

**Nassau County
Office of the Comptroller
Field Audit Bureau**



**Nassau County Comptroller's Office
Operational Review of the
Health Insurance Unit**

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NASSAU COUNTY
OFFICE OF THE COMPTROLLER

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EXECUTIVE SUMMARY

Background

Nassau County provides health and optical insurance coverage for its employees and retirees, and dental insurance coverage for its employees. The county participates in the New York State Health Insurance Program (“NYSHIP”), which offers health and prescription drug insurance to state and local employees through the “Empire Plan.” Pursuant to county collective bargaining agreements, in addition to the Empire Plan, county employees and retirees may opt to participate in health insurance plans offered by HIP, Aetna, Vytra, and Blue Cross. The Empire Plan is the county’s predominate health insurance carrier, representing about 95 percent of enrollments. Healthplex provides dental insurance and DavisVision provides optical insurance. Health insurance benefits cost the county approximately \$150 million per year, dental insurance \$5.4 million and optical coverage \$1.5 million, or, put another way, 6 percent of the entire expense budget and 15 percent of the personal services budget.

A unit of the Comptroller’s Office administers employee and retiree enrollments in these various insurance plans and bills for certain participant contributions where required for coverage. The Comptroller’s Office health insurance unit initiates and terminates coverage for some 24,000 primary enrollees and their 47,000 dependents. Additionally, the unit collects and records about \$5 million in premiums paid by employees, retirees’ survivors, terminated and vested individuals who wish to retain their coverage or who have opted for coverage that is more expensive than the basic plan.

Audit Scope, Objective and Methodology

The objectives of the audit were to review the operations of the health insurance unit in order to:

- ensure that only eligible individuals are receiving health benefits; and
- ascertain that plan enrollments are maintained in accordance with county policy, union contracts, and applicable laws and regulations.

Our audit was based upon a review of the health insurance and NUHRS databases and enrollment files provided by the vendors as of May 2003. We performed analyses to compare actual conditions to expected conditions and created error reports. Suspected errors were followed up with health insurance unit personnel.

This audit was conducted in accordance with generally accepted government auditing standards. These standards require that the audit be planned and performed to obtain reasonable assurance that the audited information is free of material misstatements. An audit includes examining documents and other available evidence that would substantiate the accuracy of the information

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tested, including all relevant records and contracts. It includes testing for compliance with applicable laws and regulations, and any other auditing procedures necessary to complete the examination. We believe that the audit provides a reasonable basis for the audit findings and recommendations.

Summary of Significant Audit Findings

The audit scope included health plan enrollment files as of May 2003. We found that the county overpaid for health insurance costs by approximately \$338,000 for these enrollees. The findings relate predominantly to costs incurred over the past three years; however, some were incurred over the past ten years. Of this amount, \$238,000 was due to a failure to terminate the enrollment of individuals no longer entitled to coverage, and \$90,000 from the county's failure to resolve terminated employees' grievances in a timely manner. Additionally, the county was charged \$10,000 by Vytra for an individual who had no relationship with Nassau County.

Termination of Benefits

The health insurance unit is responsible for terminating the enrollment of individuals no longer entitled to coverage, such as former employees who do not elect to continue insurance coverage, pursuant to the rights afforded to them by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), deceased employees and retirees.

We found that timely termination of enrollment did not always occur for individuals whose employment ended. This resulted in excessive costs of \$46,055.

We also found that the health insurance unit has no official source of information on employee/retiree deaths. It relies on various sources: notification by the family of the deceased, failure to return "attestation" letters, obituaries, and departmental notifications. In some instances the unit was unaware of the retiree's death; in others, it was aware of the death but did not terminate health coverage with the carrier. The unit assigned deceased status to seven individuals in its database but did not discontinue enrollment in the Empire Plan, resulting in payment of excessive premiums. A manual search of the Social Security Death Index on the Internet disclosed nine individuals who, according to Social Security's records, are deceased. Premiums on behalf of these individuals paid subsequent to their deaths amounted to \$66,573.

