

Seeking ways to manage costs, a medium-sized building trades health benefits fund conducted a dependent eligibility audit that revealed more than a thousand dependents were ineligible for coverage — saving \$3.1 million in annual costs.

## The challenge

A multiemployer health fund with about 3,100 members needed to increase reserves and reduce costs amid ongoing industry challenges. Having previously undertaken a dependent eligibility verification audit (DEVA), the fund's trustees already knew that it was a way to identify significant forward savings — and help ensure they were meeting their fiduciary obligations.

Of utmost importance to the fund was a validation process that was sensitive to their members; one that used the look and voice of the fund to engender trust and community and was as accommodating as possible with timelines and grace periods for member response.

They also wanted to use the DEVA as an opportunity to collect updated member contact and demographic information that could help optimize fund communication.

## Our solution

Segal was engaged to conduct the DEVA, a process used to securely gather documents and data to verify dependent relationships to fund members and thus their eligibility for health, pharmacy, dental and vision plan coverage.

As a first step, our team conducted a thorough review of the Summary Plan Description (SPD) to gain a full understanding of the fund's benefits eligibility parameters. Next, we developed a thoughtful communications strategy to educate members about the SPD's guidelines for dependent coverage and to encourage participation in the audit. The education component was critical, as Segal has found that most plan members simply need clarity on plan rules.

Following these preparatory steps, the rollout of the audit commenced. A series of well-planned touch points, a U.S.-based call center and dedicated toll-free number, outbound calls to non-responders and a user-friendly web portal for easy uploading of documents were a few of the key components of Segal's DEVA strategy.

# The results

The DEVA succeeded on all fronts.

Thanks to our unique approach, the audit achieved an impressive 90.3 percent response rate, demonstrating that custom communications can help secure a much higher response rate than the industry average.

In all, the DEVA revealed 837 ineligible dependents — 11.5 percent of total dependents served by the plan. Based on the fund’s average annual cost per dependent, the fund will save \$3.1 million annually.

Moreover, the audit found that 6 percent of spouses who were receiving benefits were not enrolled in the other insurance coverage available to them through their own employers, as required by the fund’s SPD.

Segal also helped the fund maximize the value of the audit by simultaneously securing updated contact information and demographic data for 2,000 members.

Going forward, the fund aims to keep its enrollment clean and maintain cost reductions by requiring completion of the dependent eligibility process upon enrollment, and will verify spousal status each year to preempt issues.

The fund’s ROI for the audit was \$49 to \$1.

## Contact



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