

PEIA Eligibility Audits

Ensuring Plan Integrity



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Overview

- PEIA is an “**Employer Sponsored**” health plan where the “**Employer Sponsor**” is the State of West Virginia.
- Although certain other types of agencies are permitted to participate in PEIA, the “**Employer Sponsor**” remains the State of West Virginia
- The “**Employer Sponsor**” is responsible for overseeing the Plans and their operation and ensuring compliance with Plan rules.
- PEIA’s rules are based in West Virginia Code §5-16-1, et seq. and further defined in CSR 151-01. We are not subject to the laws of other states.
- PEIA’s “**Summary Plan Description**” (SPD) is based on these rules and has the effect of Law.

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Further...

- As an “**Employer Sponsor**” PEIA must comply with certain federal laws, rules, and regulations:
 - **The Senior Protection Act** – protecting against the “*exploitation of the elderly and certain protected persons*”
 - **U.S. Customs and Immigration Enforcement ACT** - (ensuring insureds are in the U.S. legally)
 - **Provisions of the Hague Convention** - (verifying adoptions and preventing child trafficking)
 - **U.S. Centers for Medicare/Medicaid Services (CMS)** rules on “*essential health benefits*” and other healthcare matters
 - **GINA** – Genetic Information Non-discrimination Act
 - **Internal Revenue Service reporting under the Affordable Care Act** – IRS 1095 forms
 - **HIPAA – Title I** – protecting the privacy, security, confidentiality, and integrity of information
 - **HIPAA Title II** – protecting against “fraud, waste, and abuse” of healthcare
 - **Other...**

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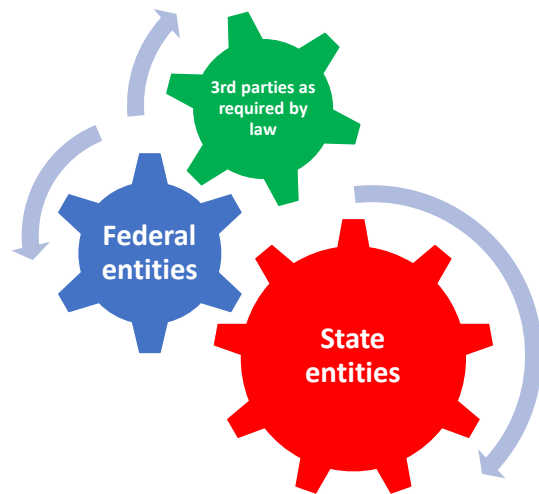
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Every part of PEIA’s operations is...

- ...subject to audit or review by somebody...
 - C.M.S.
 - I.R.S.
 - U.S. D.H.H.S. Office of Civil Rights
 - U.S. C.I.S.
 - State Privacy Office
 - Legislature & Legislative Post Audit
 - Other



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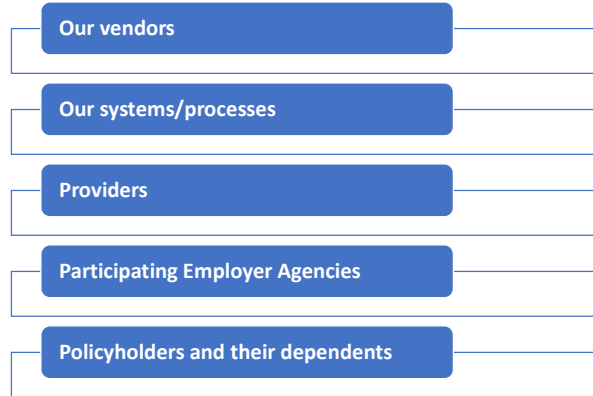
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To ensure our compliance...

