Dependent Eligibility Program Final Report

The University System of Georgia’s Office of Human Resources, and the Office of Internal Audit and Compliance jointly conducted a dependent verification audit over the 2009-2010 timeframe. This project was conducted at the request of Regent Hatcher when he was serving as Chairman of the Board of Regents.

In addition to the above participants, the USG contracted with Chapman Kelly, Inc., an independent third party audit firm, to assist in conducting this audit at a one-time cost of $282,000. The initial data included 26,169 employees with 47,250 dependents on the USG health plans. The overall response rate of the program was 96.8%. This represents employees who fully complied and also who partially complied with the audit process: 94.7% (24,771 employees) fully completed the audit process; 2.2% (573 employees) responded to the program but did not provide complete documentation; and 3.2% (825 employees) failed to respond to the program.

Over the course of the program, 93% of the dependents were verified. The remaining 7% of the dependents were removed from coverage because they did not meet the eligibility guidelines, or did not provide appropriate documentation to verify eligibility.

This audit was conducted in three phases: amnesty, verification and grace/appeal. In addition to the communications provided by the USG institutions, Chapman Kelly produced over 116,000 direct mail communications and received over 52% of responses via electronic submission to its web site or by Fax.

Initial estimates indicated that around 5% of the enrolled dependents would be found to be ineligible and would be removed. This initial estimate would have produced annual cost avoidance of $4,600,000.

This audit resulted in a significant reduction (7.1%) in the number of dependents on USG health plans. Approximately 3,349 dependents were identified to be removed from the USG health plans, resulting in an estimated $6,698,000 in annual savings, specifically 1,412 voluntary terminations; 13 involuntary terminations; and 1,924 insufficient/no response terminations. Of the voluntary dependent terminations, 72% of employees did not provide details regarding why a dependent was no longer eligible for coverage.

These results created an additional $2,000,000 in annual cost avoidance over the initial estimate and a ROI in excess of 2,300%.

Going forward, additional controls will be implemented and current controls will be strengthened to provide increased assurance that only eligible dependents are maintained on USG health plans.