Continued Enrollment of NHCC Employees

In 1999, pursuant to state enabling legislation, the Nassau Health Care Corporation (NHCC), a public benefit corporation, was formed. As such, NHCC became responsible for the health insurance of its 3,600 employees and enrolled employees in its own policies. The county, however continued to maintain the health insurance of these employees and retirees until February 1, 2002. The health insurance unit did not terminate coverage on the county policy for all these employees. Nassau County continued to pay insurance premiums totaling \$81,041

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subsequent to NHCC assuming enrollment responsibilities for its employees.

Erroneous Enrollment

Our review of Vytra's enrollment records found that one individual included by Vytra in the county policy had no relationship to the county. The individual's coverage was initiated in July 2002 and the county was charged \$9,880 for his insurance premiums.

Inordinate Delay In Grievance Resolution

Nassau County continues to pay health insurance for employees who have been terminated but who are challenging their termination through the grievance process. The health insurance unit told us that the county normally prevails in these cases. We found that there were 18 individuals grieving their termination, and that on average, they have held this status for 10 months. The cost of providing health insurance to these individuals amounts to \$12,600 per month. If these grievances were settled in three months, rather than ten months, the county could save up to \$90,000 per year in premiums.

File Matching

The health insurance unit has no process for obtaining enrollment files from insurance carriers and matching them to the county database to ensure that all enrollees are entitled to coverage. The health insurance unit, field audit and the county Department of Information Technology (DOIT) are currently working on a joint project to establish a mechanism for obtaining enrollment files from vendors and New York State and Local Employees Retirement System so they may be matched to the county database. This would allow the unit to produce reports of possible errors, or "exception reports." Once this process is established, errors can be detected quickly and corrections made before incurring unnecessary expenses.

Health Insurance Unit's Response

The health insurance unit concurred with the findings detailed in the report and agreed to implement the recommendations made.

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Operational Review of the Comptroller’s Health Insurance Unit

Empire Plan

Audit Finding (1):

Empire Plan coverage should have been terminated for individuals who are no longer eligible for it. We performed a review of the May 2003 Empire enrollment files to confirm enrollees’ eligibility. We found that over the past three years the county paid \$120,162 in premiums for 14 individuals who were not eligible. Coverage for these enrollees should have been terminated for the following reasons:

Death – We noted seven individuals who were listed with a “deceased” status in the health insurance database. Once the health insurance unit is notified of a death, its procedures call for changing the individual’s status in the health insurance file and making an entry in NYSHIP’S NYBEAS system to terminate coverage. In these seven instances the NYBEAS entry was not made, with a resultant cost of \$38,633.24.

The excess premiums paid for each of the seven are as follows:

<u>Date of Death</u>	<u>Excess Months Coverage</u>	<u>Excess Cost through 7/03</u>
02/25/01	29	\$ 7,527.88
03/10/02	16	4,367.02
11/06/01	20	7,145.04
03/29/02	16	4,367.02
08/18/00	35	10,045.72
10/08/02	9	2,590.28
10/16/02	9	2,590.28
		<u>\$38,633.24</u>

Termination – Individuals whose employment terminates cease to be covered by the county unless they elect to pay for their coverage pursuant to their rights under COBRA, or are vested and reimburse the county for premiums. Vested individuals are former employees who have five years of service and are under the age of 55. We performed a review of Empire enrollment files to determine the status of all enrollees and found four enrollees listed as “terminated” who were not paying insurance premiums to the county. The county incurred \$40,594.78 in excess costs during 2002 and 2003 for these four enrollees.

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The dates of termination, excess months coverage and cost for each of the four enrollees are as follows:

<u>Date of Termination</u>	<u>Excess Months Coverage</u>	<u>Excess Cost through 7/03</u>
4/29/02	15	\$ 5,452.14
3/15/02	16	12,196.86
6/30/02	13	10,024.95
2/28/02	17	<u>12,920.83</u>
		<u>\$40,594.78</u>

Nassau Health Care Corporation – Nassau Health Care Corporation (including the Nassau University Medical Center, A. Holly Patterson Nursing Home and various health clinics) was spun off from Nassau County in September 1999. As of February 1, 2000, NHCC entered into its own health insurance contracts for employees. NHCC employees should have been dis-enrolled from the Nassau County Health Insurance plans effective January 31, 2000.

