



Evaluating Dependent Eligibility Management Alternatives and Solutions

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Develop and Execute a Strategy that Works

Key insights:

- ❑ Select a qualified vendor that has experience and a demonstrated track record, one that is a good cultural fit, one that can deliver superior customer service to your employees, AND one that can deliver financial results that are actionable.
- ❑ Spend the necessary time with your vendor to develop your implementation strategy and customize and configure your systems so that you are in the best position possible for achieving a successful audit outcome. The planning that occurs during the implementation phase of the audit is just as important as the audit itself, so don't cut corners!
- ❑ Take every opportunity to lay the proper ground work with internal and external constituents in order to avoid misunderstandings and conflict during the audit (i.e., get buy in). You will be glad you did!
- ❑ Design your communication campaign in a manner that clearly embraces your objectives. Focus on why this audit is critical to the overall well-being of the health plan and the company, which in turn makes it equally important to each employee of the company.

Key insights:

- ❑ Communicate as often as possible to employees about where they stand with audit completion, what remains outstanding, and remember that hand holding during an audit, to a degree, is okay as it involves your most valuable assets--your employees. Adopting a caring and educational approach to the communication content prior to and during the audit will make the experience easier for every employee. Your solution should provide 24/7 access to your employees via web access which is best practice in today's technology environment.
- ❑ Allow your employees enough time to complete the audit successfully. It takes time to acquire documents that are government issued if the employee no longer has a copy. Rushing through the process only creates additional anxiety and can leave you holding the bag with a larger percentage of your employees not completing the audit or even responding. It is critical that you have a high percentage of your employees participate in and complete the audit.
- ❑ Be sure that someone in your company is apprised of the status of your audit no less than on a weekly or bi-weekly basis. Your vendor should raise awareness around any trends in inquiries or documents being received that seem abnormal and might require a special outreach or intervention.

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Develop and Execute a Strategy that Works, cont.

Key insights:

- ❑ Once your audit is complete, offer an appeal or extension that will allow you to reach out to those employees that have still not completed the audit or have not responded for some reason. This is an act of goodwill and worth the effort when it comes time to remove these employees' dependents. It is human nature for people to wait until the last minute.
- ❑ Follow through with your plan to remove dependents and stay as close to the original messaging that you provided to your employees as possible. If you throw in the towel or waiver at this stage in the game, you lose the sense of importance and authority that you have embraced and instilled in your employees as the plan sponsor.
- ❑ Close the communication loop with your internal leadership, your employees and other constituents that supported this valuable initiative. Communicate the outcome of the audit and what it can potentially mean to all concerned, whether the benefit will be from a financial perspective, a compliance perspective or to demonstrate your company's leadership and foresight in health plan administration. These are all good things!

There are four DEA approaches used in the industry today:

- ❑ **Comprehensive “Proof”:** This approach is *considered best practice* and requires that 100% of the employees who cover dependents on the health plan(s) provide proof that they meet the eligibility requirements stated in the plan documents. Unlike a sample approach, this approach is non-discriminatory and typically renders a reduction in ineligible headcounts of 5 to 11%. The comprehensive approach is more intrusive than that of the affidavit and survey. However, it guarantees almost 100% accuracy and assurances that ineligible employees will be identified and can be removed from the health plan.
- ❑ **Affidavit:** This approach is a merit-based approach and requires that an employee merely promise that the dependent in which they are covering is indeed eligible based on the health plan rules, and they are typically required to sign the Affidavit and sometimes notarize it. This approach, when utilizing a strong “boo” factor, can render 1 to 3% of the dependents being “self-declared” as ineligible by the employee. The Affidavit approach is less intrusive; however, the results are significantly lower than the best practice approach. The remaining 8 to 10% of ineligibles will remain on the health plan.

