



The Great Benefits Balancing Act

Offset Benefits Costs with Dependent Verification

Host: Nancy Sansom, Chief Commercial Officer, PlanSource

May 28, 2019



Will the webinar be recorded?

Yes!

We will send you a link to the recording after the webinar.



Will the slides be available?

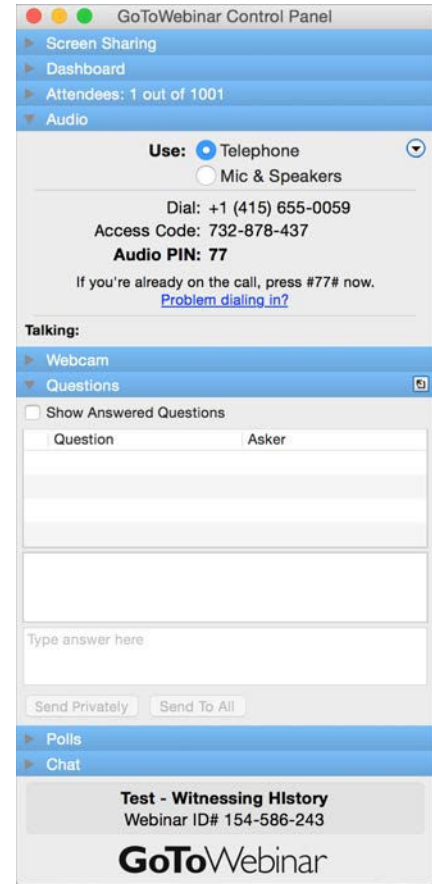
Yes!

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How do you ask questions?

Type your question into
the "Questions" panel





TODAY'S SPEAKER



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Agenda

Top reasons to conduct an audit

Success stories that will blow your mind

Best practices for conducting audits

Risks of conducting an audit

Ongoing strategies

How technology can help – let's see a demo



Dependent Audits
a best practice in employee
benefits

What is a Dependent Eligibility Audit/Verification?

A one-time or ongoing audit that verifies the relationship and eligibility status of all dependents enrolled on a medical plan. The audit could also incorporate other benefit plans such as dental and/or vision insurance.

6.2%

*of audited dependents
are typically found
as ineligible*

Example Dependent Audit Math

1,000 Employees

800 Employees on medical plan

480 Employees on medical plan with dependents

80%

60%

1,056 Covered Dependents

2.2 dependents per

X 6.2% average found ineligible

65 ineligible dependents

X \$3,500 average annual cost of medical coverage

\$227,500 per year in savings

Reasons to Conduct a Dependent Eligibility Audit

A best practice in employee benefits



Premium Dollars

Reduce medical premiums for fully-insured plans



Claims Cost

Reduce medical claims costs for self-insured plans



Compliance

Improve compliance with your Summary Plan Descriptions (SPDs), HR policies and rules



Reduce Risk

Reduce stop-loss exposure and litigation risk related to ERISA, Sarbanes-Oxley and other regulations, if applicable

Dependent Audit Metrics

Demonstrable return on investment



450+

Audits Completed



\$3,500

Average annual projected savings per dependent



12 Weeks

Typical audit duration



~4 years

A dep. eligibility audit typically covers 4 years of using PlanSource for benefits



6.2%

Avg. % dependents removed
(Last 4 years of audits conducted)

Success Stories

(that will blow your mind)





Roofing Company

Employees: 2,828

Dependents Audited: 1,882

% Deemed Ineligible: 7.01%

Projected Annual Savings:

\$462,000*

Healthcare System

Employees: 995

Dependents Audited: 1,767

% Deemed Ineligible: 11.09%

Projected Annual Savings:

\$686,000*

*Projected savings based on average annual cost of \$3,500 per dependent



Retailer (730+ stores)

Employees: 933

Dependents Audited: 1,861

% Deemed Ineligible: 21%

Projected Annual Savings:

\$1,340,500*

Labor Union

Employees: 4,582

Dependents Audited: 9,812

% Deemed Ineligible: 29.15%

Projected Annual Savings:

\$10,010,000*

*Projected savings based on average annual cost of \$3,500 per dependent



Best Practices

*For conducting
dependent audits*



Four Ways to Conduct an Audit

Full audits capturing documentation on all dependents

Affidavit-style audits requiring just a signature from employees

Targeted audit only to a specific groups of employees

Full documentation needed for some employees,
affidavit needed for others

A full audit yields the best results!

It's consistent among employees and requires employees to actively read the communications

Dependent Verification Process

What is the typical process?

Weeks 1-3

Planning and Communications



PlanSource works with you to develop an audit plan and comprehensive communications strategy.

Weeks 4-10

Documentation and Verification



Employees submit documentation to validate dependent relationships. PlanSource manages the verification process for you.

Weeks 11-12

Appeals and Cancellations



PlanSource handles the appeals process and updates enrollments, removing dependents who can't be verified on your behalf.

Dependent Verification Best Practices

Provide positive and clear communications to employees

- ✓ The best time to conduct an audit is after open enrollment
- ✓ Conduct an amnesty-style audit
- ✓ Get buy-in from unions and other stakeholders in advance
- ✓ Use a third-party to conduct the audit to protect the employee-employer relationship
- ✓ Communicate clearly and often with employees about the audit process and deadlines using multiple communication channels



What Are the Risks?

