

Dependent Verification Helps Municipality Cut Costs without Sacrificing Benefits

WINTER 2011

A CASE STUDY

Industry:

County Municipality

Business Challenge:

Cut costs without cutting employees or benefits from an already lean budget.

Solution:

ContinuousHealth's DA² Solution for dependent eligibility verification.

Results:

ContinuousHealth found 5.8% dependents ineligible for benefits coverage. By removing these dependents, the municipality identified a potential annual bottom-line savings of \$1,495,200.00. The project achieved maximum compliance with 99.2% of employees responding to the verification.

Business Challenge

A county government in the north needed to cut costs for the 2010 fiscal year. With an already lean budget and no desire to reduce staff, municipality leadership knew the health care plan would be first up for fiscal scrutiny. The county wanted to remain competitive with their benefits offerings, though, in order to continue to attract top staff. They needed a way to maximize return and free up capital while minimizing business disruption.

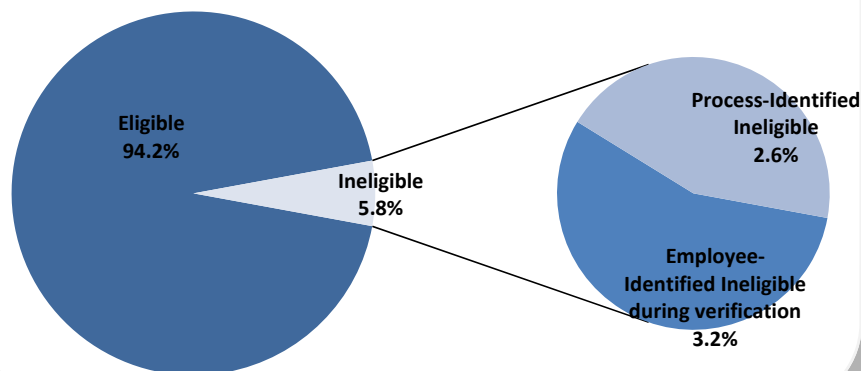
Solution

The county's broker knew a dependent eligibility verification project was the answer. They recommended ContinuousHealth and the DA² Solution as a trusted partner with a project that had granted success for similarly situated clients. The dependent eligibility verification project promised a high return on investment with minimal business disruption. Additionally, the project further aligned the Human Resources Department for the county with its goals to enhance the organization's performance.

With two phases aiming to operate as an extension of the Human Resources Department, ContinuousHealth's DA² Solution allowed the county to care for employees without adding stress to the in-house Human Resources team. Dependent Audit, the first phase, identifies ineligible dependents, an exposure risk which regularly make up 5-12% of group plan participants. The second phase's soft landing, Dependent Alternative, offers employees the opportunity to utilize



Dependent Status Post-Verification





Total Annual Savings	
Total Ineligible Dependents	356
Average Annual Cost per Dependent	\$4,200
Current Projected Savings	\$1,495,200.00

ContinuousHealth's proprietary technology in a voluntary and confidential integrated management of hundreds of non-group health insurance alternatives for dependents identified as ineligible during the Dependent Audit.

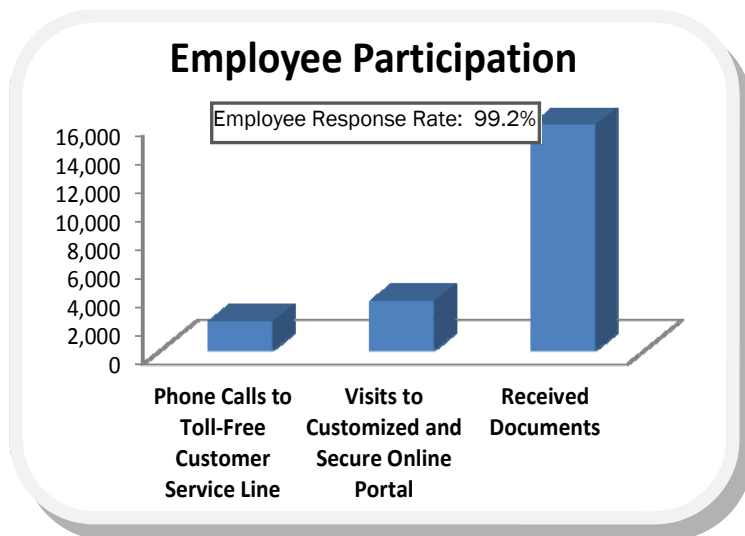
ContinuousHealth has found, over the course of over 250 dependent eligibility verification projects, that only about 1/3 of ineligible dependents are the result of fraud. The rest are due to lack of education, employees who believe their dependents are truly eligible for coverage. These dependents represent a huge exposure risk. Through this verification, employees were guaranteed eligibility for coverage through either the group plan or the ContinuousHealth Dependent Alternative program. Identifying ineligible dependents allowed the county to better meet its governmental mission to serve the citizens through fiscal responsibility.

Results

The ContinuousHealth dependent eligibility verification project met and exceeded its goals. Leadership saw an immediate **return on investment of 16.88**. The DA² solution identified that **5.8% of dependents on the group health plan were ineligible**, representing the low end of the 5-12% nationwide average. Even with this lower percentage, the project freed up **\$1,495,200.00 in annual savings** beginning the first year.

Additionally, the project effected a nearly 100% employee response rate, showing minimal business disruption with maximum results.

In the end, the ContinuousHealth DA² Solution allowed the county municipality to maintain continued and unchanged coverage for employees. The project promoted fiduciary responsibility and freed up capital, allowing the government to better serve the community.



Continuous Health

ContinuousHealth reduces healthcare costs by simplifying the increasingly complex choices in healthcare insurance.

We integrate proprietary technology to create unique, turn-key applications that deliver immediate return on investment for employers and individuals.