

Dependent Eligibility Verification Wrings Waste from Operations at Ohio Steel Manufacturer

WINTER 2011

A CASE STUDY

Industry:

Steel Manufacturing

Business Challenge:

Cut costs despite already stringent eligibility requirements

Solution:

ContinuousHealth's DA² Solution for dependent eligibility verification.

Results:

ContinuousHealth found 6.9% dependents ineligible for benefits coverage. By removing these dependents, the steel manufacturer identified a potential annual bottom-line savings of \$1,299,319.00. The project achieved maximum compliance with 99.0% of employees responding to the verification.

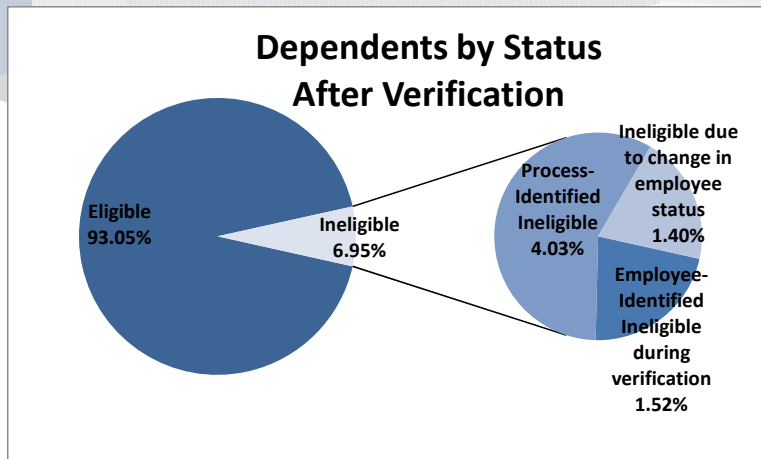
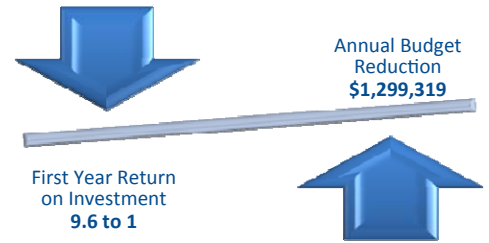
Business Challenge

The manufacturing industry was hard hit during the 2009 economic downswing, and an Ohio-based steel manufacturer knew it had to cut costs in order to stay ahead of competitors. One of the first targets was the employee group benefits plan. The benefits of investigating the plan were too good to ignore: further compliance with government sanctions like ERISA as well as freeing up capital.

Solution

When the steel manufacturer's broker recommended a dependent eligibility verification project, the Human Resources department was concerned about the internal perception associated with this type of cost savings initiative, as this employer was voted one of the top 100 places to work from a benefits standpoint. This manufacturer had also been utilizing advanced control procedures, including checking birth and marriage certificates to verify dependents, for the past three years. The HR team was unsure about this project's ability to identify ineligible dependents and help solve the issue of freeing up much needed capital. Leadership was convinced, though, that ContinuousHealth's DA² Solution for dependent eligibility verification was a no-risk effort, since ContinuousHealth guaranteed a 3 to 1 return on investment.

The two part approach to ContinuousHealth's DA² Solution appealed to the steel manufacturer's leadership as a process potentially more rigorous and therefore rewarding than the current method of verification. Phase 1 begins with identifying ineligible dependents, Dependent Audit, recognizing an exposure risk that regularly makes up 5-12% of group plan participants. Dependent Alternative is the second-phase response to Dependent Audit. Phase 2 allows employees to utilize a voluntary and confidential integrated solution, managing hundreds of non-group health insurance alternatives, to



“Two things surprised me about this project: that we had a problem at all and the absence of employee push back.”



Vice President of Benefits

Total Savings	
Total Ineligible Dependents	443
Average Annual Cost per Dependent	\$2,933
Current Projected Annual Savings	\$1,299,319

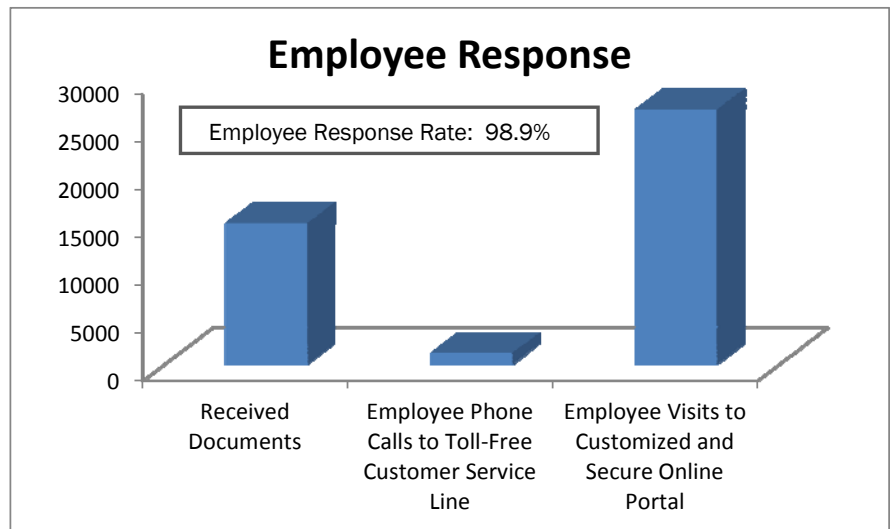
find coverage for dependents identified as ineligible during the Dependent Audit. The soft landing was appealing for the steel company, since employees were already undergoing eligibility checks.

ContinuousHealth’s proprietary technology proved invaluable for the steel manufacturer’s verification. Instead of manual spreadsheets and bulky physical files as with previous in-house verification, all the manufacturer’s employee data was streamlined into an automated system, with spreadsheets and savings reports available at the click of a button. For the Human Resources team, this transition was invaluable. They were free to focus on other aspects of their job while still maintaining clean and compliant insurance records.

Results

The dependent eligibility verification project with ContinuousHealth saw an immediate 9.6 to 1 return on investment for the steel manufacturer.

The company’s Human Resources team, especially, was astounded by both the results and the lack of employee pushback. Despite utilizing advanced control procedures for the past three years, 6.9% of dependents on the group health plan were found ineligible. The DA² Solution reduced exposure by over \$1 million in the first year alone. Throughout the project, that had only one complaint reach their office. The Human Resources team felt that the project ran particularly smoothly and reached employees successfully, as evidenced by the 97.5% employee response rate.



In the end, the ContinuousHealth DA2 Solution for dependent eligibility verification achieved minimal disruption with maximum results and return on investment for the steel manufacturer and their leadership team.

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.