

Press Release

HEALTHCARE REFORM WON'T ELIMINATE THE PROBLEM OF INELIGIBLE DEPENDENTS

ATLANTA, GA, May 3, 2010 --While it sounds counterintuitive, any time the eligibility criteria is expanded, we find more ineligible dependents enrolled in health plans. With the passage of healthcare reform, all plans will be required to change their eligibility criteria to include children up to age 26. For most plans, this change will be required beginning January 2011.

Many people are asking whether this change will eliminate the problem of ineligible dependents. Based upon our experience at ContinuousHealth, we believe this change could actually increase the number of ineligible dependents on many health plans.

There are three sets of facts that reinforce our conclusion:

1. The problem of ineligible dependents is not confined to a specific age range. In a recent study of over 50 Dependent Eligibility Verification Projects, 33% of the ineligible dependents identified were over age 26 and 43% were under age 20. These "ineligible dependents" were ex-spouses, brothers, sisters, nephews, nieces, grandchildren, non-resident stepchildren and completely unrelated individuals who will never be eligible for most plans regardless of their age. Said another way, only 24% of the ineligible dependents identified fell within the age range affected by the mandated change as a result of healthcare reform. When you take a deeper dive into the remaining 24%, it is apparent that over half of these individuals were ineligible for the same reasons of the ineligible dependents that fell outside the age range – they simply were not relatives that qualified according to their health plan's eligibility rules.
2. Healthcare reform allowed for the exclusion of particular certain over-age dependents until 2014 if the plan is a "Grandfathered Plan". For these Plans, an over-age dependent that is employed and has access to employer-sponsored health insurance is not entitled to enrollment in their parent's plan. Based upon our experience when helping employers enforce "Spousal Exclusion Provisions" (where the pricing or availability of the plan is based upon the Spouse's ability to enroll in their own employer's coverage), we find that twice as many dependents have access to other coverage than the number who voluntarily admit they have access to another employer-sponsored plan. Given that in many cases the parent may be making a decision to enroll their over-age child into their own plan (for no additional premium if they are already in a family tier), it is reasonable that they may try to save their child some money by "helping" them

avoid their Employee Only contribution into their own plan. [Note: ContinuousHealth has developed a proven method for testing for this condition.]

3. We have discovered on numerous occasions that the broader the eligibility criteria, the more ineligible dependents. Whether the root cause of this is tied to fewer controls being enforced for plans with broad criteria or greater confusion on the part of the employee is not certain. In repeated parallel tests of health plans in similar industries with the same administrator, the plan with the broader eligibility criteria has the higher percentage of ineligible dependents.

The mandated expansion of dependent eligibility will not eliminate the problem of ineligible dependents. Wherever the lines are drawn, someone will always attempt to cross them. Ineligible dependents represent excess cost and compliance risk for Health Plan Sponsors and exposure to denied claims for their employees. There are only three ways to eliminate the problem of ineligible dependents – you can either let everyone on the plan regardless of their relationship to the employee, eliminate coverage for all dependents, or hire a firm like ContinuousHealth to conduct a comprehensive Dependent Eligibility Verification Project. We will customize a plan to meet your specific goals and tailor the implementation to match the culture of your company. Our employee-friendly approach, proprietary technology and “soft landing” will deliver a project that provides maximum results with minimal disruption. Our delighted customer references are available to provide you their perspective and the benefit of their experience. We are here to help you. Please contact us.

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