

ConSova Dependent Eligibility Verification Cuts Employers' Health Care Costs Up to 6 Percent for Immediate Savings

Reduce Ineligible Dependent Burden Now to Save More than Half the Forecasted Increase in Health Care Costs

LAKESWOOD, CO (August 3rd, 2010)—Each year, ineligible dependents consume as much as 6 percent of self-funded insurers' total annual health plan expenses, costing small and large companies millions of dollars. The impact forces many employers to take painful cost-cutting measures like reducing benefits, increasing employee contributions and tacking on co-pays—steps often met with considerable resistance among employees and their fully-eligible dependents.

In fact, a recent study conducted by Lockton Companies LLC found that more than 79 percent of self-funded employers in Colorado planned to pass some portion of the increase on to their employees through plan changes and premium share increases.

With health care costs expected to jump another 9 percent in 2011, according to the [latest study by PricewaterhouseCoopers](#), senior executives have pressed human resources and benefits managers to take every possible action to reduce plan costs.

Amid these tremendous economic pressures, Dependent Eligibility Verification from [ConSova](#), the leader in health care cost containment solutions, can help companies reduce plan costs by as much as 6 percent, essentially mitigating more than half of the expected cost increases.

“Executives are asking whether or not the company is really doing everything it can to cut plan expenses,” said Michael Smith, CEO of ConSova. “Most are probably aware that they’re covering a number of ineligibles, but they may not realize just how much this unnecessary coverage costs. With near double-digit cost increases on the horizon, there’s never been a better time to reduce the burden of ineligible dependents to help guard against out-of-control health care costs.”

Contain Costs Now with Dependent Eligibility Verification

Dependent Eligibility Verification by ConSova helps self-funded insurers reduce the cost of providing medical benefits and stem the rising tide of health care costs by identifying and removing ineligible dependents from the roster. In as little as six to eight weeks, employer-funded health care plans can begin to realize real cost savings without sacrificing benefits or burdening employees with additional out-of-pocket expenses.

According to Towers Watson, Inc. New York, employers' use of audits or eligibility and enrollment reviews in their health plans jumped 14 percent (from 55 up to 69 percent) between 2008 and 2010. “We’ve seen a significant increase in the demand for dependent verification over the past few years,” Smith said. “Employers have begun to realize the tremendous savings audits and verification can deliver in a relatively short period of time, especially just before open enrollment.”

Smith says there is a common misconception that identifying and validating eligibility is a long-term and cumbersome process. ConSova's efficient and comprehensive program can quickly and accurately identify and eliminate ineligible dependents in less than three months for near-immediate cost savings.

The Likely Suspects

In a typical Dependent Eligibility Verification audit, Smith says ConSova finds an average of 10-13 percent of covered dependents to be ineligible, and removing these generates an almost immediate cost savings of about 6 percent. Employees' former spouses typically represent 25-30 percent of ineligible dependents identified, and they represent roughly 52 percent of the overall savings generated by the audit.

"Dependent eligibility verification is one of the top three health care cost containment solutions that can help companies save real money right away. Our clients have saved over half a billion dollars through verification audits alone," Smith said. "After the initial audit, our Plan Asset Management services provide on-going dependent verification process that is critical to protecting the employer's health care investment and the initial audit investment so that new hires and those added to the plan require verification."

Fulfill Fiduciary Responsibility without Over-Burdening HR

With human resources and benefits managers already overwhelmed with day-to-day administration. It's becoming increasingly difficult for self-insurers to keep up with eligibility verification. During open enrollment eligibility is typically determined on the "honor system," whereby employees sign an affidavit attesting to their relationship with the dependent; it's unfortunately quite easy for ineligible dependent medical expenses to add up. In the case of one company, more than 40 percent of ineligible dependents who were disqualified during a pre-open enrollment audit actually attempted to enroll back into the plan during the subsequent open enrollment period.

"It's a pervasive problem," Smith said. "Self-funded employers have a fiduciary responsibility to manage their costs to the best of their ability. If you're not verifying eligibility by some means, you're not only paying more for coverage than you should be, but you're also short-changing employees with eligible dependents by driving up their costs in order to pay for the coverage of ineligible individuals. Most employees—and executives—would say that's pretty unfair."

ConSova's dependent eligibility verification audits not only identify deliberate falsifications to uncover immediate cost savings, but also help companies clear up inconsistencies or areas of confusion in their eligibility requirements. Dependents can be erroneously admitted to the plan simply because employees don't understand the dependent definitions. An audit provides the basis for which adjustments to the plan can be made to clarify eligibility rules.

Systematic, Customized Process Ensures Fast, High ROI

Where other providers can leave as many as 15 percent of dependents un-verified—placing that burden directly on company HR/benefits managers to finish the job—ConSova's Dependent Eligibility Verification audit boasts a 98 percent employee participation rate. Through its efficient and comprehensive three-phase process, ConSova successfully screens up to 92 percent of plan dependents in just the first eight weeks, with only a handful of individuals remaining for extensive follow up.

Its multi-disciplinary approach is customized to match the culture and communications methods that work best for each employer—from letters delivered by postal mail, to e-mail and phone call follow-ups, and even a customized web portal where employees can upload the necessary documentation. HR and

benefits managers can also keep up with the audit's progress by logging in to a secure online system to view participation rates, eligibility rates, documentation and more. ConSova's 100 percent accuracy rate ensures HR and benefits managers can feel confident that ConSova's approach will produce consistent and reliable results.

Alleviate Uncertainty over Health Care Reform

Employers are already adapting to changes with expanded coverage for overage children dependents and the elimination of lifetime limits.

Many had been concerned about employers' actually losing the right to rescind coverage of ineligible dependents, but the recent HHS Interim Final Rules update on the evolving Patient Bill of Rights allows rescissions in the case of fraud or intentional material misrepresentation (including omission) with 30 days written notice to the employee of the drop in coverage. While this does eliminate retroactive drops, it still affords employers the ability to drop ineligible and reduce future plan costs.

Even with these measures in place, Smith says all the attention being paid to coverage adjustments still does not address the underlying problem of healthcare costs.

"Most of the talk about health care reform is focused on expanding coverage and not on reducing costs," Smith said. "Proactive employers can use eligibility verification audits to cut costs now without burdening employees. Most of our clients see an ROI greater than 1000 percent and, for self-funded employers, those savings go directly to the bottom line."

For more information about ConSova's Dependent Eligibility Verification services for self-funded insurers, go to www.ConSova.com.

About ConSova

Founded in 2003, ConSova is one of the first companies on the market to provide eligibility verification and health care cost-containment innovation for self-insured companies of 1,000 employees or more. Eligibility audits conducted by ConSova are comprehensive and subject every employee who covers a dependent to eligibility verification. Leveraging unparalleled expertise in human resources, benefits and health care planning, the company delivers average savings of more than 15 times ROI based on work with nearly 200 clients nationwide. Unlike others in their space, one hundred percent of ConSova's services are handled within the US. For more information, visit www.consova.com.

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