MEMORANDUM #16-17HR

TO: Agency Administrators
FROM: Carolyn Horwich, J.D., Director of Human Resources
THROUGH: Rip Colvin, Executive Director
SUBJECT: Dependent Eligibility for Insurance Coverage
DATE: May 11, 2017

Currently, the Division of State Group Insurance (DSGI) uses an honor system for dependent eligibility. According to DSGI, industry experts project that when enrollment documentation is not required or verified, 7%-10% of dependents are found to be ineligible.

In the 2015 plan year, the program provided health insurance to 153,682 dependents with an average cost per dependent of $4,886. If just 6% of those dependents are found ineligible, the state would avoid $45 million in annual expenditures.

Consequently, the Department of Management Services is embarking on a quality assurance review to make sure that employees’ dependents are legitimately entitled to insurance coverage. These quality assurance reviews are going to take place monthly. Employees requesting coverage for their dependents will need to provide specific documentation. This process will apply to new hires, marriages, births and other life events during the year as allowed by a qualifying status change (QSC) event. Only employees captured in a random sample of QSC events will receive the documentation request.

The Management Advisory from DSGI, a flyer to give to all new hires, and the new QSC Matrix are attached. These documents will also be posted on the JAC website.

Please do not hesitate to contact JAC with any questions you may have. Thank you.