



Know Your Benefits

Dependent Eligibility Audits

With health care costs continuing to rise, many employers are turning to their health plans to cut costs. Making sure their health plans cover only those who are eligible can be a significant cost saver for employers. Often, employers will conduct a dependent eligibility audit to do just that.

The purpose of a dependent eligibility audit is to identify dependents that should not be covered by the plan and terminate the coverage of these individuals. Examples include children that have reached the maximum age limit, divorced spouses, or friends, roommates or other relatives ineligible for coverage. Keep in mind that the Affordable Care Act requires health plans with family coverage to cover children up until age 26.

How It Works

In some cases, you will be asked to answer a series of questions or a questionnaire regarding anyone whom you have enrolled for coverage as one of your dependents.

The questions will specifically address the plan's dependent eligibility rules and will most likely request the ages of your children and your current marital status. Ineligible dependents can first be identified by the employer based on your responses to the questionnaire.

In other cases, you will be asked to review the plan's eligibility rules and determine whether your enrolled dependents are actually eligible for coverage based on those rules.

Amnesty Period

Once you've completed the questionnaire or reviewed the plan's eligibility rules, you will be able to determine if any of your dependents are deemed ineligible. Most employers will establish a period of amnesty when employees can voluntarily remove ineligible dependents with no penalty. Employers generally give you one month to respond, and ineligible dependents that are voluntarily removed by employees are terminated from the plan at the end of the following month.

Dependents Remaining on Your Plan

For all remaining dependents after the initial amnesty period, employers typically require you to provide documentation to verify your dependents' eligibility. The documents must establish a dependent relationship with you, the employee. Examples of required documentation may include:

- Marriage certificates
- Domestic partner affidavits
- Legal documents that establish custody, guardianship or foster care
- Student transcripts
- Birth certificates
- Tax forms
- Medical documentation of disability
- Adoption papers

Possible Penalties for Ineligible Dependents

If an employee is unable to verify a dependent relationship, the employer may impose penalties, terminate coverage under the plan or seek reimbursement for the claims paid for ineligible dependents.



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While some cases of dependent ineligibility can be accidental, such as forgetting to remove your child from your plan after he or she reaches the maximum age limit, others are intentional, and this is a very serious issue in the eyes of the employer. The health plan's ability to provide for its intended beneficiaries is significantly compromised when ineligible dependents receive benefits.