

FELRA & UFCW H&W

Dependent Eligibility Audit

June 20, 2014

HMS Divisional - Company Profile

- HMS' Employer Solutions division was one of the first in the marketplace to offer broad-based comprehensive dependent eligibility audits, with the first audit conducted in 2003.
- Nearly 900 audits successfully completed for clients all across the country in many different market segments over the past 10 years.
- **40+ Union Trust Fund Clients**
- Our dependent audit clients have saved over \$2.5 billion through our auditing services.
- Over 3.5 million dependents have been verified.
- The only provider of DE Audit Services exclusively endorsed by the American Association of School Administrators (AASA)



HMS Union Trust Fund Clients

- **UFCW Local 1262 - NJ**
- **UFCW Local 152 - NJ**
- **UFCW Local 1262 - NJ**
UFCW & Participating Food Industry Employers Tri-State H & W Fund - NJ
UFCW & Participating Food Industry Employers Lion's Gate H & W Fund - NJ
- **UFCW of Southwest Ohio**
- **UFCW Local 227 - KY**
- **UFCW Benefit Trust Fund -Northern CA**
- **UFCW Benefits Fund – Southern CA**
- **UFCW Local 1564 - New Mexico Health & Welfare Fund**
- **UFCW AZ & Employers Health Trust Fund**
- **UFCW Southern California Drug Trust Funds**
- **UFCW Central OH**
- **Teamsters Local 631 - Las Vegas**
Teamsters Miscellaneous Security Trust Fund – CA
- **Northern CA General Teamsters Security Fund**
- **Directors Guild of America - Producer Pension & Health Plans - CA**
- **Industry and Local 338 Welfare Fund – NY**
- **Eight District Electrical Fund – CO, MT, UT, WY, ID**
- **Southern CA IBEW-NECA Health Trust Fund**
- **Southern California UFCW Drug Trust Funds**
- **IBEW Local 98 - PA**
- **International Union of Painters & Allied Trades (IUPAT)**
- **Food Employers and Bakery and Confectionery Workers Benefit Fund of S. CA**
- **Bay Area Delivery Drivers - CA**
- **East Bay Drayage Drivers - CA**
- **Southeastern Iron Workers - GA**
- **I.U.O.E. Local 4 Operating Engineers – NY**
- **1199SEIU Benefit and Pension Funds - NY**

Dependent Eligibility Audit

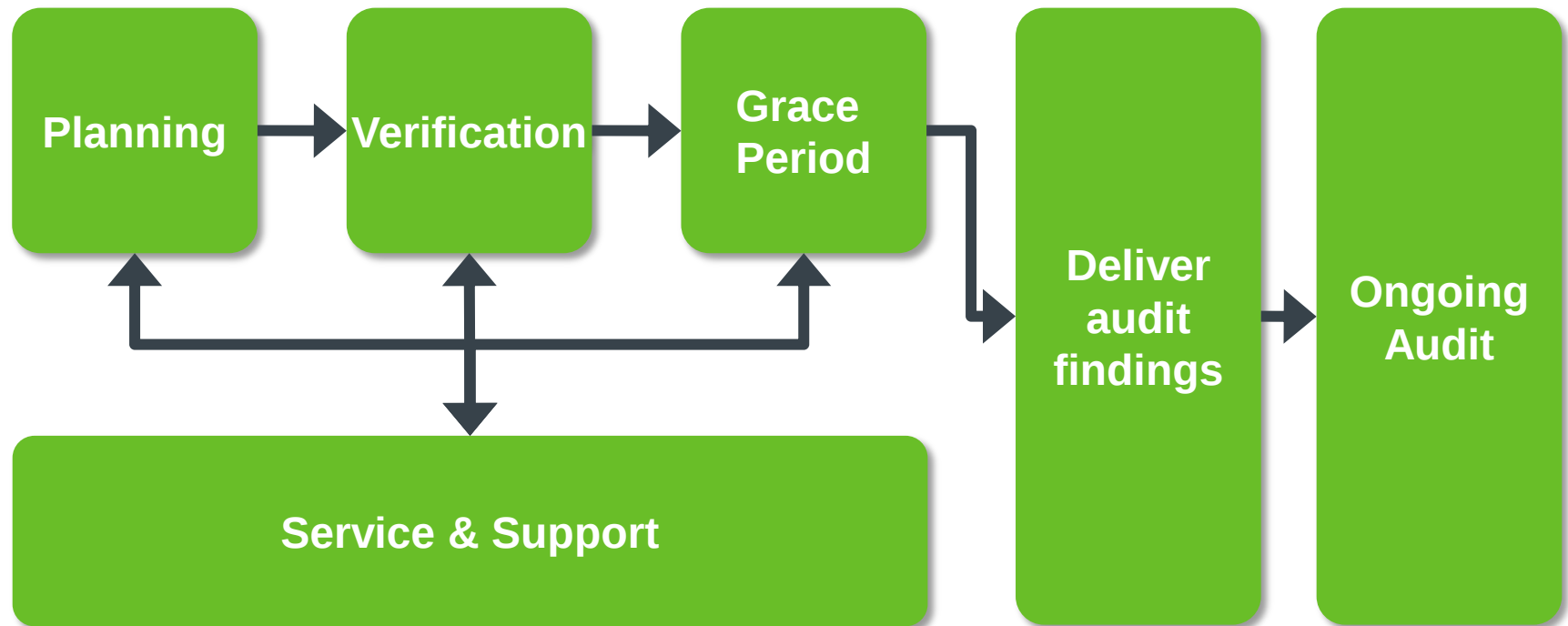
The objective of the Dependent Eligibility Audit is to ensure that all dependents enrolled in the plans meet the definition of an eligible dependent by requiring members/retirees to provide documentation to verify eligibility.