- ❑ **Survey:** This approach is also a merit-based approach and requires that an employee complete a survey that asks a variety of questions about their dependent(s) and their understanding of the health plan rules. The approach concludes that either the dependent is eligible or is ineligible, and may also require a notarized employee signature. The survey approach, as with the affidavit, is less intrusive and renders similar reduction in dependents although the results are not as well-documented for this approach as it is relatively new and not as commonly used.
- ❑ **Sample:** This approach can be utilized with any of the approaches described directly above. An employer would select a population (e.g., children under age 19 only, non-union only, a percentage of the entire employee population that covers one or more dependents). It is difficult to qualify the expected results without knowing the details of the desired approach and outcome for this approach.

The value of offering amnesty to your employees:

- **Amnesty:** As industry leaders, our experience supports that allowing amnesty during the audit and removing the punitive characteristics to the greatest extent feasible will foster more positive employee behavior that will in turn result in your employees having a greater chance of successfully completing the audit. The objective of the audit is merely to identify the dependents for whom an employee cannot provide proof of eligibility or to have the employee to self-declare that a dependent is ineligible. This will minimize or completely circumvent the employee dissent and stress levels that can be associated with an audit.

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Key Questions to Establish Vendor Capabilities

Technology*

What technology is utilized to perform dependent eligibility audits? Describe the functionality and capabilities in detail.

Are there multiple systems used to conduct the audit? If so, describe the integration methodology.

Does the technology utilize a rules-based engine that can be configured based on the plan definitions? Describe the methodology.

Is there client web portal access for both the plan administrator and the employee? If so, please describe the information available and how/when it is made available.

What telephone technology is utilized in the call center to manage call volumes and monitor responsiveness to employees? Describe the functionality and capabilities in detail.

Is the audit status reporting made available real-time or is it a snap-shot of a particular period? Please describe.

Experience

How long has the organization been conducting audits, and what percentage of the total revenue is produced from audits?

Is your organization affiliated with an insurance broker and/or do you distribute insurance products? If so, please describe the relationship and/or products distributed.

How many dependent eligibility audit projects have you conducted. Please detail the number of audits by type of audit.

What are the average results for the audits that you have completed by industry?

Have any projects been suspended or terminated prior to completion? If so, please describe.

Provide five client references for customers who have completed a dependent eligibility audit: two of the same industry and size, one smallest and largest, one with unions.

Is the organization SAS70 Type II certified? If so, provide a copy of the audit results summary for the most recent calendar year.

Audit Models

What types of audits does the organization conduct (e.g., affidavit, survey, sampling, comprehensive evidence-based audit)?

Describe the phases and timeframe associated with each type of audit conducted and experience with each.

What are the pros and cons to each audit model?

Does the organization offer gatekeeper services for managing ongoing enrollment of ineligible?

Service and Support

What is the organization's customer and employee support methodology? Describe in detail (e.g., implementation, communication campaign, web access, reporting, escalation)?

What tools are available to the client and the employee during the audit (e.g., method of communicating audit status and results, tracking of documents received, inquiry timeliness)?

What are the performance measurements, guarantees and fees at risk for each audit model?

Audit Fees

Are fees all inclusive or is there a charge for additional costs (e.g., postage, printing, extra mailings, amnesty phase or appeals/extension phase, data exchange, bilingual services)?

Provide a project fee based on a per dependent cost and a per dependent covering employee cost, defining the per dependent cost.

If there is a shared savings fee arrangement are all fees, including startup/implementation subject to the shared savings fee approach?

