



Application for 2009 Outstanding County Program Awards

County (if multi-county entry, list all): Durham County

Submitted by: Diane C. Pearson Title: Benefits Manager

Address: 200 East Main Street, 3rd floor, Durham, NC 27701

Phone: 919-560-7930 E-mail: dpearson@co.durham.nc.us

The Association encourages electronic submissions. E-mail the application and project/program description to Todd McGee at todd.mcgee@ncacc.org. You can also fax your entry to (919) 733-1065 (attn. Todd McGee), or mail it to: NCACC, 215 N. Dawson St., Raleigh, NC 27603. Applications must be postmarked by **Friday, Feb. 26, 2010**.

Projects/programs must have been implemented between Jan. 1, 2008, and Dec. 31, 2009. For additional information and category criteria, visit www.ncacc.org/awards/ocpa/about.html.

Project title: Dependent Eligibility Audit

Category (you may check more than one):

General Government Human Services Public Information/Participation

Address each of the following questions in a typed program/project summary in a separate Word document attached to this application form. Limit your responses to two pages. Use single-spaced lines and 12-point, Times New Roman font. Supporting materials may be submitted, but due to time constraints, judges may not review the materials.

1. What are the purpose, history, timeline and budget of the program/project? Will the county realize any projected cost savings? (For public information/participation programs, please try to estimate participation levels).
2. What makes the program/project unique? How does it differ from similar projects in your county or in other counties?
3. How well did the program use available resources, given the limitations on such resources?
4. Can this project be duplicated in other counties? If another county wanted to do a similar project, what advice would you give them to minimize obstacles and problems?
5. How did the project involve collaboration with other agencies, jurisdictions, nonprofits, businesses, etc.? How well did this collaboration work and is it on-going?

Durham County

Application for 2009 Outstanding County Program Awards

Durham County Government
Dependent Eligibility Audit

Diane C. Pearson, Benefits Manager



09

1. What are the purpose, history, timeline and budget of the program/project? Will the county realize any projected cost savings?

Durham County Government (DCG) funds a comprehensive benefits package for its 1,774 benefits-eligible employees (and 386 benefits-eligible retirees) that includes employee health and dental insurance, family vision coverage, and life and accidental death and dismemberment insurance at one times the employee's salary. Maintaining the County's ability to provide this broad benefit array in today's economic environment is challenging. To this end Durham County implemented its first Dependent Eligibility Audit in October of 2009 to fulfill its fiduciary responsibility by ensuring only eligible spouses or dependents are covered under its health, dental or vision plans.

Employees who covered a spouse and/or dependents on one or more of the County's health, dental or vision insurance plans received a letter mailed to their homes in early October describing the audit process. The period of October 12th through October 23rd was an amnesty period during which employees had the opportunity to voluntarily remove an ineligible spouse or dependent from our plans without consequence. Employees wishing to do so submitted a written request to the Human Resources Department no later than October 23rd.

A verification phase beginning October 23rd and ending December 18th followed the amnesty period. During this time period, employees were to provide documentation to Human Resources that verified their spouse and dependents' eligibility for coverage under our plans. Copies of a marriage license, birth certificates or court orders mandating coverage comprised the required documentation. In addition, employees wishing to cover dependents ages 18-25 had to sign and notarize a declaration stating they had claimed those dependents on their most recent tax filing.

Reminder emails, intranet postings and letters sent via interoffice mail were used to help employees remember to submit these important documents by the December 18th deadline.

Failure to provide the appropriate documents on December 18th caused employees' spouse or dependent coverage to end effective December 31st, 2009, with employees responsible for any claims incurred thereafter. Also, anyone found claiming someone who was not eligible to be covered as a spouse or dependent would be subject to discipline up to and including termination of employment. Retirees with health, dental or vision coverage were also required to meet the audit requirements. The end result included:

- 16 spouses and approximately 20 dependents were removed from medical coverage
- 25 spouses and approximately 27 dependents were removed from dental coverage
- 68 spouses and approximately 66 dependents were removed from vision coverage

The estimated monthly savings from claims and administrative service fees totaled \$48,296.00.

2. What makes the program/project unique? How does it differ from similar projects in your county or in other counties?

Durham County Government benefit staff did not know of any other area municipalities/local governments that had undertaken a dependent benefits audit. Though such audits are becoming common within private industry (General Motors and Ford began conducting audits in 2002 and

2003) we could not find reviews of audits conducted within local government. We created our audit process by using tips from private industry audit experts on conducting effective and efficient eligibility audits.

3. How well did the program use available resources, given the limitations on such resources?

We conducted our audit with no external help. Benefits staff used departmental mailing funds to mail audit letters only to those employees and retirees with a spouse or dependents on health, dental or vision insurance. This totaled 1,006 out of 1,774 benefits-eligible employees, and 56 out of 386 benefits-eligible retirees. One employee folded the letters and stuffed the envelopes over a period of two days.

Our Benefits Manager wrote an article with the audit details for inclusion in the October Human Resources newsletter posted on the County's intranet. She sent a County-wide email reminder in mid-November, and sent individualized hard copy letters to employees' internal mailboxes (and to retirees' homes) in early December.

Human Resources staff reviewed all submitted documentation and entered their receipt in a database. Documentation hand-delivered by employees was reviewed and promptly returned to them, while documents sent via interoffice or U.S. mail were shredded after review.

Spouse and dependent health, dental and vision coverage was terminated effective 12/31/2009 if the required documentation was not received. These spouses and dependents were deemed ineligible for coverage. Employees received a hard copy letter detailing the terminated coverage in their internal mailbox in early January. They have an opportunity to add a spouse or dependents to our health, dental or vision coverage during our April 2010 Open Enrollment for an effective date of 7/1/2010. At that time they will be required once again to provide the necessary documentation.

4. Can this project be duplicated in other counties? If another county wanted to do a similar project, what advice would you give them to minimize obstacles and problems?

This project could easily be duplicated in other counties as it required no specialized skills or equipment. We encountered no major obstacles or problems.

The support of our County Commissioners and Administration was key to the success of our audit. Our Commissioners and administrators complied with the documentation requirements and served as very effective role models for those few employees who raised concerns.

5. How did the project involve collaboration with other agencies, jurisdictions, nonprofits, businesses, etc.? How well did this collaboration work and is it on-going?

This project did not involve other agencies, jurisdictions, nonprofits or businesses.