Dependent Audit – A Great Idea!

- On average, 5-8% of dependents are found ineligible
- Cost savings/avoidance (\$3,500 per dependent/year)
- ACA fee savings (\$63 per covered life)
- Compliance and reduced risk
- Benefits everyone who should be on the plan



DEA Process – High Level



Planning Phase

During the Planning Phase, most of the aspects of the project are defined and documented using a proprietary project workbook.

Confirm and finalize the project timeline and plan

Analyze SPD rules and guidelines to define the required verification Documents

Complete design of member communications - letters, emails, etc.

Customize the FAQ documents

Finalize the website content for members

Define and testing the enrollment data file

Determine client's additional information collection needs

We recommend allowing 30 days for the Planning Phase.

Internal Communications – Pre-Announcement

Organization newsletter

HR newsletter

Online newsletter

Paycheck stuffers

Broadcast e-mail or voice mail

Desk drops

Bulletin board

Shift huddles

Local HR meetings

Kiosks

Intranet



What communication channels work best to reach your plan members?

Verification Phase



First Letter

A customized co-branded letter that lists the dependents on the plan, the rules for eligibility and the required documentation to be submitted by the plan member. Includes a detailed FAQ and Business Reply Envelope.



Reminder Notice

An automated reminder notice can be used midway through the verification phase.



Second Letter

Approximately two-thirds of the way through the process, a second letter will be sent which explains the consequences of a non-response and provides a final opportunity to comply.

Responses can be submitted via mail, fax or document upload.

Verification Communication

During the Verification Phase it's important to provide outbound communication...

Confirmation Postcard or Email

If the plan member is in full compliance, a confirmation postcard or email will be sent.

Custom Response Letter

For incomplete submissions, a customized response letter will be sent. This letter will highlight the areas of non-compliance and request that the plan member provide additional information.

Term Confirmation

For plan members that elect to remove one or more dependents, a termination confirmation letter is sent, along with the appeals process to ensure that the intentions of the plan member are properly captured.



We recommend allowing 45 days for the Verification Phase.

Grace Period

HMS achieves a greater than 95% average participant response rate during the Verification Phase. However, there will be some who choose not to respond...

We advise our clients to include an **unpublished** grace period to reach out to non-responders. This also provides the opportunity to communicate the appeals process.

Final Notice of Adverse Action Letter

Outbound Calls (personal or automated)

E-Mail

Personal HR interaction

Other...



Centralized & Unified Service

Integrated processing, mail intake, and call centers

Advantages...

