

VICE PRESIDENT FOR BUSINESS AFFAIRS
AND TREASURER

Muncie, Indiana 47306-0700 Phone: 765-285-1033

October 3, 2012

Re: <u>Important information regarding your healthcare benefits</u>

Dear Employee,

This letter contains important information that could impact your University healthcare coverage – I encourage you to read the entire letter. However, if you do not cover any dependents (including, spouse, children, or a same sex domestic partner) on your healthcare plan, or if you are a retiree over the age of 65, you may disregard this letter.

As part of the health care initiatives announced during Open Enrollment for Fiscal Year 2013, the University will soon begin two audits: 1) a Dependent Eligibility Audit; and 2) a Working Spouse/Same Sex Domestic Partner (SSDP) Audit. As healthcare costs continue to increase at rates exceeding ordinary inflation, employers (including institutions of higher education), are increasingly using these types of audits to help control costs and ensure the continued viability of their insurance programs.

Both of these audits will begin on October 8, 2012 with a completion deadline of November 21, 2012. Ball State University has retained the services of HMS Employer Solutions (HMS), an independent audit firm, to perform these audits on our behalf. HMS specializes in delivering these types of audit services to private and public self-insured employers of all sizes, including Fortune 500 companies, school districts, hospitals and universities such as the University of Michigan, the University of Akron and the University System of Georgia, to name but a few.

You will soon receive a letter from HMS that will provide detailed information regarding the administration of these audits. A summary of the information is outlined below for your reference. Employees without dependents enrolled in the Ball State healthcare plan will not receive any correspondence from HMS.

## Dependent Eligibility Audit

The primary goal of the Dependent Eligibility Audit is to reduce healthcare costs for eligible employees and dependents by eliminating claims for individuals that are not eligible to be covered.

Failure to respond as requested will result in termination of coverage for unverified dependents. To ensure compliance with federal tax laws governing the administration of cafeteria healthcare plans, eligible dependents terminated as a result of not responding may not be re-enrolled without a Qualifying Event until Open Enrollment of 2013. The University will not be able to make any exceptions, as doing so could jeopardize every employee's ability to have their premium dollars be pre-tax. The coverage effective date for eligible dependents added during Open Enrollment will not be until July 1, 2013. Therefore, to avoid loss of coverage for your dependents, it is essential that you respond in a timely manner to the audit requests for information.

In addition, it is important to note that employees who voluntarily remove ineligible dependents during the audit will not be subject to negative action by the University, nor will steps be taken to recover costs for ineligible dependent claims.

## Working Spouse/Same Sex Domestic Partner (SSDP) Audit

The Working Spouse/Same Sex Domestic Partner (SSDP) Provision will become effective on January 1, 2013, and was added to our plan because we believe that it is our responsibility to provide the best healthcare coverage possible to our

employees and their children, and that other employers should take the same responsibility for providing healthcare coverage to their employees. As health care costs continue to increase, every employer must share in the burden so that both employers can continue to provide quality coverage to their employees. This provision will exclude primary coverage on our plan for spouses/SSDPS working full-time for an employer that funds at least 60% of their healthcare premiums.

The Working Spouse/SSDP audit will verify coverage eligibility for working spouses/SSDPs in accordance with this new plan provision. All employees currently covering their spouse or SSDP must return a completed Working Spouse/SSDP Affidavit. Failure to return a completed affidavit may result in your spouse/SSDP losing coverage. Coverage for employee spouses/SSDPs who do not qualify for primary coverage with Ball State will not terminate until December 31, 2012. Employees may continue to cover their spouse/SSDP on our plan, if desired, as long as their spouse/SSDP's employer is providing primary coverage.

The working spouse/SSDP provision will also permit an employee to maintain secondary coverage for their spouse/SSDP with Ball State, and insure their children on their healthcare plan, if applicable. Coordination of benefit rules will apply if the children are covered by both employer plans. The Working Spouse provision will not preclude spouses who are otherwise eligible from being covered on the employee's retiree healthcare plan when the employee retires.

Please note that it is not our intent for any of our employee's dependents who are currently covered on the University's healthcare plan to go without health insurance. HMS and the Payroll & Employee Benefits staff will work diligently with you and your spouse's employer if necessary, to ensure a smooth transition with no break in coverage.

## Preparing for these Audits

Here is what you can do now to ensure you are prepared for the Dependent Eligibility Audit and the Working Spouse/SSDP Audit:

- Review the information on the Payroll and Employee Benefits website regarding the University's dependent eligibility
  rule guidelines and working spouse/SSDP provision at <a href="https://www.bsu.edu/benefits">www.bsu.edu/benefits</a>.
- Look for the HMS Employer Solutions mailing on or after October 8, 2012 and submit the necessary documents by November 21, 2012. Instructions and contact information for HMS will be provided in their letter to you.
- Begin gathering necessary documentation, which may take time. Document examples include but are not limited to
  the following: birth certificates, adoption paperwork, and a marriage certificate. I encourage you to avoid waiting until
  the last minute and to contact HMS directly if you require assistance.

## Confidentiality of Information

Protecting your personal information is a priority to Ball State and HMS. All documents provided during these audits will be obtained and securely stored and protected through physical, electronic, and procedural safeguards by HMS. <u>Ball State will not accept dependent verification documents</u>; employees must therefore submit the paperwork directly to HMS via mail, secure fax or secure electronic upload.

If you have general questions regarding the upcoming audits, please feel free to contact the Payroll and Employee Benefits staff at 765-285-8461, or via email at <a href="mailto:peb@bsu.edu">peb@bsu.edu</a>. I appreciate your cooperation as we embark on this important effort to keep healthcare costs down for both our employees and the University.

Sincerely,

Randy Howard

Vice President for Business Affairs and Treasurer

Enclosure: Dependent Eligibility Rules