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Expect More.

Enhanced Dependent Eligibility Verification Leads To Significant Cost Savings

Company Profile:

Bertelsmann is an international media company encompassing television, book publishing, magazine publishing, media services, and media clubs. It inspires people around the world with first-class media and communications offerings and occupies leading positions in its respective markets.

With approximately 100,000 employees spread over more than 50 countries, Bertelsmann operates as the parent company of multiple business units: RTL Group, Random House, Gruner + Jahr, Arvato, and Direct Group.

Business Challenge:

Faced with escalating health care costs, and a stringent fiduciary responsibility under ERISA, Bertelsmann decided to explore the prospect of implementing a dependent eligibility audit. The hope was that by identifying and removing ineligible dependents from its health care plan, Bertelsmann could significantly reduce its overall health care costs and reaffirm its commitment to running a fiscally responsible plan.

“As plan administrators, we have a responsibility to make sure that only eligible dependents are covered under the plan. It’s not just a cost issue, it’s making sure we complete our due diligence, administer the plan appropriately and that we are not providing coverage where we shouldn’t,” said Lynda Falls, Director of Corporate Benefits, Bertelsmann.

At the time, Bertelsmann’s U.S. operations were offering comprehensive health care coverage to approximately 3,000 employees and 5,800 dependents. While some eligibility validation processes were in place, the degree of verification varied across its operating units. The most rigorous verification was applied to new hires, who were required to produce a single document for proof-of-eligibility for dependents, such as a marriage certificate to demonstrate a spouse’s eligibility. Conversely, very little verification was being performed on the dependents of existing employees.

With six different operating units and six different corporate cultures, Bertelsmann needed a flexible eligibility verification solution capable of accommodating the unique needs of each operating unit. Like many employee centric organizations, Bertelsmann required a solution that would minimize employee disruption and address the employees’ perception of the audit.

Solution:

After reviewing multiple proposals, Bertelsmann decided to engage ConSova to conduct a dependent eligibility audit on its entire U.S. employee population. Through a series of carefully crafted communications, employees were guided through the process of verifying the eligibility status of their dependents. ConSova's web portal and call center were made available to address any questions raised during the verification process and to ease the burden on employees.

"I was very impressed with ConSova's communication with our employees. You could tell that ConSova had spent a number of years getting to the point where they knew the best way to communicate with the employees," said Falls.

To further mitigate Bertelsmann's exposure to ineligible dependents, ConSova established a dual-documentation requirement for eligibility verification. Employees are now required to provide at least two independent pieces of documentation to prove their dependents meet eligibility requirements. As a result, Bertelsmann is able to identify ineligible dependents, such as a divorced spouse, that would have previously gone overlooked.

To accommodate the corporate culture of each operating unit, ConSova setup a flexible appeals process. Employees were afforded an opportunity to request reconsideration based on their unique set of circumstances and exceptions were made at the discretion of each operating unit.

"ConSova was fantastic in terms of project management and on-going customer service," said Falls. "They took responsibility for everything they possibly could and really only requiring us to do what was absolutely necessary."

In addition to the initial audit, Bertelsmann engaged ConSova on an on-going basis to maintain its compliance levels. Falls explained, "After going this far, we didn't want to go back to square one."

Results:

The Bertelsmann audit identified 730 ineligible dependents, resulting in bottom-line savings of approximately \$2.2 million in the first year. With a dependent ineligibility rate of over 13%, the audit delivered results well above the industry average.

In contrast to many other cost containment measures, the dependent eligibility audit offered Bertelsmann tangible, measurable results. "We know concretely that 730 people were removed from the plan. Since we don't restrict utilization with lifetime limits, these people could have been racking up unlimited costs," said Falls. Based on Bertelsmann's average annual utilization expense, ConSova projects a five year plan savings of \$8.8 million.

In addition to achieving considerable cost saving, Bertelsmann's plan administrators have strengthened their commitment to maintaining a financially healthy plan, while ensuring its compliance with all laws, regulations and plan provisions.

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Contact Us:

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