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To: RPEA Members--All <rpea.members@mailman.apea-aft.org>
Date: 26 Aug 2017
Subject: Retiree Dependent Audit Update

RPEA Members:

The Retiree Dependent Audit is underway, with audit letters having been mailed July 28, 2017. The Division of Retirement & Benefits (DRB) hired a company called HMS to conduct the audit.

The purpose of the audit is to assure that all dependents listed on a retiree's AlaskaCare health insurance plan are entitled to receive benefits, and if not, to remove them from the eligibility list. RPEA fully supports the dependent audit as it protects trust money, assuring that only those who are entitled to benefits are receiving them.

We do have some concerns, however, about how the audit is being conducted. We discussed these concerns with DRB during a recent meeting in Juneau.

The turn-around time for requested documents to be received is unrealistically short, especially for the many retirees who are traveling and therefore unable to meet the deadline in order to avoid having lawful dependents dropped from the plan. DRB told RPEA that they purposely set the deadlines such that as much of the audit as possible could be completed by HMS before their contract ends, after which DRB will have to complete the process.

RPEA requested that the deadlines be extended, and DRB denied our request.

RPEA also questions DRB's authority to drop lawful dependents from the plan if their arbitrary deadlines are not met. We have reviewed the statutes, regulations and plan language, and find no authority for the action that DRB intends to take. We have brought this concern to the attention of DRB officials, and we await their response.

In the meantime, DRB intends to follow through with the requirements and penalties stated in the letter from HMS. If a lawful dependent is dropped, there is an appeal process, but until the appeal is complete the dropped dependent will not receive benefits, including pharmacy benefits. If the dependent is restored to the plan because the requested documents are submitted, claims from the time the dependent was dropped up until the time they were restored to the plan will be covered.

If anyone has a lawful dependent who is dropped from the plan for any reason, please contact Sharon Hoffbeck immediately at sharonhoffbeck@gmail.com.

One retiree told us that he did not receive a letter from HMS even though he had dependents on the plan. Upon contacting DRB, he was told that his name was erroneously excluded from the list of retirees sent to HMS to be audited. DRB had no explanation for the error but they did correct it after the fact.

If you have dependents on your retiree AlaskaCare health insurance plan, but have not yet received a dependent audit letter from HMS, please let us know.

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