

Dependent Verification Secures Bottom-Line Savings for Health Care Company

WINTER 2011

A CASE STUDY



Industry:
Health care

Business Challenge:
Cut rising health care costs and become more compliant.

Solution:
ContinuousHealth's DA² Solution for dependent eligibility verification.

Results:
ContinuousHealth found **14.2%** dependents ineligible for benefits coverage. By removing these dependents, Noland identified a potential **annual** bottom-line savings of **\$321,550.00**. The project achieved maximum compliance with **93.7%** of employees responding to the verification.

Business Challenge

Noland Health Services, a not-for-profit health care organization, was looking for new ways to control their rising health care costs. In addition, they wanted to take every step necessary to ensure that they were in compliance with ERISA and Sarbanes-Oxley.

Solution

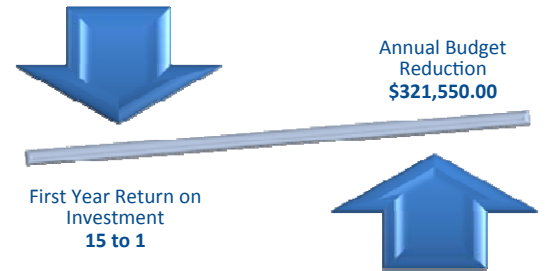
Nationwide research shows that between 5-12% of dependents on group coverage are actually ineligible, and having never conducted a dependent eligibility verification, Noland suspected that their plan was no different. Noland hoped that removing these ineligible dependents from their plan would significantly reduce their overall health care costs, allowing them to continue to provide cost-effective benefits to their eligible employees and their dependents.

Without enough time or internal resources to perform an objective internal audit, Noland turned to ContinuousHealth. To meet Noland's objectives while taking their values and corporate culture into consideration, ContinuousHealth recommended DA² (Dependent Audit & Dependent Alternative). DA² quickly lowers employer health care costs and associated risks by identifying dependents who are not eligible while simultaneously finding these dependents alternative health coverage.

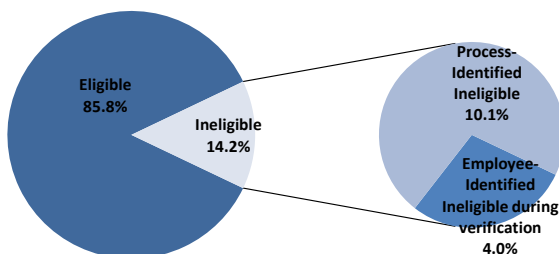
Results

The audit found 14.2% of dependents currently covered to actually be ineligible for benefits. By removing these dependents, Noland identified a potential annual, bottom-line savings of over \$321,000.00. The project achieved a high response rate, nearly 94% of employees responding, which reduced business disruption and maximized return on investment. DA² accomplished the company's goal of reducing health care costs while continuing to provide cost-effective benefits to eligible

employees and their dependents. Conducting a dependent eligibility audit helped Noland educate its employees about the importance of following benefit guidelines and raised awareness about how ineligible dependents significantly increase costs for eligible participants.



Dependent Status Post-Verification



Total Noland Savings

Total Ineligible Dependents	109
Average Annual Cost per Dependent	\$2,950
Current Projected Savings	\$321,550