



Manatee County

Clerk of the Circuit Court and Comptroller

R.B. "Chips" Shore

P.O. Box 25400 • Bradenton, Florida 34206 • (941) 749-1800 • FAX (941) 741-4082 • www.manateeclerk.com

MEMORANDUM

To: Jim Seuffert, Financial Management Department Director

From: R. B. "Chips" Shore, Clerk of the Circuit Court and Comptroller

Date: December 23, 2008

Subject: Employee Health Benefits Division Dependent Qualifications Follow-up Audit

The Internal Audit Department has completed a follow-up audit based on the Clerk of the Circuit Court's Audit Report issued on November 18, 2004. This follow-up audit consisted of reviewing the status of the Management Action Plans included from the original audit to ensure that the Division has implemented the appropriate corrective actions and that the controls are properly functioning as of March 31, 2008.

Since the original audit, Employee Health Benefits Division (referred to hereafter as EHB) has changed their third party administrator agreement effective October 15, 2007 to WLT Software Enterprises, Inc. and MediTPA, LLC (referred to hereafter as WLT). Due to the conversion problems with the new system, it is difficult to determine whether EHB has made improvements to the areas identified from the original audit report. EHB did, however, establish eligibility rules for dependent children ages 19-25, including students and handicapped children older than 19. In addition, all employee files and supporting documentation are now scanned and automated, reducing the reliance on paper files. The following areas identified below continue to require management's attention:

1. During the first enrollment period using WLT for calendar year 2008, several conversion problems were identified by EHB. While EHB made a concerted effort to manually make corrections, they were not confident that all corrections were made. Testwork confirmed that discrepancies continue to exist. These included, but were not limited to, listing all employees' dependents as covered whether they were previously covered or not, misclassifying all dependent children as "natural born," and classifying all employees as single and female.

Management Action Plan: Effective May 21, 2008, WLT amended their contract and replaced MediTPA, LLC with Third Party Benefits of Florida, Inc. As a result, new eligibility software was provided and management believes that this software will correct the classification problems of employees and their dependents. Management has also established procedures with the insurance coordinators to ensure the information included in the WLT system is consistent with the new 2009 enrollment forms.

2. EHB needs to strengthen their monitoring system to ensure documentation of eligibility requirements is obtained and properly scanned into OnBase. Onbase is EHB's document imaging software where documentation is electronically maintained. Testwork confirmed that documentation was not always obtained from employees. Discussion with management appears

to indicate a weakness in monitoring follow-up actions necessary to obtain the missing documentation. In addition, some of the applications scanned into OnBase were found to be incomplete including missing dates, missing signatures, and eligibility questions not answered. EHB needs to strengthen employee training regarding review of documentation obtained from employees to reduce incomplete or inaccurate documentation from being accepted.

Management Action Plan: Management will increase training of in-take personnel to ensure all documentation is complete and accurate before being scanned into OnBase. In addition, management will work with WLT to strengthen missing documentation follow-up by developing a "flagging" system for incomplete documentation that can be seen by claims processors to alert them not to pay any claims for employee dependents where there is missing documentation. Management anticipates implementation by June 2009.

3. Software System controls are not currently used to terminate dependent coverage when dependents reach a certain age that makes them ineligible for insurance benefits. EHB's Plan Document allows for coverage of dependent children between the ages of 19 and 25 if certain conditions are met. The Plan Document also allows covered dependent's children (grandchildren to the employee) to be insured under the plan up to 18-months of age. Testing found that these types of dependents were not having their insurance benefits terminated timely.

Management Action Plan: Management will begin using the software's ability to place termination dates. These termination dates will automatically remove dependents from the plan when they are no longer eligible for County's insurance benefits. Management anticipates implementation within six month.



Manatee County

Clerk of the Circuit Court and Comptroller

R.B. "Chips" Shore

P.O. Box 25400 • Bradenton, Florida 34206 • (941) 749-1800 • FAX (941) 741-4082 • www.manateeclerk.com

4. EHB has not recertified current employees and their dependants since 2005. Recertification consists of answering questions on eligibility of dependents. These questions determine whether dependents meet the Plan Document's eligibility requirements to participate in the County's insurance plan. Questions to determine a child's eligibility include whether they live in the employee's home, are under the age of 25, unmarried, dependent on the employee, work outside of the home, enrolled in school, and are handicapped. Depending on how these questions are answered will determine what documentation is required to prove eligibility.

Management Action Plan: For 2010 plan year and every year thereafter, management will recertify all dependents by including eligibility questions for both dependent spouse and children during open enrollment.

5. The pre-existing conditions limitation contained in the 2005 Plan Document has not been changed and still includes wording that does not appear to be in compliance with 29 CFR 2590.702 (Subpart B HIPAA). EHB has submitted a new and updated plan document to the County Attorney's Office in April 2007. Since that time, EHB has been forced to work from the 2005 Plan Document pending the approval of the new document.

Management Action Plan: Management will follow-up with the County Attorney's Office on the status of the approval of the updated plan document. In the meantime, management will research the possibilities of using an outside service that is in the business of maintaining insurance plan documents consistent with current law. Implementation is anticipated by June 2009.

6. EHB has not developed policies and procedures which define the documentation standards used to obtain and ensure that proof of eligibility accepted is appropriate. EHB does provide training to all new Insurance Coordinators and to existing Insurance Coordinators as changes occur. EHB continues to utilize the brochures from the 2005 audit as a guideline for determining whether dependents are eligible, and what documentation is required to prove eligibility.

Management Action Plan: Management will establish and distribute written policies and procedures regarding standards used to obtain required proof of eligibility for all covered dependents. Implementation is anticipated by June 2009.

We would like to thank you and your staff for the attention given to the audit findings and the cooperation given to the Internal Audit staff. Another follow-up audit will be scheduled after the implementation of the Management Action Plans.

RBS/RJO/MDB/ALW

cc: Board of County Commissioners
Ed Hunzeker, County Administrator