

ROOTING OUT FOLKS WHO **DON'T BELONG ON** YOUR HEALTH PLAN

A **6**-POINT DEPENDENT
AUDIT CHECKLIST



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A 6-point dependent audit checklist.

\$14,500 per year -- that's how much employers are paying on average for annual family health premiums. Meaning each dependent you cover costs you approximately \$3,500 annually.

Now imagine one in four of those dependents aren't even eligible to be on your health plan!

That math gets ugly fast.

But in many dependent eligibility audits your peers find upwards of 25% of folks who shouldn't be covered. Which is why this tool is becoming more critical than ever.

Of course, it's far from popular with employees and can even land you in legal hot water if you don't create the proper paper trail as you conduct the audit.

But seeing how much you stand to save by booting ineligible people off your health plan, no company can afford not to take this step. The key is taking it smartly.



Key steps to conducting a successful audit

James O'Keefe, employment attorney and CEO of The Seabreeze Group, laid out critical steps for performing a successful dependent audit:



Gather current information.

You'll first want to get a list of all dependents and their relationship to each employee from your health insurance provider. *Any* employee with a dependent listed will have to provide proof of their eligibility, not just employees with "suspicious" dependents. This is an important safeguard to protect your company down the road from claims that certain employees were unfairly targeted.



Allow an amnesty period.

Once you notify employees about the audit, it's a good idea to give them time to voluntarily disclose any ineligible dependents on their health insurance, without the threat of consequences.



Explain audit process.

Let your workforce know the estimated timeline for the audit and what documents will be required from them. Generally, employees should get 45 to 60 days to provide documentation (copies of birth or marriage certificates, student IDs and tax returns), and it's smart to send them reminders along the way.



Examine documents.

Ensure everyone turned in the required documents. Note: There should be a formal process in place for reviewing and securely storing the documents for recordkeeping purposes.



Notify employees with results.

It's important to notify everyone who was part of the audit, not just the people who had an issue. Everything checked out? Nothing further is needed from those employees. The ones who didn't provide the proper documentation should have dependents removed from their plan immediately. (Some of your peers do it retroactively to the date the dependent became ineligible, without refunding premiums paid, depending on their policies.) In any event, it's a good idea to offer employees the chance to appeal removals.



Evaluate findings.

Examine your results and see if the audit was successful. You'll want to document who was involved, the number of ineligible dependents removed and the estimated savings.



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