Are you looking to provide your clients and their employees with the best financial protection while keeping costs down and maintaining strong job satisfaction? Then a strong dependent-eligibility program may be a service you want to consider adding to your portfolio.

Employers are spending millions of dollars each year on insurance protection for employee benefits by covering ineligible dependents, according to new research from Colonial Life and the Government Finance Officers Association. The research found employers can save a significant amount of money on their benefits costs simply by checking if their employees’ dependents are eligible for coverage. Up to eight percent of the dependents enrolled in an employer’s medical plan are actually ineligible to receive benefits according to their plan’s own criteria, according to the study “Controlling Healthcare Costs with Dependent-Eligibility Audits.”

For employers, providing insurance benefits for dependents who are no longer eligible for coverage can be very expensive. Employers pay an average of $3,500 annually to provide coverage for a single dependent. At this rate, employers can rack up big price tags in a hurry by funding dependents who aren’t qualified for coverage.

Ineligible dependents also subject employers to increased legal exposure. There is heightened compliance risk associated with paying claims for ineligible dependents, which is prohibited by federal law.

In addition, ineligible dependents assume they have coverage they actually don’t have, which can create unpleasant surprises when they eventually learn the truth. Employee satisfaction with benefits is closely tied to job satisfaction, research shows, so keeping employees happy with their benefits coverage can lead to greater retention.

CASE IN POINT
The recent Colonial Life-GFOA study examined 17 local governments that con-
COBRA CONUNDRUMS

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family member. Plan administrators should easily be able to access the data needed to provide the accurate deductible credit to each qualified beneficiary electing COBRA. Poof—COBRA simplified!

DEDUCTIBLES IN THE MARKETPLACE

A qualified beneficiary who selects Marketplace coverage instead of COBRA loses all credit earned toward satisfaction of the deductible and must start over. So for individuals who have spent $2,300 toward a $2,600 deductible when they leave employment in September, COBRA may be the best bet! HIU

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This column discusses potential COBRA conundrums and their possible outcomes. The information contained in this column should not be construed as legal advice. Always follow state and federal COBRA rules and seek the advice of an attorney when confronting your company’s COBRA conundrums.