



Case Study - Dependent Eligibility Audit

Dependent Eligibility Audit Verifies Eligibility of Dependents and Retirees

Client Profile & Business Situation

A city government with 5,367 employees and retirees was looking for a dependent eligibility audit firm who could verify the eligibility of 11,523 enrolled dependents for both active employees and retirees. Additionally, the city wanted to verify benefit eligibility for each retiree.

Solution

Utilizing experienced auditors, an in-house Call Center, and its proprietary AUDiT iQ™ software to manage the process, BMI customized an audit plan to meet the following objectives:

- ✓ Communicate the purpose of the audit, deadlines, compliance requirements, etc. to all audit participants.
- ✓ Examine 100% of all eligibility records to identify covered employees/retirees with one or more dependents.
- ✓ Provide a customer service department with toll-free phone lines and bilingual staff.
- ✓ Compare plan eligibility requirements with documentation submitted.
- ✓ Securely collect and retain all verification documentation used to confirm eligibility.
- ✓ Identify all dependents/retirees currently enrolled who do not meet eligibility criteria.
- ✓ Report findings weekly and provide a final executive summary of results.

Dependent Eligibility Audit Results

- 263 dependents/retirees (2.28% of total) failed to meet plan eligibility requirements.
- Reasons for ineligibility included overage dependents, unreported divorces, failure to meet retiree subsidy requirements, or dependents where the employee did not have legal custody.
- 108 spouses had other coverage available should have been paying a spousal surcharge.
- 926 dependents/retirees did not complete or only partially completed the audit's requirements.

First Year Savings & ROI

Average annual cost per dependent/retiree:	\$3,500
Annual savings:	\$4,161,500
Return on Investment:	3,187%

BMI AUDIT SERVICES, LLC www.bmiaudit.com

Home Office
202 South Michigan Street
Suite 200
South Bend, IN 46601
(800) 826-7041
(574) 234-7780
Fax: (574) 234-7848
Email: info@bmiaudit.com