Date: February 1, 2011

To: Faculty and Staff Enrolled in the University’s Medical and/or Dental Plans

From: Keith Dietze
Director of Universitywide Benefits

Subject: COMING SOON – Dependent Eligibility Audit Program

We are all aware of how important it is to have adequate health care coverage. We also know how expensive paying for health care can be. What you may not know is that the University of Nebraska is self-insured, which means health claims are paid by the university, not by Blue Cross Blue Shield of Nebraska.

As your employer, part of our responsibility is to keep costs down so we can maintain an affordable health care plan for all employees. We must also make sure that only those dependents who are actually eligible are the ones being provided with coverage. National studies show that each dependent’s health care costs average approximately $2,500 each year. Covering people who are not eligible raises your cost for health coverage, which is reflected in the premiums deducted from our pay.

In an effort to control these costs we have retained the services of a highly recommended independent auditor, Chapman Kelly, to conduct a Dependent Eligibility Audit of our medical and dental plans. The firm is known for its professionalism, confidentiality and sensitivity to employee needs and concerns. I am confident this process will ensure that we are covering eligible dependents in a fair and equitable manner. Chapman Kelly has conducted Dependent Eligibility Audits for over 35 Fortune 500 companies and multiple higher education clients such as the University of Michigan, University of Alabama, University of Georgia, University of Akron, and Xavier University. Their dependent audit process has a tremendous record of obtaining substantial savings, which will help keep future premiums as low as possible.

If you have dependents enrolled in the University of Nebraska medical and/or dental plans, you will receive a series of correspondence addressed to your home from Chapman Kelly beginning in early February. If you do not have dependents enrolled in a benefit plan, you will not receive any letters.

Following is a brief description of the dependent eligibility audit process:

- The initial communication, which you will receive within the next several weeks, will inform you of the program, provide definitions of eligibility for spouses and children, and offer you an opportunity to voluntarily remove all ineligible dependents from your coverage. This “Amnesty Phase” will end February 28, 2011. The dependents will be removed from the health plans effective February 28, 2011 and notified of COBRA eligibility, if applicable.
The second phase, the “Verification Phase,” will begin March 7 and end May 6, 2011. You will receive a letter asking you to supply evidence of eligibility for each dependent enrolled in the medical and/or dental plans by a specific date. The type of evidence required will vary depending on the relationship of the dependent to you, but may include copies of birth certificates, marriage licenses and other documentation. You will be notified of exactly what is required in your correspondence from Chapman Kelly. A postage paid reply envelope will be included with the letter.

Once the documentation is received, a confirmation postcard will be mailed to you. If the documentation does not support eligibility, **the ineligible dependent(s) will be removed from your coverage effective February 28, 2011** and notified of COBRA eligibility, if applicable.

You will receive reminders of deadlines for both the Amnesty Phase and the Verification Phase.

**If you fail to provide the requested dependent verification documentation** the ineligible dependent(s) and/or dependents for whom complete documentation has not been submitted will be removed from coverage effective February 28, 2011. In addition, one or both of the following actions may occur:

- The University of Nebraska may seek to recover all claims paid during the period that the ineligible dependent was covered.
- You may be subject to disciplinary action.

The University of Nebraska is ultimately responsible for determining how best to handle each individual case.

**If you disagree with the decision, you will be able to file an appeal at the end of the process.** More information regarding the appeals process will be provided at a later date.

It’s important for you to know that neither Chapman Kelly nor the University of Nebraska is interested in personal details. Some employees will however, be asked to provide Social Security Numbers for their dependents (if missing from their university membership record) due to a Center for Medicare and Medicaid Services (CMS) requirement. The documents you submit are used solely to verify dependent eligibility so we can be assured that only those who are eligible for coverage under the terms of the university’s medical and dental plans receive those benefits. Further details regarding verification documentation, privacy and security will be provided by Chapman Kelly.

When you receive any correspondence from Chapman Kelly, please read it carefully as there are specific due dates when information needs to be returned. Failure to follow the instructions could result in loss of coverage for your dependents.

Detailed eligibility information, as well as a toll-free customer service number, fax number and customized web address will be included in the correspondence. Once the Dependent Eligibility Audit program begins, please feel free to contact Chapman Kelly if you have any questions or need additional information.
Thank you for helping us manage our plan expenses so we can continue to provide health care coverage at a reasonable cost.

FREQUENTLY ASKED QUESTIONS
Additional FAQs and eligibility rules will be provided after the audit begins.

Why is the audit being conducted?
The University of Nebraska is sensitive to the rising costs of healthcare premiums for our employees and feels that this verification is necessary:
• In order to control premium and claim costs, insurance dollars should only pay for eligible dependents.
• As laws become more stringent, dependent verification is an important tool to maintain enrollment accuracy and prevent fraud.

Who is Chapman Kelly?
Chapman Kelly is an independent third-party audit company that the University of Nebraska has contracted with to verify the eligibility of dependents covered under its medical and/or dental health care plans. Chapman Kelly specializes in verifying health plan eligibility and has audited verification documentation for hundreds of thousands of dependents for some of the largest employers in the United States.

The verification process includes the handling and proper disposal of sensitive personal information. Experience and expertise are necessary to complete this program carefully and successfully, and to limit the inconvenience to participants.

What are the deadlines?
The Amnesty Phase, during which employees can voluntarily remove ineligible dependents from coverage with no consequences from the health plan, will run from February 7 – February 28, 2011. Employees who disenroll ineligible dependents during the amnesty period will avoid:
• Disciplinary action by the University
• Action by the University to recover premiums and claims paid on behalf of the ineligible person(s).

The Verification Phase will run from March 7 – May 6, 2011. Employees who claim dependents on their health and/or dental plans will be notified of all timelines in correspondence from Chapman Kelly.

What documents will I need?
Documents will include items such as copies of marriage certificates, birth certificates, and other documents that validate current relationship status. When the Verification Phase begins, you will receive a letter from Chapman Kelly that will detail the specific document requirements to validate each eligible dependent.
Can I participate online?
You can participate in the Amnesty Phase online. Specific information about processing your amnesty response online will be detailed in the Amnesty Phase audit communication.

What happens if I do not submit all required documents by the verification deadline?
If you fail to provide or knowingly submit false information for enrolled dependents by the Verification Phase deadline, the ineligible dependent(s) and/or dependents for whom complete documentation has not been submitted will be removed from coverage effective February 28, 2011. In addition, one or both of the following actions may occur:

- The University of Nebraska may seek to recover all claims paid during the period that the ineligible dependent was covered.
- You may be subject to disciplinary action.

The University of Nebraska is ultimately responsible for determining how best to handle each individual case.

Can exceptions be granted to allow my ineligible dependent to stay covered?
No. Only dependents who currently satisfy the plan’s eligibility definition can remain covered. If the dependent is no longer eligible because of a “qualifying event,” (e.g. divorce, legal separation, child reaches age limit) and you feel he or she may be eligible for COBRA continuing coverage, see your Campus Benefits Office representative for details.

What is the Consolidated Omnibus Budget Reconciliation Act (COBRA)?
The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals should contact their Campus Benefits Office representative for COBRA details.

What if I do not receive my correspondence from Chapman Kelly?
You should contact Chapman Kelly to request the correspondence and verify your home address. Chapman Kelly contact information will be available on the University of Nebraska benefits webpage at www.nebraska.edu/benefits after the audit begins.