Reduced security risk

Better service to you and your members

Speedier resolution of issues

Engineered and scalable model



USA Based Call Center

All calls recorded and logged

Custom software with *focused* reporting

Interactive voice response system available for client inquiries 24/7

Staff available 8:00am to 11:00pm EST with optional extended hours

10:1 staff to supervisor ratio

Multilingual associates and over 150 languages supported

Technology



Purpose built proprietary audit technology AuditOS™

Supports and tracks entire audit process

Securely houses all audit data

Auto adjudication based on plan rules/documents received

Workflow system and document imaging automate the process

Enhanced experience through secure web portal

Extensive standard and ad-hoc reporting

Custom Website & Portal

Access to information 24/7

Look up status

Review FAQs

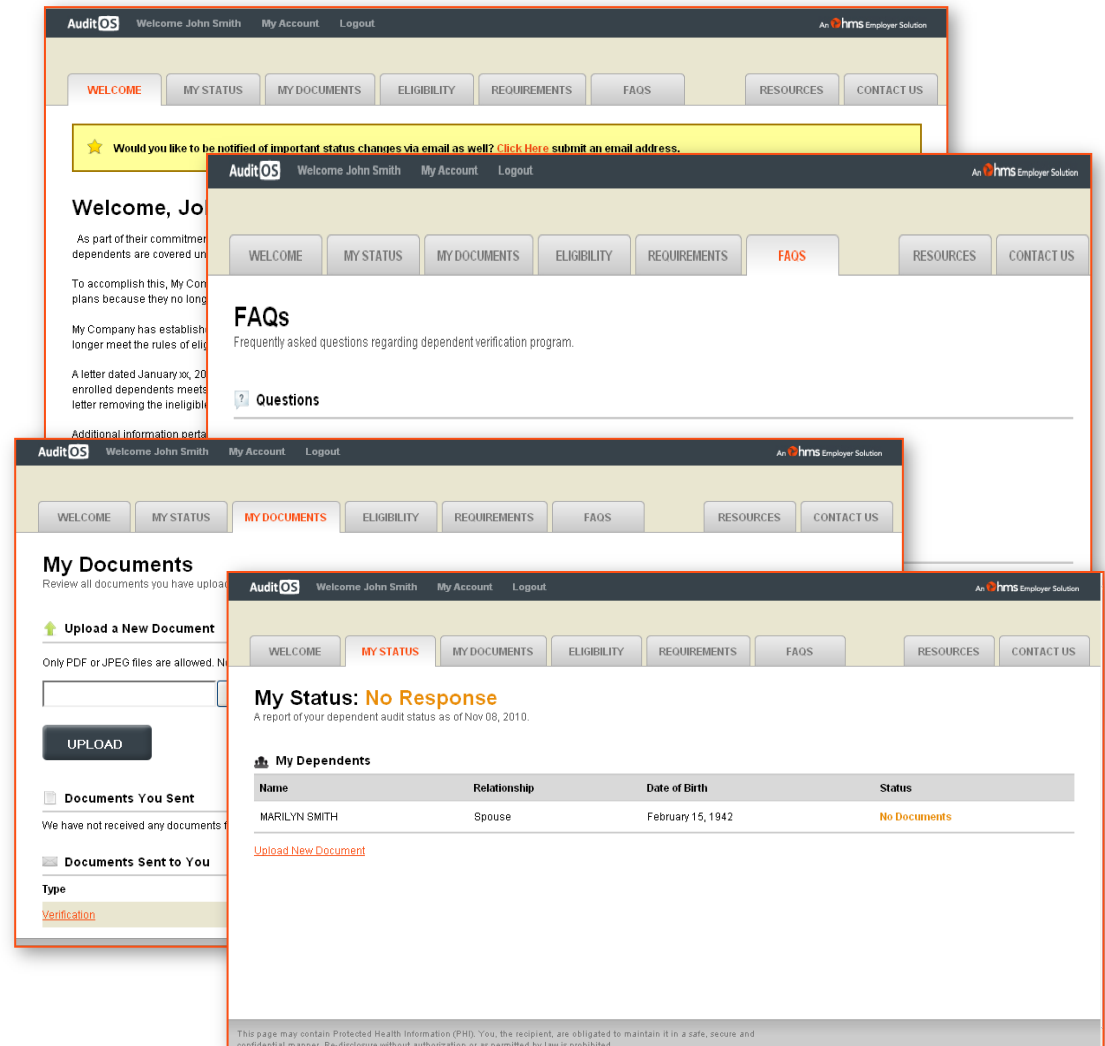
Review eligibility rules

Determine where to source documents

Ability to ask questions

Document upload

Copies of communications



Unique to HMS: Mobile Access

Members may now upload documents via their mobile devices!

- **Convenient.** Audit OS is now accessible via mobile devices.
- **Easy.** Participants can now submit documentation, check statuses, and more via mobile devices.
- **Secure.** Same level of security as the Audit-OS website.



