



## Healthcare Headaches: Addressing Costs for Ineligible Plan Members

By Bill Frack, Chief Product Officer

Managing healthcare costs is an ongoing battle for self-funded employers. Amid the many factors contributing to this financial burden, one stealthy culprit often slips under the radar: **ineligible plan members**. These individuals, such as part-time employees, dependents falling short of enrollment criteria, or even former employees on COBRA can significantly impact your company's bottom line.

### Challenges in Keeping Track of Members Who Are Not Eligible

Tracking ineligible members is a formidable challenge due to the dynamic nature of the workforce and benefits landscape. Factors include:

**Employee Turnover:** The constant influx and exodus of employees creates a moving target for HR leaders. Keeping track of eligibility changes during onboarding, offboarding, leaves of absence, and status changes (e.g., part-time to full-time) is challenging. Manual processes and outdated systems can lead to errors and delays in updates, resulting in ineligible members remaining in the plan.

**Dependent Verification:** Determining whether a dependent meets enrollment criteria adds another layer of complexity. This often involves collecting and verifying documentation such as birth certificates, marriage licenses, or proof of residency. Inefficient processes for collecting and validating dependent information can lead to errors and non-compliance issues.

**Manual Processes:** Many employers still rely on paper forms, spreadsheets, and manual data entry to track eligibility. These methods are time-consuming and error-prone, and often make it difficult to track changes.

Manual processes can also lead to delays in identifying and removing ineligible members, which can significantly impact health plan spend.

**Disparate Data:** Health plan data is often siloed across various HR systems, payroll systems, and benefit providers. This fragmentation makes it challenging to consolidate and reconcile information for accurate eligibility tracking.

## The Benefits of Improved Eligibility Tracking

Traditional eligibility tracking can be a drag on your resources. But there's a better way! Implement robust verification processes to:

**Take Control of Costs:** Identify and remove ineligible members, leading to significant cost savings.

**Streamline Administration:** Reduce manual tasks and errors while freeing up valuable administrative resources.

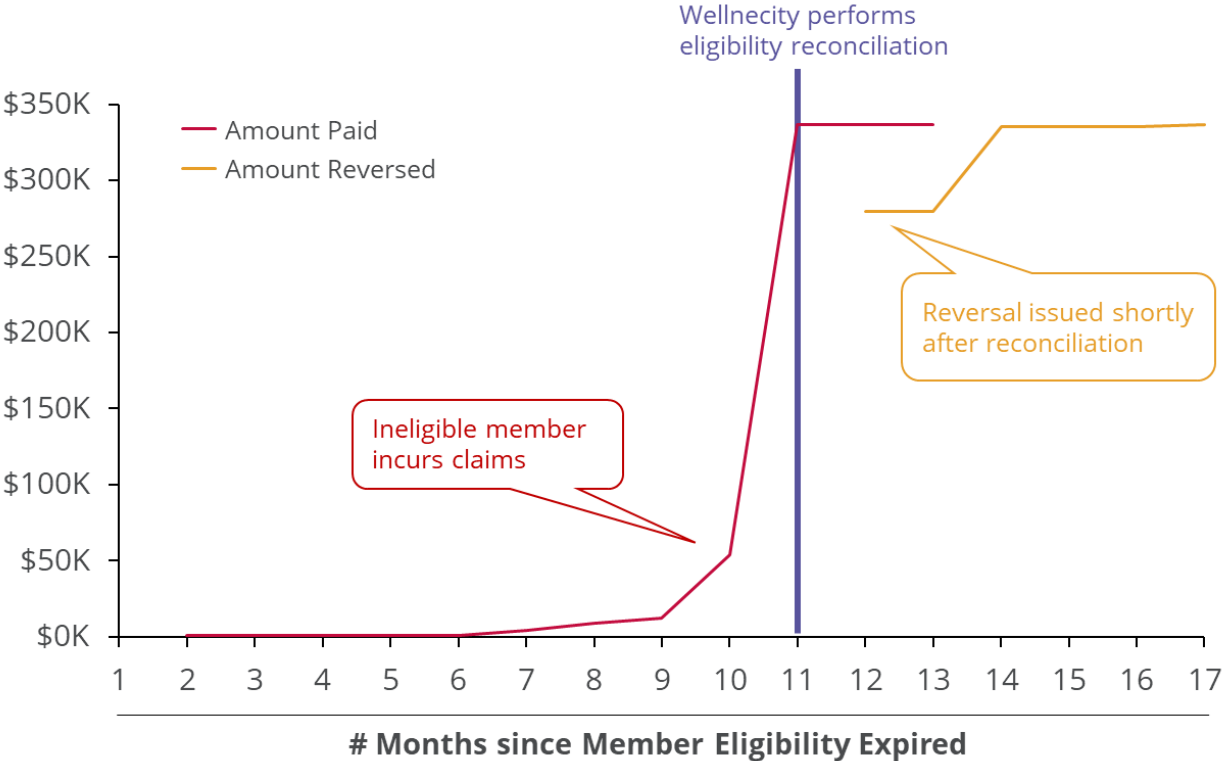
**Ensure ERISA Compliance:** Don't spend plan resources on tracking ineligible members. Regulators are taking fiduciary responsibility more seriously.

This isn't just about cost savings, it's about smarter health plan management.

## Wellnecity Example

After performing a standard enrollment reconciliation analysis, Wellnecity discovered that the client had incurred \$330,000 in medical costs after a member's eligibility had expired.

### Cumulative Amount Paid and Reversed for 1 Ineligible Member



Of course, not every plan will find such a large exposure. Strong eligibility hygiene is one of the first steps in good health plan management.

Have comments? I look forward to hearing from you at [b.frack@wellnecity.com](mailto:b.frack@wellnecity.com).

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