**Real-time demonstration of technology capabilities that include, at a minimum, the solution used to conduct the audits and reporting functionalities.*

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Best-in-Class Features to Consider

Dependent Eligibility Audit Services

Feature	Best-in-Class
Employee Communication Campaign	
Number of letters or “touches” to the employee	Included - 6 customizable letters <ul style="list-style-type: none"> • Alert/Amnesty Letter • Verification Request Letter • Reminder Letters to employees who have not responded or provided sufficient verification documents • Confirmation of Successful Verification Letter • Insufficient Documents Received (specific to the employee, their dependent and submitted verification) • Termination Letter (to all employees who did not respond to the audit or who did not provide valid verification following the completion of the audit project)
Fees for additional letters outside of scope	HRAdvance also provides additional content/drafts of communications, such as posters, newsletter content and payroll stuffers.
Private Label / Branded	Included (vendor and client logos recommended approach)
Collaborative Letter Authoring Tools	Included
Comprehensive Letter Library for Client Selection	Included
Comprehensive Affidavit Library for Client Selection	Included
Letter Printing and Postage	Included

Dependent Eligibility Audit Features

Employee Support Infrastructure	
Domestic U.S. Call Center	Included (Customer Service Reps are bilingual Spanish/English)
Mon-Fri Toll-Free	Included (7 a.m. to 7 p.m. CST Mon-Fri)
Employee Scheduled Call-Backs	Included (employee can leave a message and request a scheduled call back)
100% Call Recording	Included (Inbound & Outbound)
Bilingual Support	Included (Customer Service Reps are bilingual Spanish/English)
Direct Referrals to Document Issuing Agencies	Included
Call Center Available Post Project	Included (Available post project and scripting provided on where to direct employees. As long as the project data is not purged from our system, we can answer questions or take calls indefinitely.)
Automated Senior Management Escalations	Included
Outbound Call to Non-Respondents	Included if employer provides phone numbers for employees
Automatic Access to Alternative Coverage Options	Included if employer approves and requests this. Our standard referral is to eHealth.
Employee Web Portal	
24/7 Access with Integrated E-mail	Included
Verification Status	Included
Dependent Opt Out with Audit Trail	Included
Letter / Instruction Printing	Included
Document Issuing Agency Queries	Included
Upload Option to Submit Verification Documents to HRAdvance	Included
Employee Service Request Initiation	Included
Customer Service User Interface	
Letter and Verification Documents Imaged	Included
Privacy-Focused, Role-Based Security	Included
Function, Team and Individual Workflow Management Tools	Included
Client Tailored via Plan Level Alerts and Project Reminders	Included
Family Status Snapshot	Included
Instant/Constant Exception Condition Visibility	Included
Client Support	
Employer Reporting Dashboard	Included (24/7 real-time access)
HR Web-Cast Training Session	Included
Weekly/Bi-Weekly Status Meetings with Client	Included
Flexible Statistics Reporting (i.e., company, division, dependent type)	Included (custom/ad hoc reporting at no additional fee)

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Best-in-Class Features to Consider, cont.

Dependent Eligibility Audit Services

Compliance

Controlled Data Entry and Mail Handling Environments	Included
Printer Free Data Entry Environment	Included
Physical Restrictions on Data Entry Room Access	Included
Storage Device Free Data Entry Environment	Included
Image Centered Process Minimizes Hard Copy Handling	Included
HIPAA Level Physical and Password Security	Included
Encrypted Data Exchange & Web Portals	Included
SSN Safe/Free Environment	Included (unless required by client)
Secured Document Storage	Included (up to a year (90 days is average), all information available to client through web-portal indefinitely and will be supplied to client electronically on CDs or electronic file)
Bonded Document Destruction	Included (shred documents after one year or as directed by client)

Audit Program Features

Identify and Reconcile SPD and Plan Document Inconsistencies	Included
Client-Tailored Audit Timeline	Included
Client Letter Content and Tone Controls	Included
Appeal/Extension Process	Included
Data Capture of Document Content	Included
Database and Referral to State and County Agencies	Included
Reference Library of Government Issued Documents	Included
Objective, Accurate and Expedient Rules-Driven Verification	Included
Management Review of 100% of Exceptions	Included
Repeatable, Defensible and Auditable Outcomes	Included
24/7 Real-time Client Dashboard	Included
Robust 24/7 Report Menu, Including Ad Hoc	Included
All-Inclusive, Simplified Pricing	Included
Client Retains 100% of Savings	Included
Documentation Submission by Mail, Secure Fax, Web Portal Upload, E-mail	Included

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DEA Vendor Evaluation Scorecard

Now that you have a prioritized list of features and requirements, categorize them into the following 12 categories and then assess your options.