Administrative Portal

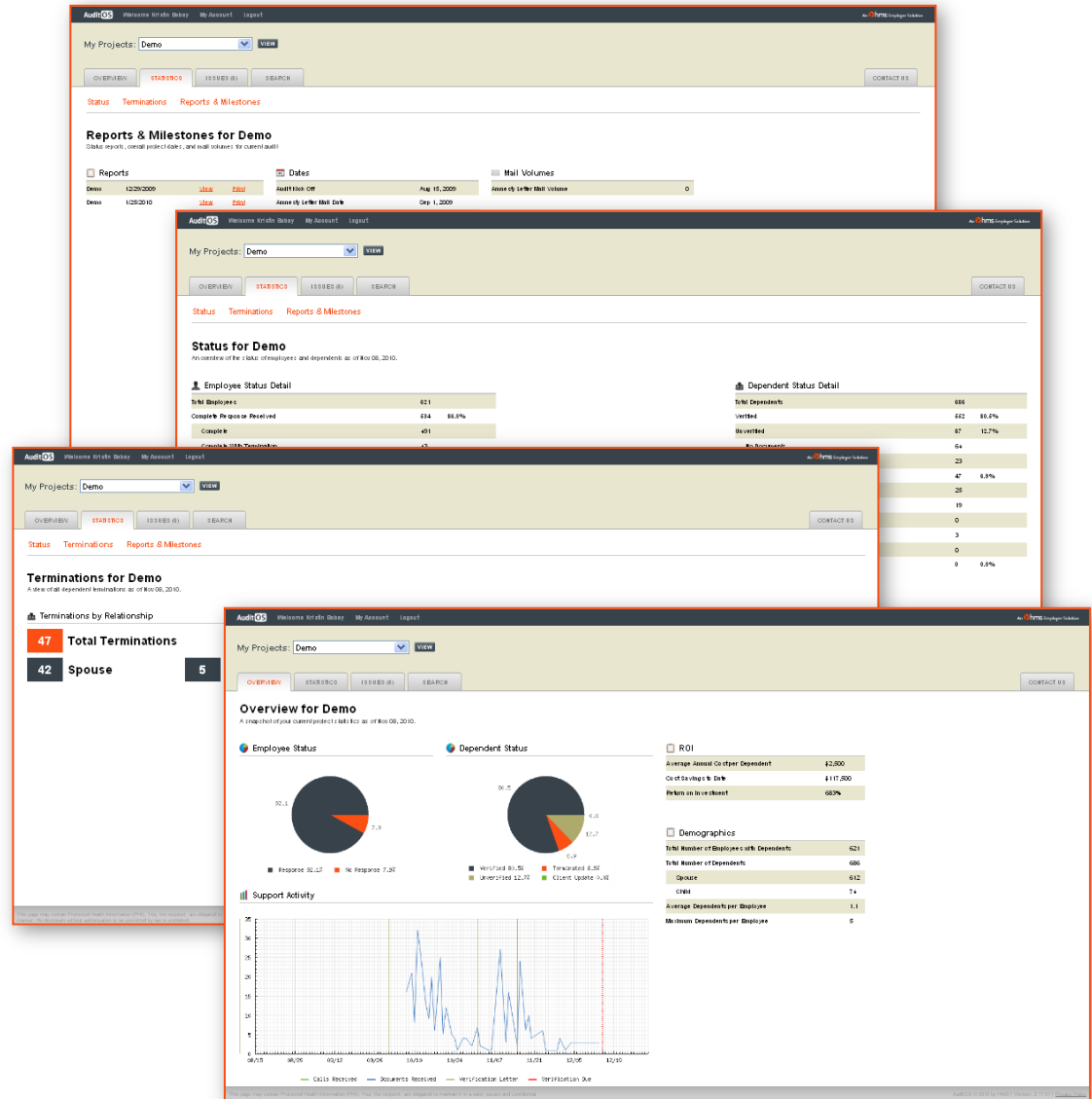
Project Statistics

Work Plan

Issues Log

Status Updates

Member Status



Privacy & Security

Protecting your privacy and personal information is a priority for HMS. We are committed to keeping sensitive information secure.

Fully HIPAA compliant

Third party security audits performed regularly

Data backups stored in a bonded and secured offsite vault

Extensive background checks

IT security measures consistently updated

State of the art firewall

Regular system log audits

Secure facility with badge access

Surveillance cameras

Extensive background checks

Call center reps' activities are restricted



Client Involvement

Provide enrollment data

Establish audit
parameters/definitions

Document approval

Communicate internally

Resolve unusual situations

Take action on results



Value Proposition

ROI Calculation based on an average annual cost of \$3,500 per dependent and an estimated total audit fee of \$77,094 and an initial Dependent count of 11,535

	Conservative (2%)	Moderate (5%)	Typical (8%)
Dependents removed	231	577	923
Annual savings	\$808,500	\$2,019,500	\$3,230,500
ROI	947%	2518%	4089%

4:1 ROI Guarantee: 92 Dropped Dependents (.8%)

*Conservatively based on a 1-Year Return

We guarantee a 4:1 return on your investment!