Added workload to HR

Employee frustration

Union protests

Inconsistent messaging internally or with materials

“Timeline creep” and the audit just will not ever seem to end



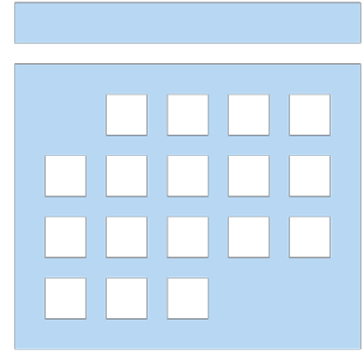
When Do Dependents Lose Coverage?

Typically:

Date employee self-reports an ineligible dependent

End date of the audit for individuals that were never documented

Note: Consider how to handle COBRA





Ongoing Strategies Post Initial Audit

Determine when dependents can re-enroll

Plan how you will keep up with ongoing auditing

Use PlanSource to manage ongoing auditing throughout the year

Do a full audit every 3-5 years

How Technology Can Help





Technology Can Help (Ongoing Management and Tracking)

Capturing your dependent
documentation requirements

Employee Experience

Part 1: Notification

Part 2: Document attachment

Approvals Queue

Document approval process



Who Requires
Documentation?



When is Documentation
Required?



How do you want to
message this to
employees?



When is approval required?



Technology Can Help (Ongoing Management and Tracking)

Capturing your dependent
documentation requirements

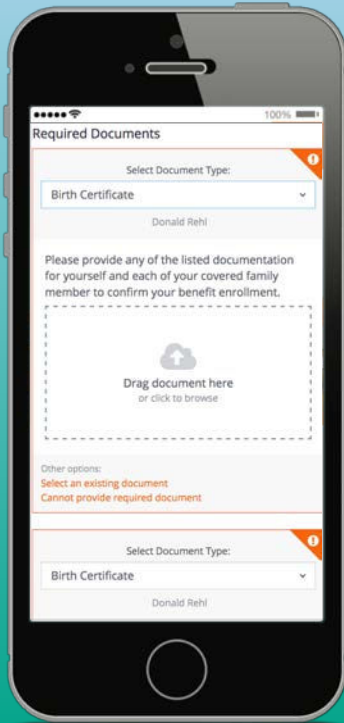
Employee Experience

Part 1: Notification

Part 2: Document attachment

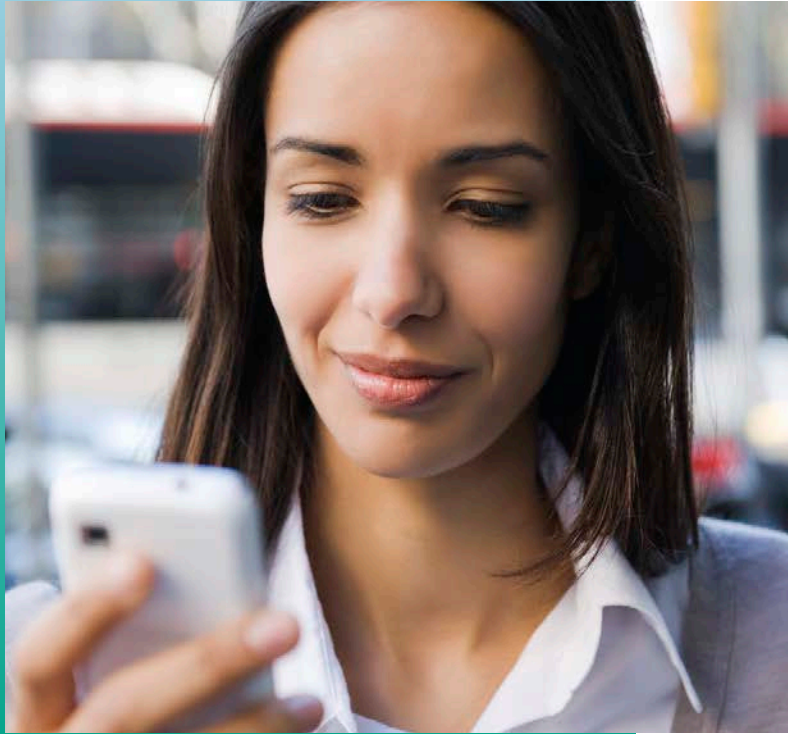
Approvals Queue

Document approval process



Employees add required documents

Employees can snap a pic from their phones!



Technology Can Help (Ongoing Management and Tracking)

Capturing your dependent
documentation requirements

Employee Experience

Part 1: Notification

Part 2: Document attachment

Approvals Queue

Document approval process

PlanSource can Review Uploaded Documents

We'll review and approve the documents on your behalf throughout the year

Demo



A black and white photograph of a woman with her hair styled in a bun, wearing a light-colored blazer. She is looking down at a smartphone she is holding in her hands. The background is blurred, showing other people in a crowd.

Q&A

Get in touch with us

www.plansource.com/getintouch

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