



Dependent Eligibility Verification Audit for 2024 Enrollment

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Prepared for
The State Employee Health Plan
State of Kansas

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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 2024 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 2024 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 in 2023 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 2024 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. 17 (8.7%) out of the 195 sampled dependents of active employees were disenrolled as a result of the audit. Normative data indicates up to 8% of dependents are typically disenrolled as a result of dependent eligibility audit.

Table 1 – Summary of Audit Results

Status as of June 27, 2024	Description	Number of Samples
Completed	Submitted all required documents to support eligibility of sampled dependent	178
No Documentation	No documents were received and dependent is disenrolled	16
Voluntarily Disenrolled	Dependent was voluntarily disenrolled as a result of audit activities	1
Removed	Sample was removed from the audit, e.g. employment terminated after audit began	5
Total		200

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For the 17 terminated dependents resulting from the audit activities, the total 2023 medical and dental SEHP expenditures totaled \$12,230.69, 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.

The following table shows the disenrollment reason and 2023 medical plus dental expense for each disenrolled sampled dependent. One of 17 disenrollments was voluntary; the remaining 16 dependents were disenrolled for failing to submit documentation to support plan eligibility.

Table 2 – Disenrolled Participants

Sample #	Dependent Type	Disenrollment Reason	Total 2023 Medical + Dental Expense for Sampled Dependent
5	Grandchild	No documentation submitted	\$1,680.49
141	Stepchild	No documentation submitted	\$0.00
144	Stepchild	No documentation submitted	\$469.77
145	Stepchild	No documentation submitted	\$39.64
152	Stepchild	No documentation submitted	\$570.01
154	Stepchild	No documentation submitted	\$0.00
155	Stepchild	No documentation submitted	\$0.00
160	Stepchild	No documentation submitted	\$966.23
165	Stepchild	No documentation submitted	\$0.00
166	Stepchild	No documentation submitted	\$0.00
167	Stepchild	No documentation submitted	\$0.00
168	Stepchild	No documentation submitted	\$0.00
173	Stepchild	No documentation submitted	\$238.96
182	Stepchild	No documentation submitted	\$2,569.59
193	Stepchild	No documentation submitted	\$928.32
199	Stepchild	No documentation submitted	\$4,453.64
67	Spouse	Voluntary	\$314.04
	TOTAL		\$12,230.69

Audit Process and Procedures

Overview of Audit Process

Sagebrush obtained a database of 2024 enrolled dependents from SEHP and selected a random sample of 200 dependents, stratified by dependent type to ensure adequate representation of each

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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 April 1, 2024, 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.

Sagebrush followed up with emails and phone calls to solicit responses, request supplementary documents, and notify participants when their audit was successfully 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).

The audit letter specified a deadline of May 30, 2024 for submitting the required documentation. However, in reality, document collection continued through mid-June.

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 mail, 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:
 - A final list identifying those employees who successfully submitted documentation to verify dependents, and
 - A final list of those employees who either failed to submit the required documentation or failed to submit complete documentation.

Tabular Detailed Findings

This section provides the detailed findings in the following tables.

- List of Successfully Completed Audits
- List of Audits with No Documents Submitted
- List of Employees Removed from Audit

Table 3 - Successfully Completed Audits (178 Samples)

Sample #	Dependent Type
1	Grandchild
2	Grandchild
4	Grandchild
6	Spouse
7	Spouse
8	Spouse
9	Spouse
10	Spouse
11	Spouse
12	Spouse
13	Spouse
14	Spouse
15	Spouse
16	Spouse
17	Spouse
18	Spouse
19	Spouse
20	Spouse
21	Spouse
22	Spouse
23	Spouse
24	Spouse
25	Spouse

Sample #	Dependent Type
26	Spouse
27	Spouse
28	Spouse
29	Spouse
30	Spouse
31	Spouse
32	Spouse
33	Spouse
34	Spouse
35	Spouse
36	Spouse
37	Spouse
38	Spouse
39	Spouse
40	Spouse
41	Spouse
42	Spouse
43	Spouse
44	Spouse
45	Spouse
46	Spouse
47	Spouse
49	Spouse

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Sample #	Dependent Type
50	Spouse
51	Spouse
52	Spouse
53	Spouse
54	Spouse
55	Spouse
56	Spouse
57	Spouse
58	Spouse
59	Spouse
60	Spouse
61	Spouse
62	Spouse
63	Spouse
64	Spouse
65	Spouse
66	Spouse
68	Spouse
69	Spouse
70	Spouse
72	Spouse
73	Spouse
74	Spouse
75	Spouse
76	Spouse
77	Spouse
78	Spouse
79	Spouse
80	Spouse
81	Spouse
82	Spouse
83	Spouse
84	Spouse
85	Spouse
86	Spouse
87	Spouse
88	Spouse
89	Spouse
90	Spouse

Sample #	Dependent Type
91	Spouse
92	Spouse
93	Spouse
94	Spouse
95	Spouse
96	Spouse
97	Spouse
98	Spouse
99	Spouse
100	Spouse
101	Spouse
102	Spouse
103	Spouse
104	Spouse
105	Spouse
106	Spouse
107	Spouse
108	Spouse
109	Spouse
110	Spouse
111	Spouse
112	Spouse
113	Spouse
114	Spouse
115	Spouse
116	Spouse
117	Spouse
118	Spouse
120	Spouse
121	Spouse
122	Spouse
123	Spouse
124	Spouse
125	Spouse
126	Stepchild
127	Stepchild
128	Stepchild
129	Stepchild
130	Stepchild

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Sample #	Dependent Type
131	Stepchild
132	Stepchild
133	Stepchild
134	Stepchild
135	Stepchild
136	Stepchild
137	Stepchild
138	Stepchild
139	Stepchild
140	Stepchild
142	Stepchild
143	Stepchild
146	Stepchild
147	Stepchild
148	Stepchild
149	Stepchild
150	Stepchild

Table 4 – Audits with No Documentation Submitted (16 Samples)

Sample #	Dependent Type
5	Grandchild
141	Stepchild
144	Stepchild
145	Stepchild
152	Stepchild
154	Stepchild
155	Stepchild
160	Stepchild
165	Stepchild
166	Stepchild
167	Stepchild
168	Stepchild
173	Stepchild
182	Stepchild
193	Stepchild
199	Stepchild

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Table 5 – Voluntarily Disenrolled (1 Sample)

Sample #	Dependent Type
67	Spouse

Table 6 – Employees Removed from Audit (5 Samples)

Sample #	Dependent Type	Reason Removed from Audit
3	Grandchild	Deceased
48	Spouse	Employment Termined
71	Spouse	Spouse Became SOK Employee
119	Spouse	Employment Termined
164	Stepchild	Employment Termined