Our review of the Empire Plan enrollees disclosed that there were three NHCC employees not deleted from our policy, resulting in excessive premiums of \$40,934.40.

Recommendations:

We recommend that the health insurance unit/county Department of Information Technology obtain computer files of all covered individuals on a quarterly basis from the Empire Plan. These files should be matched by computer against the county health insurance database and the NUHRS file to verify that all individuals covered in the plan are entitled to coverage. Exception reports should be prepared listing all individuals who have Empire coverage, but whose status is designated as deceased or who have a Numis code indicating that they work for NHCC. Additionally, verification should be performed to ensure that those individuals designated as terminated are entitled to maintain coverage. These individuals should be under the age of 55 with five years of service and should be currently reimbursing the county for insurance premiums. Individuals who are not entitled to coverage should be terminated from the policy immediately.

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We also recommend that the Comptroller:

- seek reimbursement from the Empire Plan for \$38,633.24 in excess premiums paid to the plan on behalf of deceased individuals;
- seek reimbursement from NHCC for \$40,934.40 paid by the county on behalf of NHCC employees; and
- seek reimbursement of \$16,918.50 from the Empire plan for six months premiums paid on behalf of the four terminated employees. (The Empire Plan permits adjustments for up to six months coverage.)
- Explore with the county attorney the feasibility of collecting \$23,672.28 in premiums from the four terminated employees who were not entitled to coverage.

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Audit Finding (2):

Use of Social Security Death Index (or equivalent)

A partial review of the current enrollees revealed that there were nine individuals enrolled in the Empire Plan who the Social Security Administration has listed as deceased. The health insurance unit sends annual attestation letters to all retirees in order to confirm the need for continued coverage. However the letters did not detect these deaths. As a result, Nassau County has paid \$66,573.27 in excessive premiums on behalf of these individuals.

The Social Security Administration maintains a record of all persons with Social Security numbers whose deaths have been reported to the Social Security Administration, called the Social Security Death Index. The list of Empire enrollees was sorted by date of birth. An internet search of the Social Security Death Index using RootsWeb.com was performed by entering the social security numbers of the 1,000 oldest retirees, born prior to 1920. The status of the individuals were then confirmed directly with the Social Security Administration.

The dates of death and the excess premiums paid for each individual are as follows:

<u>Date of Death</u>	<u>Excess Months Coverage</u>	<u>Excess Cost through 7/03</u>
02/15/88	185	\$ 34,251.19
12/15/99	43	\$ 10,578.62
09/10/01	22	5,848.16
11/30/01	20	5,368.28
04/10/02	15	4,113.06
09/26/02	10	2,843.96
03/11/02	4	1,190.00
03/14/03	4	1,190.00
03/18/03	4	<u>1,190.00</u>
		\$ 66,573.27

A list of these individuals was turned over to the health insurance unit, which sent letters to the last known address of the individuals, indicating that the enrollee’s name had appeared on a discontinuance of enrollment list and requesting a reply to confirm a desire to continue coverage. Responses were received from two of the nine individuals, indicating that the information in the Social Security Death Index was incorrect and their continued eligibility for benefits.

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Recommendations:

Second requests should be sent to the last known addresses of the seven individuals who did not respond, stating that coverage will be terminated in 30 days if no reply is received within that period. If no response is received, coverage should be terminated and a refund should be requested from Empire for premiums paid after the date of death. Those that respond should be required to correct their records with the Social Security Administration and obtain evidence of continued entitlement to coverage.

