

DEPENDENT ELIGIBILITY AUDITS

HR CHALLENGES AND OBJECTIVES

Employers continue to face large increases in their medical plan expenditures. Willis offers a solution that does not alter the current benefit program and supports plan sponsors in their fiduciary responsibility to apply dependent eligibility definitions. Employers have generally relied on the honor system for Medical, Dental and Pharmacy plan enrollment, and by so doing, have unwittingly covered many non-eligible dependents, such as ex-spouses, adult children and others. This practice has translated into higher costs for both employers and employees.

WILLIS SOLUTIONS

A carefully planned and executed audit of dependent eligibility can help identify a sizeable number of ineligible dependents. Employers will receive an immediate reduction in health care costs and significant savings over multiple future years. Our statistics show that employers can expect anywhere from a 5% to 15% reduction in covered dependents enrolled in the health plan. With each covered dependent costing between \$2,000 and \$4,000 annually, we can accurately calculate potential savings and ROI.

DEPENDENT ELIGIBILITY AUDIT APPROACH

PLANNING PHASE

- Review SPD, policies and relevant state laws
- Implementation meeting and employee communication campaign
- Call center and email to support employees' education and questions

AMNESTY PHASE

- Disclose eligible dependent definition
- Allow removal of ineligible dependents penalty-free
- Report any dependents that are removed to employer

AUDIT PHASE

- Provide acceptable documentation in order to verify dependent's eligibility
- Outline repercussions for non-compliance

POST AUDIT PHASE

- Provide limited grace period for accepting documentation
- Review dependent eligibility audit process for new hires going forward

SAMPLE DEPENDENT ELIGIBILITY AUDIT STATISTICS

INDUSTRY	HEALTHCARE	RETAIL	EDUCATION	MEDIA
EMPLOYEES	14,000	2,500	3,000	700
DEPENDENTS REMOVED	9%	13%	9%	15%

CONTACT

Please contact your Willis Client Advocate® to learn more about how Willis partners with HR to manage human capital costs – one employee at a time.