A leading global energy company with 14,000 employees suspected it was providing health care coverage for a large number of ineligible dependents. Our unique hybrid audit uncovered over 500 such dependents — giving our client $1.5 million in bottom-line savings in the first year.

The company believed it was unknowingly providing and subsidizing health care coverage for a significant number of ineligible dependents, and hoped that removing these ineligible dependents from its health care plans would significantly reduce its overall health care costs, allowing it to continue to provide cost-effective benefits to eligible employees and their dependents.

**An Insightful Solution**

The company wanted to validate the eligibility of its employees and their dependents in an objective manner, and engaged us to conduct a Dependent Eligibility Verification (DEV). Through a series of communications and required action items that guide employees through the dependent validation process, a DEV can easily identify ineligible dependents and remove them from benefit plans, effectively reducing immediate and ongoing plan expenses.

To meet company objectives while also taking corporate culture into consideration, our team designed a hybrid program where employees were given two opportunities to complete the dependent verification process. Employees were first asked to complete, sign, and submit a questionnaire to confirm the eligibility status of each dependent currently enrolled in company benefit programs. Based on the information provided, our customer service center representatives were able to determine whether dependents were eligible or ineligible to continue to participate in the company plans. Employees who did not voluntarily share the requested verification information were required to provide proof of eligibility, such as a birth certificate or copy of a college transcript, to validate the eligibility of each dependent.

Because this was the first time the company was conducting an audit of this kind, the company elected to offer its employees amnesty during this initial project and did not assess penalties, ask questions, or request claim reimbursements for dependents that were found to be ineligible, provided the employee was forthcoming with information.

The company hoped that this approach would create a positive employee perception of the project, leading to greater participation and, ultimately, better results.
“Our first dependent eligibility verification audit was a huge success. The hybrid method proposed by the Conduent HR Services consulting team worked extremely well for our employee population, and we expect to see the saving begin to hit the bottom line right away.”

– Manager, External Employee Service Delivery

Throughout the verification audit, detailed communications were shared with employees outlining the information that was needed and highlighting the importance of providing timely and accurate information, and a DEV customer service center was set up to accommodate any questions that the materials did not cover or were specific to an employee’s situation. In addition to determining eligibility of dependents and requesting additional documentation on behalf of the client when required, the customer service center worked with the company’s existing benefits administrator to provide a seamless call experience for each employee by transferring questions from one center to the other based on the needs of the caller.

Real-World Results
During the first phase of the verification audit, 72 percent of the client’s employees voluntarily supplied information on the eligibility status of their dependents. The remaining 28 percent did not supply information during the voluntary phase, and were required to provide proof of eligibility for each currently enrolled dependent. After eligibility information was provided, our team audited a total of 4,060 employees with 8,346 dependents. The audit found 6.4 percent, or 532 dependents, to be ineligible for benefits coverage, and the company expects to see a bottom-line savings of $1.5 million in the first year.

The hybrid method accomplished the company’s goal of reducing health care costs while continuing to provide costeffective benefits to eligible employees and their dependents. The company believes that by offering amnesty, employees were encouraged to respond in greater numbers than they may have without this option. In addition, conducting a dependent eligibility audit helped the company educate its employees about the importance of following benefit guidelines, or Summary Plan Descriptions, and also raised awareness about how ineligible dependents can significantly increase costs for everyone participating in the plan.

The company was pleased that we met the short timeline needed to develop and execute the project and with the savings that were produced as a result of the verification audit.

Let’s Talk
For more information about this project, contact our Health Practice consulting team at 1.866.355.6647 or hrservices@conduent.com.

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