

PEIA Divorce Eligibility Audit

IMPORTANT REMINDER FROM PEIA TO ALL WVU EMPLOYEES

The West Virginia Public Employees Insurance Agency (PEIA) has begun a dependent eligibility audit and wants to remind employee policyholders of the following:

If an employee policyholder gets a divorce, they MUST remove their ex-spouse from their policy IMMEDIATELY as per the PEIA Summary Plan Description (SPD). Policyholders cannot wait until Open Enrollment and do not have the “month plus two following months” as with other Qualifying Events. This would also include removing any step-children who lost their eligibility because of the divorce.

PEIA is looking for ways to cut expense(s) and ensure the integrity of the data they are responsible to manage, as well as protect the integrity of the Plan(s) that cover our agency. Insurance fraud by a very few can impugn the public’s trust in our employees in addition to being very costly. Recent reports and information have placed a focus on this issue and there are tools and applications that make it easier to detect with new resources.

Why is this so important now?

We all know about the massive cuts PEIA may be making due to their large deficit. PEIA is investigating every option they have so they don’t have to make such drastic cutbacks and conducting eligibility audits and taking a more aggressive stand with regard to fraud and abuse is one of those methods. PEIA has started this audit process.

In September of 2015 the Social Security Administration released their marriage and divorce records to PEIA. PEIA is comparing those records to their records, court records, and information from the Bureau for Vital Statistics. If these audits find that an employee policyholder is divorced but has not removed their ex-spouse (or step-children) from the policy, the employee may face criminal charges and/or civil penalties on both the State and/or Federal level.

We have been informed by Thomas Miller, Privacy Officer for the West Virginia Department of Administration and PEIA, that any policyholder who is divorced and still covering their ex-spouse on their coverage(s) can and/or may be turned over to the Officer of the Insurance Commissioner’s Fraud Unit, if the policyholder does not self-report their divorce during the “amnesty period” that ends March 30, 2016.

The policyholder may still have to reimburse their employer for the difference in premium(s) that the employer paid, reimburse PEIA for any and/or all medical or prescription claims paid on their behalf, and may face possible criminal prosecution for fraud. The number of counts of fraud can include the number of times the insurance card(s) was/were used.

What employee policyholders need to do:

For the policyholder that is still covering their ex-spouse, it would be in their best interest to contact Thomas Miller 304-558-7850 ext. 52663 or email thomas.d.miller@wv.gov if they have any concerns. PEIA is taking into consideration whether or not the policyholder makes a “good faith” effort to resolve their situation.

Every policyholder should go to www.wvpeia.gov and log in and/or create an account on Manage My Benefits and (a) ensure the accuracy of your coverage(s) and verify your dependents.

References for the action(s) outlined in this communication:

In the Summary Plan Description on page 9 it reads:

*“**Qualifying Event:** A qualifying event is a personal change in status which may allow you to change your benefit elections.*

Examples of qualifying events include, but are not limited to, the following:

- 1. Change in legal marital status – marriage, or divorce, of policyholder or dependent*
 - 2. Change in number of dependents – birth, death, adoption, placement for adoption, award of legal guardianship*
 - 3. Change in employment status of the employee’s spouse or employee’s dependent – switching from part-time to fulltime employment status or from full-time to part-time, termination or commencement of employment, a strike or lockout, commencement of or return from an unpaid leave of absence which results in employee/dependent becoming ineligible for coverage*
 - 4. Dependent satisfies or ceases to satisfy eligibility requirements*
- If you experience a qualifying event, you have the month in which the event occurs and the two following calendar months to act upon that qualifying event and change your coverage. If you do not act within that timeframe, you cannot make the change until the next open enrollment. **Qualifying events which end eligibility (such as divorce) must be reported immediately.**”*

In the Summary Plan Description on page 12 it reads:

*“Dependents may be removed from coverage only during open enrollment or at the time of a qualifying event. To make a change as a result of a qualifying event, you must do so during the month of the event or the following two calendar months or you will have to wait until the next open enrollment. **Qualifying events which end eligibility (such as divorce) must be reported immediately.** The policyholder must provide documentation supporting the qualifying event to remove dependents. Coverage of removed dependents will terminate at the end of the month in which the policyholder removes them from coverage.”*

The statement is re-affirmed on page 17 of the Summary Plan Description – it again reads:

*“Dependents may be removed from coverage during open enrollment or at the time of a qualifying event. To make a change as a result of a qualifying event, you must do so during the month of the event or the following two calendar months or you will have to wait until the next open enrollment. **Qualifying events which end eligibility (such as divorce) must be reported immediately.** The policyholder must provide documentation supporting the qualifying event to remove dependents. Coverage of removed dependents will terminate at the end of the month in which the policyholder removes them from coverage.”*

In the Summary Plan Description on page 19 it reads:

*“**From time to time PEIA may conduct eligibility audits to verify that policyholders and dependents in the plan qualify for coverage.** If you are audited, you will have to produce documentation for the dependent in question. If you cannot prove that the dependent qualifies for coverage, coverage will be terminated retroactively to the date the dependent would otherwise have been terminated, and PEIA will pursue reimbursement of any medical or prescription drug claims paid during the time the dependent was ineligible”.*

On Page 24 of the Summary Plan Description it reads:

*“**It is your responsibility to keep your PEIA enrollment records up to date. You must notify your benefit coordinator or PEIA immediately of any change in your participation status or in your family situation, and make the appropriate change to keep your PEIA coverage up to date”.***

On page 87 of the PEIA Summary Plan Description it reads:

*“**By law, PEIA must report suspected fraud to the WV Insurance Commission. In addition, PEIA works with the US Attorney’s office in the investigation of potential fraud and or abuse”.***

Please refer to the **WEST VIRGINIA CODE §5-16-12a. Inspections; violations and penalties.**

(a) Employers participating in any of the Public Employees Insurance Agency plans shall provide, to the director, upon request, all documentation reasonably required for the director to discharge the responsibilities under this article. This documentation shall include employment records sufficient to verify actual full-time employment of the employer’s employees who participate in the Public Employees Insurance Agency plans.

(b) Upon a determination of the director or his or her designated representative that there is probable cause to believe that fraud, abuse or other illegal activities involving

transactions with the agency has occurred, the director or his or her designated representative is authorized to refer the alleged violations to the Insurance Commissioner for investigation and, if appropriate, prosecution, pursuant to article forty-one, chapter thirty-three of this code. For purposes of this section, "transactions with the agency" includes, but is not limited to, application by any insured or dependent, any employer or any type of health care provider for payment to be made to that person or any third party by the agency.

(c) Any person who violates any provision of this article for which no other penalty is specifically provided is guilty of a misdemeanor and, upon conviction thereof, is subject to a fine of not less than \$100 but not more than \$500, or imprisonment for a period of not less than twenty-four hours but not more than fifteen days, or both.

Any questions, comments, and/or concerns, please contact Thomas Miller, Privacy Officer for the West Virginia Department of Administration and PEIA at 304-558-7850, ext. 52663 or you may email him at thomas.d.miller@wv.gov.

This information is being provided by West Virginia University, as the employer, to the employee in a good faith effort to ensure the accuracy of insurance records and protect the integrity of our public work force.