



INSPECTOR GENERAL REPORT

2011-04-0166

March 5, 2013

SPD AUDIT

Inspector General Staff Attorney Kristi Shute, after an investigation by Special Agent Darrell Boehmer, reports as follows:

On April 27, 2011, the Office of the Inspector General (“OIG”) received information from the State Personnel Department (“SPD”) stating that an employee possibly carried an ineligible spouse and dependents on his state provided health insurance. SPD requested the OIG’s assistance in determining the spouse’s and dependents’ eligibility.

Every year SPD requires state employees to select benefits, including medical, dental and vision insurance, in what is known as open enrollment. Aside from open enrollment, employees are only permitted to change their benefit packages and insurance coverage upon the occurrence of a qualifying event, such as marriage, divorce or the birth of a child. These changes must be made within thirty (30) days of the qualifying event. During open enrollment, employees also identify spouses and dependent children who will be covered under the employee’s insurance.

In the summer of 2010, SPD conducted a dependent eligibility verification audit using third party administrator Aon Consulting (“Aon”). On June 29, 2010, Aon sent a letter to the employee requesting that he complete and return the enclosed Affidavit Signature Form (“Form”) and send copies of the children’s birth certificates, along with disability documentation for his son, a copy of his marriage license and a copy of his 2009 federal tax return showing his marital status as married. On July 28, 2010, the employee submitted the Form, his tax form, marriage license and his children’s birth certificates. Based on this documentation, it was determined that the employee’s spouse and daughter were eligible dependents. No determination could be made as to whether the employee’s son was an eligible dependent since the employee did not submit any documentation regarding his son’s disability.

A second letter was sent to the employee extending the deadline for providing documentation to September 10, 2010. The employee did not respond to this request so a final extension was made with the deadline of September 27, 2010. On September 14, 2010, the employee resubmitted his Form with a signature date. Then on September 28, 2010, the employee submitted his signed Form for a third time. On the third Form the employee marked his son as no longer eligible for coverage. This information was relayed to SPD on a Self-Declared report (“Report”) from Aon dated October 8, 2010.

Based on the Report, on October 12, 2010 a Benefit Specialist with SPD e-mailed the employee to inquire as to why he marked his son as no longer eligible for coverage. The employee stated that he marked his son as ineligible

because he was not living at home with him. He further stated that his son had been living in an assisted living facility and was drawing Medicaid.

Subsequently, on February 14, 2011, an Indiana Department of Transportation Human Resource Generalist stated that the employee had informed him that his son had not lived with him since 1995. On February 24, 2011, the Human Resource Generalist sent a copy of the employee's son's birth certificate and information regarding the son's support plan from when he was 13 years old to SPD. Based on all of this information, it was determined that the employee's son was an ineligible dependent as of January 1, 2008.

According to SPD's records, the employee enrolled his son under his medical insurance plan from January 1, 2009 through December 31, 2010. He was also enrolled under the employee's dental and vision insurance plans from January 1, 2008 until December 31, 2010.

Special Agent Boehmer learned that the SPD Benefits Manual requires a Student/Disabled Dependent form to be completed for dependents age 19 and older. No form was found in the file SPD maintains for the employee. SA Boehmer interviewed the employee who advised that he asked a SPD employee about insuring his son during open enrollment when his son turned 19. The employee explained to the SPD employee that his son was disabled and in a care facility. He advised that the SPD employee stated that his son could be insured. After the interview, the employee gave SA Boehmer a copy of an e-mail from the SPD employee in which she requested the annually required verification of Dependent Disability form for the employee's son which indicates that the

employee's son was eligible for insurance coverage under his father's policy despite SPD's determination to the contrary.

While being covered under the employee's medical, dental and vision plans as an ineligible dependent, according to SPD's determination, the employee's son had medical claims totaling Four Thousand One Hundred Twenty Dollars and Twenty-Seven Cents (\$4,120.27) and prescription claims totaling Ten Thousand Eight Hundred Twenty-Eight Dollars and Twenty-Two Cents (\$10,828.22). The employee's son did not incur dental or vision claims during this time period.

SPD sent a collection letter to the employee on April 27, 2011 requesting repayment in the amount of Fourteen Thousand Nine Hundred Forty-Eight Dollars and Forty-Nine Cents (\$14,948.49) by May 11, 2011. On June 16, 2011, SPD received the full amount from the employee.

This case was presented to the Marion County Prosecutor's Office and prosecution was declined. The OIG agrees with this disposition.

APPROVED BY:

/s/ David O. Thomas, Inspector General