solutions for every classroom, www.pitsco.com

QUANTUM LEARNING, transformative schoolwide professional development, www.QuantumLearning.com

SCHOOL LEADERS RISK MANAGEMENT ASSOCIATION, focus on federal legislation and litigation, www.slirma.org

UPS, shipping, freight, logistics, supplies for schools, www.ups.com

School districts should do their own due diligence before signing contracts with companies that belong to the AASA School Solutions Center.