The health insurance unit should investigate the possibility of purchasing or obtaining access to a database that would enable the DOIT to perform a periodic computer search for deceased enrollees. The Social Security Administration offers their Death Index for sale. We may also be able to obtain the cooperation of the New York State and Local Employees' Retirement System to obtain access to its enrollee database to determine if any of our participants are deceased.

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Audit Finding (3):

Optical Insurance

Nassau County provides optical insurance to all active employees as well those who retired on or after January 1, 1999. This insurance costs \$115.00 per year per employee/retiree.

Payments are made to the vendor based upon a list prepared each month from the health insurance unit’s database of covered individuals. We reviewed the enrollment files to determine whether the individuals covered were eligible. We found 163 individuals on the rolls who were not entitled to coverage, resulting in a cost to the county of \$25,991. This group included the following:

NHCC Employees

We identified 154 NHCC employees who were supposed to be disenrolled from Nassau’s policy, effective January 31, 2002, and enrolled in NHCC’s own optical policy, effective February 1, 2002. The county insured these 154 individuals for an extra 17 months at a cost of \$25,080.44. A list of these individuals was provided to the Health Insurance Unit in July, which subsequently removed them from the enrollment list.

Terminated Employees

We also noted that there were nine county employees whose employment was terminated, but who had not been disenrolled from the optical plan. Failure to eliminate these individuals from coverage resulted in a cost to the county of \$910.10.

<u>Date of Coverage Termination</u>	<u>Excess Months Coverage</u>	<u>Excess Cost through 7/03</u>
01/03	7	\$ 67.06
9/02	10	90.80
11/01	20	191.60
4/02	15	143.70
2/03	5	47.90
11/00	30	287.40
4/03	4	38.32
4/03	4	38.32
		<u>\$ 910.10</u>

The identity of these individuals was reported to the health insurance unit for deletion from the enrollment lists.

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Coverage Pursuant to COBRA

In addition to the list of covered employees and retirees mentioned above, DOIT prepares a list of terminated employees and their dependents who pay the county to receive optical coverage pursuant to COBRA. Headcounts from both of these lists are provided to DavisVision, which prepares a claim based on the combined total number of participants. We noted that 36 names were listed on the basic roster of covered individuals *and* on the list of COBRA participants; therefore, the county was paying for these individuals twice. This resulted in an overpayment of \$345 for the month audited. We did not analyze prior months to determine the total cost of this error, however this level of duplication would result in extra costs of approximately \$4,100 per year.

The error was brought to DOIT's attention, which is modifying the reports to prevent the duplication of names and ensure that correct headcounts are provided to the health insurance unit.

John Q. Public

We noted an entry in the enrollment file for an individual named "John Q. Public." This entry was set up as part of a test file when the enrollment file was established more than ten years ago. The health insurance unit did not purge the test file from its records. Therefore, this fictitious individual has been included in the enrollment count provided to DavisVision each month. This ten-year oversight cost the county \$1,250.

Recommendations:

We recommend that:

- a. The health insurance unit and the DOIT run periodic exception reports (not less than quarterly) of all employees enrolled in the optical plan to identify those who are designated as terminated and who are not paying for coverage. The list of employees should be investigated by the health insurance unit to verify that the individuals are entitled to coverage.
- b. An exception report should be produced to identify any active employees, or employees who retired after September 1999, who are or were employed by NHCC. These individuals should be disenrolled from the county policy and covered by NHCC. A credit should be obtained from NHCC for the cost of coverage for which that they were responsible.
- c. The enrollment entry for "John Q. Public" should be removed from the roster of covered individuals and a refund should be obtained for all premiums paid on behalf of "him."

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- d. The health insurance unit should analyze prior months to determine the identity of individuals covered pursuant to COBRA whose names also appear in the headcounts given to the optical insurer. The Comptroller's Office should seek a refund from the insurer for the amount of duplicative premiums paid. It should also seek a refund from the insurer for premiums paid on behalf of terminated individuals.