HMS “Differentiators”

- Proprietary Process = 95% Participation
- Audit OS and Mobile Audit OS
- EXPERIENCE - Project Managers / Call Center
- Proven ability to decrease anxiety of members to make it less “intrusive”
- COMMUNICATION: Easily Understood
- Ongoing / WSP Audit Deliverables
- NEW Point of Enrollment POE - Unique to HMS
- Industry Credibility
- Green Option

Testimonials



“HMS Employer Solutions is an important partner in controlling and managing our benefit costs. We have used their services multiple times, and I recommend them to any company seeking to increase their insight into how their benefit dollars are being spent.” **Susan Murphy**



“I was amazed at how well HMS Employer Solutions handled every complicated situation with ease. HMS Employer Solutions is obviously the best in the business at what they do. The right people were always in the right place at the right time.” **Connie Budzinsk**



“HMS Employer Solutions was very timely in their delivery and very much ‘on their game’ and did exactly what they said they would. I would definitely use HMS Employer Solutions again and recommend them to any large business.” **Bryan Cross**



“We selected HMS Employer Solutions to conduct our first dependent verification program. They did a nice job of not just being a vendor, but a quality, professional business partner. Their expertise was invaluable and their communication flexible to our workforce. As a true testimony, we have selected them to continue to conduct our ongoing dependent verification program that we have now made a regular business practice and not just something we do every 3-5 years.” **Tom Strieker**



“The HMS Employer Solutions team was top-notch and produced results that exceeded our expectations. Their team was very thorough and provided the technical expertise we needed. I would recommend HMS Employer Solutions to anyone thinking of doing a dependent eligibility audit.” **Joe Huxta**



“HMS Employer Solutions has excellent project management and communication processes. Our project went exactly to plan and finished on time and on budget. The project exceeded our expectations.” **Robin Love**

Summary

Comprehensive, integrated and custom communication strategy

Dedicated Project Management

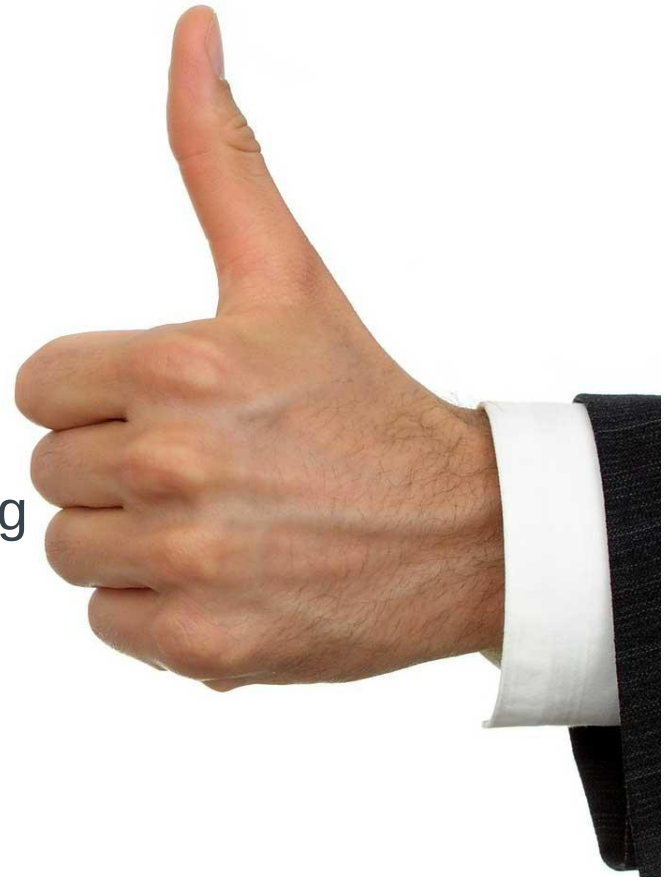
Extensive, experience-based planning

In-house document imaging and processing

Dedicated DE call center

Flexibility

Ongoing process implementation



Provides compliance and offers significant cost savings.