Criteria	% of Total	Score
1. Vendor Credibility - How long have they been around, how many customers, are they financially stable, do you trust them, who are their references?	15%	
2. Target Audience Fit - How many of our clients, prospects, competitors and substitutes have they worked with? If none, you do not want to be their guinea pig	15%	
3. CORE Functionality - (SaaS, workflow, real-time reporting, benefits eligibility, etc.) Are the services they provide part of their core expertise or peripheral?	5%	
4. Employee Management - What is the philosophy around employee communications onboarding, consumerism, and wellness?	5%	
5. Results - How many projects do they start but not complete? Do they publish their SLAs (Service Level Agreements)? Do they publish their results by industry? Are the results for your industry best-in-class or mediocre?	10%	
6. Technology Solution Fit - Is it the platform for health plan management? Does it work within your requirements and needs? SaaS? Multi-tenant? What is the report writer? Which payroll, benefits, training, assessment components are included? Which vendors are integrated?	5%	
7. Sizzle Features - What are the sizzle features? Add your list of feature requirements here.	15%	
8. Methodology - What is the philosophy of the company? Does the process align with your HR programs and policies?	5%	
10. Analytics and Reporting - What daily, weekly and monthly reports and metrics will you receive? Does it have one-click dashboard reporting capabilities?	5%	
11. Cost and Implementation Time/Resource Estimates - What is the ROI? What are the key milestones and timelines?	5%	
12. Cultural Fit - Do the people and philosophies fit the needs of your employees and managers?	15%	

Key Characteristics:

- ❑ Employee communication campaign can be tailored to the client's corporate culture, unique DEA requirements, and targeted outcomes.
- ❑ Can receive and securely house verification documents evidencing compliance with SPD eligibility requirements.
- ❑ Support employees & resolve questions throughout the audit process utilizing an inbound and outbound call center and secure web-based solutions.
- ❑ Capture and image documents and data evidencing qualification of dependents for benefits eligibility for all health plan(s).
- ❑ Ensure objective eligibility determinations through an automated, rules-based, data-driven adjudication platform.
- ❑ Review the exceptions (i.e., dependents who fail by a fully dedicated, specialized expert).
- ❑ Provide real-time update of workflow and results throughout the audit via a web dashboard.

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Define the Economic Business Proposition

- ❑ What should you expect to see in ineligible dependent rate reduction given your industry and culture?
- ❑ What are the cost per dependent for the audit? (No matter how fees are presented, equalize the fees.)
- ❑ What is the methodology used to determine the ROI?
- ❑ What percentage of ineligible dependents will achieve a 1:1 or break-even ROI?
- ❑ When will the payback be realized?

Company

Employees Participating in Health Plans	16,582
Employees with Dependents	7,712
Average Number of Dependents Per DCE	2.17
% of Employees w/ Dependents	46.51%
Cost Per Dependent Per Month	\$166.95
Total # of Dependents	16,698
# of Ineligible Dependents	1,772
# of Calls Received	9,442
Outbound Mailings-Employee Letter Campaign	37,037
Documents Received	40,683

Savings:

Projected Audit Savings (10.61% Ineligible)

Projected Savings – 1 st Year (Cost of Audit Deducted from Savings)	\$3,342,992
Projected Lifetime Savings (over 5 Years)	\$10,441,702
ROI 1 st Year	1620%
ROI Years 2-5	5060%
Project Payback in Months	0.70
Project Break-even - # of Ineligible Dependents	103
Project Break-even - % of Total Dependent Population	0.62%

- Contact HRAdvance for your complimentary RFP questionnaire.



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