Audit Finding 4

Vytra

A matching of the Vytra enrollment file to its monthly invoice and to the health insurance database revealed that there were two ineligible persons receiving medical coverage. The extra coverage cost the county \$23,332.35, as follows:

- Employee A was covered since July 1, 2002; however, he does not appear in the county NUHR's records or in the health insurance records. He may have been erroneously assigned to the wrong plan by Vytra. The county should not pay premiums. Coverage since July 1, 2002 has cost the county \$9,880.05.
- Employee B is an employee of NHCC and should have been covered under its own plan since February 1, 2002 and removed from the county's policy. Coverage since February 2002 has cost the county \$13,452.30.

Recommendations:

The health insurance unit should obtain a refund for premiums paid on behalf of Employee A from Vytra. Employee B should be transferred to NHCC's policy, and the health insurance unit should obtain a credit from NHCC for the premiums paid on behalf of its employee.

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Audit Finding 5.

Dental Insurance

Nassau County provides dental insurance to all active employees. Unlike optical insurance, there is no coverage provided by the county to retirees. The dental insurance cost is \$43.75 per month per employee.

We found that there were four individuals covered by dental insurance whose coverage should have been terminated. This resulted in an excessive cost to the county of \$6,125.00.

We compared the enrollment lists prepared from the health insurance unit’s database to other fields in the same database, and to NUHRS, to determine that coverage was being provided to eligible individuals only. We found two individuals were covered under our policy who were employed by NHCC and two individuals who had retired (one since October 1995) whose coverage should have been terminated. These individuals are described as follows:

<u>Reason</u>	<u>Date of Coverage Termination</u>	<u>Excess Months Coverage</u>	<u>Excess Cost through 7/03</u>
NHCC	01/31/02	18	\$ 787.50
NHCC	01/31/02	18	787.50
Retired	10/03/95	93	4,068.75
Retired	08/23/02	11	<u>481.25</u>
			<u>\$ 6,125.00</u>

The identity of these individuals was reported to the health insurance unit for deletion from the enrollment files.

Recommendations:

- a. We recommend that the health insurance unit and the DOIT run periodic exception reports of all employees enrolled in the dental plan to identify those designated as terminated or retired, who are not paying for coverage on a current basis. Such individuals should be terminated from coverage.

Similarly, an exception report should be produced to identify active employees, or employees who retired after September 1999, who are or were employed by NHCC. These individuals should be disenrolled from the county policy and covered by NHCC.

- b. If the insurer has not incurred expenses on behalf of the retired individuals, the Comptroller’s Office should seek a refund from the insurer for \$4,550.00 in premiums paid for these policies. The Comptroller’s office should also obtain a credit from NHCC

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in the amount of \$1,575.00 for premiums paid by the county that are NHCC 's responsibility.

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Audit Finding (6)

File Matching

The health insurance records and NUHRS records are maintained in computerized databases. However, computerized matching is not performed that would allow much of the excessive coverage to be detected and eliminated on a timely basis. For example, children over the age of 19 are included in family coverage only if they are full time students. However, there is no mechanism in place to positively identify all children over the age of 19 who are not full-time students and to convert family coverage to individual coverage when warranted.

We found that the health insurance database is incomplete with regard to capturing all relevant information. For example, we found that the file was missing the social security numbers of more than 5,000 dependents, including about 30 social security numbers for spouses. These information gaps can be detrimental to the matching process.

Auditor's Recommendation:

We recommend that the health insurance and field audit units, and DOIT devise a series of automated record matches to be performed periodically (not less than quarterly) by comparing vendor enrollment files, the health insurance database and NUHRs records. The edit reports produced should list conditions such as:

- Individuals enrolled in a health coverage plan, but who are not included as an employee in NUHRS or who are not included in the Health Insurance System;
- Individuals who are enrolled in a health coverage plan who have not chosen that plan as their health option;
- Individuals who opted for a buyback of health insurance coverage, but who are enrolled in a health insurance plan;
- Individuals who have been assigned a status of terminated or deceased, but who are still enrolled in a health insurance plan;
- Individuals required to pay for coverage who are not current on payments;
- Individuals who are NHCC employees, but who are still enrolled in Nassau County policies; and
- Individuals who should be required to provide evidence that family coverage is necessary.

