



Dependent Eligibility Verification Audit for 2023 Enrollment

August 1, 2023

**Prepared for
The State Employee Health Plan
State of Kansas**

Submitted by:

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Dependent Eligibility Verification Audit

Executive Summary

Sagebrush Analytic Solutions LLC (Sagebrush) was engaged by The State Employee Health Plan (SEHP), State of Kansas (SOK), to conduct the annual dependent eligibility verification audit (DEVA) for 2023 enrollees. The purpose of the audit is to test for enrolled dependents that do not meet the plan requirements for eligibility.

The audit is conducted by sampling the population of 2023 enrolled dependents, excluding new enrollees and dependents previously audited during the last three audits. New enrollees were excluded because documentation supporting eligibility must be submitted at the time of enrollment. The population was stratified by spouses, children, and grandchildren to ensure a representative number from each category was selected for audit. A stratified random sample of 200 dependents was selected for audit.

Based on previous audits, Sagebrush recommended not sampling disabled children, since the plan already has rigorous documentation requirements of the permanent disability in order to continue a child's coverage beyond age 26. SEHP agreed with this recommendation for the 2023 audit.

The conditions for dependent eligibility are stated in the State Employees Benefit Guidebook, and these conditions were the framework for the audit. The Guidebook also describes the documentation that may be required to support dependent eligibility. From this list of documents, SEHP and Sagebrush determined the documents required to support eligibility for each category of audited dependents.

The following table summarizes the results of the audit. Ten (10) out of 188 (5.3%) sampled dependents of active employees were disenrolled as a result of the audit. Normative data indicates up to 8% of dependents are disenrolled as a result of dependent eligibility audit. Sagebrush attributes the lower SEHP disenrollment rate to SEHP's established procedures, including documentation requirements for new dependent enrollments, as well as the deterrent effect of conducting annual DEVA audits.

Table 1 – Summary of Audit Results

Audit Result	Number of Dependents
Successfully Completed Audit	178
Terminated Employment During Audit	12
Dependents Terminated from Coverage	10
Total Sampled Dependents	200

For the 10 terminated dependents, the total 2022 medical and dental SEHP expenditures totaled \$11,427.54, representing the savings amount for terminating these ineligible participants. In addition to these savings, there is likely additional savings resulting from the deterrent effect of conducting these annual DEVA audits.

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The following table shows the disenrollment reason and 2022 medical plus dental expense for each disenrolled sampled dependent. Three (3) of ten (10) disenrollments were voluntary; the remaining seven (7) dependents were disenrolled for failing to submit documentation to support plan eligibility.

Table 2 – Disenrolled Participants

SAMPLE #	Employee ID	Dependent Type	Reason for Disenrollment	2022 Medical + Dental Paid
30	K0000226076	Spouse	Audit Noncompliance	\$6,075.89
45	N2020294744	Spouse	Audit Noncompliance	\$2,144.30
73	K0000248428	Spouse	Voluntary Disenrollment	\$0.00
124	S0000073543	Spouse	Audit Noncompliance	\$0.00
136	N0000020095	Stepchild	Voluntary Disenrollment	\$0.00
147	N2020294963	Stepchild	Audit Noncompliance	\$3,073.39
168	M0000090661	Stepchild	Voluntary Disenrollment	\$0.00
179	K0000197270	Stepchild	Audit Noncompliance	\$133.96
180	K0000235244	Stepchild	Audit Noncompliance	\$0.00
199	S0000073543	Stepchild	Audit Noncompliance	\$0.00
Total				\$11,427.54

Audit Process and Procedures

Overview of Audit Process

Sagebrush obtained a database of 2023 enrolled dependents from SEHP and selected a random sample of 200 dependents, stratified by dependent type to ensure adequate representation of each dependent category. The population used for sampling excluded new enrollees, disabled children, and dependents previously audited during the last three audits. New enrollees and disabled children were excluded because documentation supporting eligibility must be submitted at the time of enrollment or disability status.

SEHP notified the employees via email regarding the upcoming audit. Sagebrush mailed SEHP-approved letters to each employee with a sampled dependent on March 31, 2023, notifying the participant of the audit and providing detailed information as to the required documentation to support eligibility and options for submitting the documents to Sagebrush. Employees could mail the documents in the postage-paid envelope provided, transmit the documents via facsimile, or upload the documents to a private folder on a secure server.

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The audit letter specified a deadline of May 15, 2023 for submitting the required documentation. However, in reality, document collection continued through early July. Sagebrush followed up with emails and phone calls to solicit responses, request supplementary documents, and notify participants when their audit was complete. SEHP also reached out to nonresponsive participants to solicit documents and disenrolled noncompliant participants. Some employees sent documentation to SEHP and/or Sagebrush following disenrollment; SEHP re-enrolled dependents when documentation requirements were ultimately satisfied.

Audit Procedures

Sagebrush's role in the audit included:

- Assisting the State in developing communications to employees relative to the collection of documentation for the audit, including kickoff and reminder letters.
- Collecting and reviewing documentation needed to verify the eligibility of covered dependents of employees selected for audit.
- Communicating with employees selected for audit via telephone and email. This included answering questions regarding audit procedures and documents. Over 100 calls and emails were received and initiated over the course of the audit.
- Engaging in communication with the SEHP regarding issues concerning individual employees.
- Producing reports that will provide the following information:
 - i. A final list identifying those employees who successfully submitted documentation to verify dependents, and
 - ii. A final list of those employees who either failed to submit the required documentation or failed to submit complete documentation.

Attachment

An Excel workbook is attached containing the following Exhibits:

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|---------|---|
| TAB I: | List of Employees Who Successfully Completed Audit |
| TAB II: | List of Employees Who Left Employment with the State of Kansas Before Audit Conclusion |
| TAB III | List of Employees Whose Dependents Were Disenrolled (by request or by no documentation submitted) |