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GRAND RAPIDS BUSINESS JOURNAL *EXPRESS*

BECAUSE BUSINESS CAN'T WAIT



BUSINESS JOURNAL PHOTO/JIM GEBBEN

Bradley Taylor, CEO of Next Generation Enrollment, says companies can use a dependent eligibility audit to manage health care coverage.



Health Care, Party Of Two?

Jake Himmelspace
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GRAND RAPIDS — Health care savings have taken many new forms, including dependent eligibility audits, a service provided by Next Generation Enrollment.

Next Generation Enrollment is an employee benefits administration firm that first began offering dependent audits to companies to seek out divorced spouses who were still being carried on ex-spouses' insurance plans.

“That (auditing) service was being done on a super-jumbo group like Ford or General Motors,” said Bradley Taylor, CEO of Next Generation Enrollment. “We started doing it for our clients of 500 and above employee size.”

Taylor explained that a larger company that pays its own claims costs can save money by using a dependent eligibility audit and removing those people who aren't entitled to coverage. Smaller companies starting at about 250 employees will see savings by removing ineligible dependents and moving the employee from a two-person health plan to a one-person plan. Taylor said the average savings is \$1,500 to \$3,500 per dependent who is removed.

Taylor mentioned the example of a hospital in the Detroit Metro area where 50 dependents were removed due to ineligibility, projecting a savings

of \$190,000 annually. A large Grand Rapids area employer also recently finished an audit and is projected to save more than \$300,000 annually in claims costs.

The two main scenarios where someone is receiving coverage they aren't entitled to, according to Taylor, is divorced spouses, and children who are no longer students and are too old to be covered under a parent's plan.

If employees don't tell the employer they are divorced, Taylor said, there isn't any way for the employer to know. Through its audits, Next Generation Enrollment has found couples who have been divorced for two or three years and still are receiving coverage for the ex.

In divorce proceedings, the court may decide that one spouse has to continue to provide "same or similar" health coverage for the other; the cheapest way to do that is by staying on the same plan, said Taylor.

"I look at my options, which would be to not tell anyone and keep her covered under my company's plan and just pay the same payroll contribution; or I can elect to put her on COBRA and pay probably \$350 to \$500 a month to insure her that way; or I'm forced to go out and find some individual policy, which isn't going to have near the coverage," said Taylor.

When Next Generation Enrollment is asked to perform a dependent eligibility audit, Taylor said the first step is to look at the specific insurance provider language.

"Whatever that plan lays out, we make the employee provide us with that exact documentation for those dependents."

In other words, if dependents covered are a wife and a child, the employee must provide a marriage certificate and a birth certificate. If documentation is not provided, Next Generation Enrollment works with the company that ordered the audit to find a solution.

"(Employers) authorize us to talk to their insurance provider, and then we get from the insurance company the list of covered participants. Then we get from the employer the documentation of what their eligibility wording is. Then we draft up the communication pieces, share it with the company, they approve it and then we mail it off here," said Taylor. "(Employees) mail it all back to us; they call us with all their questions, problems."

Taylor noted that having a third party perform the audit and answer all the questions helps keep the company's relationship with its employees from being damaged. Some employees may not even realize they are still paying for coverage for a dependent.

Next Generation also offers a continuing process where it will track employees annually, or advise companies as they set up an internal process and then suggest an audit every three to five years. **BJX**

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