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These conditions should then be researched to determine if the coverage is being properly provided.

As an illustration of the utility of such file matching, an edit of the Empire Plan enrollment records showed about 300 family policies in which the county should require the enrollee to provide proof that such a policy is required. We sorted the Empire enrollment file to identify those family policies in which the primary enrollee had no listed spouse. We then further identified records in which all children were over the age of 19 and not permanently disabled.

If there was no spouse or child under 19 years of age, family coverage would only be required if the children were eligible for coverage by virtue of being a full-time student. The health insurance unit should send a letter to employees in this category, requiring that proof of full time enrollment status be submitted each semester. Insurers require proof of eligibility before paying claims for children over the age of 19. However, children in this age group may not require frequent medical care, and ineligibility could remain undetected for significant periods of time, at significant cost to the county. So as not to impose an additional burden on employees, the proof of eligibility provided to the county could then be forwarded to the insurers.

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Audit Finding (7)

Timely Resolution of Grievances

Nassau County is required to provide health insurance to individuals who have been terminated, but who have filed grievances challenging their termination. We found that there were currently 18 individuals grieving their terminations and that the grievances have remained unresolved for an average of 10 months. Seven of the grievances have been unresolved for more than one year, with one grievance for 22 months and another for 20 months.

The total cost of health insurance coverage incurred by the county for these 18 individuals during the grievance period was approximately \$120,000 or \$12,600 per month.

We were informed by the health insurance unit that there is no formal procedure set up for the Department of Labor Relations to provide a roster of employees who are on grievance status. As a result, terminated employees may have their health insurance coverage wrongfully terminated, and those whose coverage should be terminated may continue to receive coverage.

Auditor's Recommendation:

Given the high cost of continued health insurance coverage during the grievance period, the Comptroller's Office should urge the Office of Labor Relations to try to resolve grievances as quickly as possible. We were informed by the health insurance unit that most grievances are not upheld, and that the employees' terminations stand. If grievances could be settled in three months, rather than in ten, the County could save up to \$90,000 per year.

We recommend that the Office of Labor Relations be requested to provide a monthly roster showing employees who are transferred to grievance status during the month, those that remain on grievance status, those that return to active status, and those whose grievance is settled in the county's favor.

Health Insurance Unit's Response

Response to Audit Finding 1 – Empire Plan

We concur with the auditors' findings and recommendations and are currently working with the DOIT and the health insurance vendors to perform computerized file matching. This file matching process will result in the production of exception reports that will identify errors of the type detected by our auditors. These edits will be prepared on a quarterly basis and any exceptions noted will be resolved in time to obtain a full credit from the vendor.

The following steps have been taken in response to the exceptions noted:

- The seven individuals who were noted as deceased in the health insurance records have been deleted from Empire Plan enrollment, and a credit will be received from NYSHIP for excess premiums paid.
- The four individuals who terminated employment and were not entitled to coverage have been deleted from Empire coverage. We will receive a credit equal to the cost of the last six months coverage. The remainder cannot be recovered from Empire.
- The four NHCC employees have been removed from our policy and a credit will be obtained from NHCC for the premiums that should have been paid by them.

Through these steps, the County will recover \$96,486, or 80 percent of the \$120,162 in the excess payments.

Response to Audit Finding 2 – Use of Social Security Death Index

We agree with the recommendation and will try to obtain access to a database containing the Social Security Death Index and/or obtain the cooperation of the New York State and Local Employees' Retirement System to allow us to perform periodic computer searches against their files. Any enrollees who are designated with a "deceased" status in the federal or state databases will be terminated from coverage unless the county obtains proof that the Social Security Administration's or New York State's records are in error.

Health Insurance coverage was terminated in the seven cases where we did not receive a request for continuation of coverage. As a result, we will obtain a credit from the Empire Plan of \$21,743. We will attempt to utilize other resources to confirm whether the Social Security Administration's records are incorrect regarding the two individuals who responded to our request for confirmation of continued coverage.

Response to Audit Finding 3 – Optical Insurance

We agree with the auditors' findings and recommendations. DavisVision confirmed to us that the 154 NHCC individuals had duplicate coverage, paid for by both the County and the Medical

Health Insurance Unit's Response

Center. These individuals were terminated from our coverage, and in October 2003, DavisVision refunded the \$25,080 paid by the County for this duplicate coverage.

We also terminated the coverage of the eight terminated individuals and deleted the test case "John Q. Public." We have requested a refund of the excessive amounts paid.

Similar to our response on the Empire Plan findings, the optical plan enrollment will be subject to quarterly file matching, and the enrollment errors detected will be addressed immediately.

As noted in the report, duplication of names in the DavisVision roster and the DavisVision COBRA roster was identified to the County Information Technology Department. The Department is modifying the reports to prevent such duplication and to ensure that correct headcounts are provided to the health insurance unit. These lists will be reviewed for duplications of individuals for the next several months to ensure that similar errors do not appear.

Response to Audit Finding 4 – Vytra

We concur with the auditor's findings and recommendations. We contacted Vytra, which deleted both "Employee A" and "Employee B" from our policy and provided a full refund of \$23,332. The Vytra enrollment will be subject to the file matching process described in our response to the Empire findings.

Response to Audit Finding 5 – Dental Insurance

The duplicate insurance provided to NHCC employees was terminated, and Healthplex will provide a refund of \$1,575. The coverage of the two retired individuals has been terminated. Our file matching initiative will detect errors of this nature so that future such losses do not occur.

Response to Audit Finding 6 – File Matching

This is an ongoing project. The proposals for file matches to be performed were provided to Information Technology for programming. We will closely work with the DOIT to review test outputs and to request edits in addition to the examples provided by Field Audit. File matching will be performed on a quarterly basis so that any errors detected can be recovered from the vendors.

Response to Audit Finding 8 – Timely Resolution of Grievances

We concur with the audit recommendations. The Comptroller's Office will write to the Office of Labor Relations, and urge them to resolve grievances expeditiously in cases where the County is providing health insurance to employees who have been terminated. The Comptroller's Office

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will also requested that the Office of Labor Relations provide a monthly schedule detailing the status of all individuals who have been terminated, but who are on grievance status.

Appendix 1

HEALTH INSURANCE AUDIT - SUMMARY OF FINDINGS

Review of Coverage as of May 2003

	Number of Enrolees	Amount
Audit Finding 1		
Test of Empire Files against County Records		
Excessive Premiums Paid on behalf of Deceased Individuals	7	\$ 38,633.00
Excessive Premiums Paid on behalf of Terminated Individuals	4	40,595.00
Excessive Premiums Paid on behalf of NHCC Individuals	3	40,934.00
	14	120,162.00
Audit Finding 2		
Review of oldest participants against Social Security Death Records*		
	9	66,573.00
		186,735.00
Audit Finding 3		
Optical		
Excessive Premiums Paid on behalf of NHCC Individuals	154	25,080.00
Excessive Premiums Paid on behalf of Terminated Individuals	9	910.00
Excessive Premiums Paid on behalf of COBRA duplicates	36	4,100.00
Excessive Premiums Paid on behalf of John Q. Public	1	1,250.00
		31,340.00
Audit Finding 4		
Dental		
Excessive Premiums Paid on behalf of NHCC Individuals	2	1,575.00
Excessive Premiums Paid on behalf of Terminated Individuals	2	4,550.00
		6,125.00
Audit Finding 5		
Vytra		
Excessive Premiums Paid on behalf of Non-county related individuals		9,880.00
Excessive Premiums Paid on behalf of NHCC Individuals		13,452.00
		23,332.00
Audit Finding 7		
Timely Resolution of Grievances		
		90,000.00
Total		\$ 337,532.00

Based upon test of those individuals born prior to 1920 (approx 1000) against Social Security death

* records on Website RootsWeb.com