- ...PEIA is constantly conducting audits and reviews of:



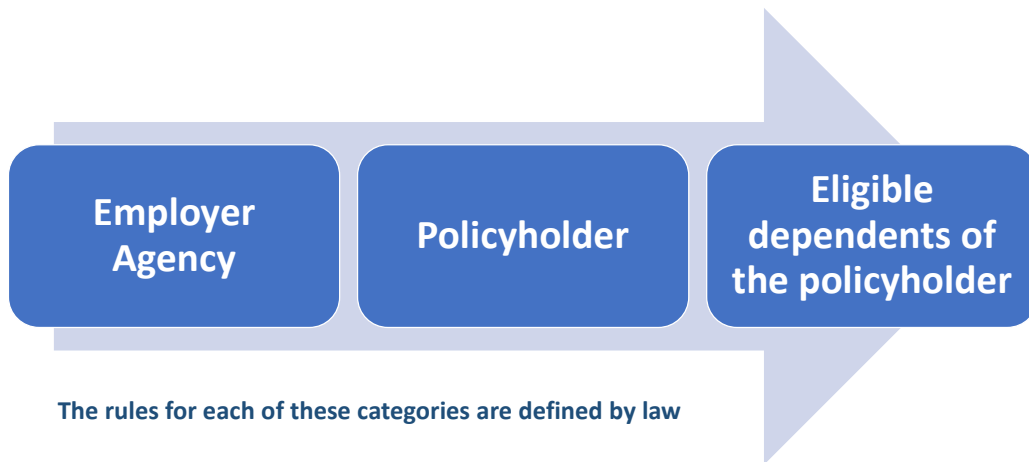
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The PEIA Eligibility Matrix...



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PEIA Eligibility Rules for members...

- Are defined in the West Virginia Code §5-16-2 – must meet the definitions
- Contractors are not eligible
- **From the SPD:** *“It is the employer’s responsibility to make the determination regarding an employee’s eligibility for a leave of absence. It is important to note that a leave of absence is intended for an employee who is expected to return to work and for whom the employer maintains an open position. It is not intended to extend medical benefits for individuals who are not eligible to retire and not able to return to work, or for whom a position is not being held open. Such a person is not an employee and it is improper to continue his or her health coverage as if he or she were still an employee. Employers are reminded that under State law it is a felony to misrepresent any material fact to obtain PEIA benefits to which a person is not entitled (W.Va. Code §5-16-12). PEIA is required by law to report all violations of state or federal law to the authorities having jurisdiction.”*

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PEIA Eligibility rules for dependents...

...are not the same as IRS rules for dependents.

There must be a “legal” connection to the policyholder...

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“Qualifying events which end eligibility (such as divorce) must be reported immediately.”

- ...is in the SPD in whole or in more detail
 - On pages 8 and 9
 - On page 16
 - On page 24
 - On page 31
 - On page 32
 - On page 34
 - On page 35

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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 full-time 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 time frame, you cannot make the change until the next Open Enrollment. **Qualifying events which end eligibility (such as divorce, termination of Guardianship/parental rights, etc.) must be reported immediately.** For purposes of eligibility, the term “immediately” shall mean as soon as practically possible and, in no case, greater than thirty (30) days from the date of the event, e.g. divorce. For purposes of this section, “Reporting” means the proper submission of a “Change in Status” form to the member’s Employer Agency Benefit Coordinator or the proper submission of the Qualifying Event through the PEIA Manage My Benefits Portal with the appropriate supporting documentation, e.g. a copy of the divorce decree, Court Order, etc. **“Calling” or e-mailing and informing your participating employer or PEIA of an event does not meet the reporting requirements of this section.**

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“We were reviewing our records and have found employees that should have been removed from coverages – we need to get these fixed.”

- It is the responsibility of the participating employer to keep their enrollment(s) up-to-date.
- The failure to properly address that responsibility results in serious legal & fiscal issues that impact the stability and fiduciary obligations of the Plan.
- PEIA is under no obligation to “accommodate” errors of omission by participating employers, for example:
 - If an employee on a LOA doesn’t pay their share of their premiums, that is between the employee and the employer – Not a PEIA issue and we are under no obligation to “go back” and/or otherwise term coverages going backwards.

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“We were reviewing our records and have found employees that should have been removed from coverages – we need to get these fixed.” (continued)

- If an employer fails to comply with the rules, regulations, and/or terms, conditions and/or policies of the PEIA Plan, then that employer could be held financially liable for that/those errors.
- **“YES” – that means that an employer could be held responsible for any and/or medical claims paid for an ineligible member and/or their dependents because the employer failed to monitor their workforce.**

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“But the Judge said that they had to keep them on their insurance...”

- Judges often order one party to keep health or life insurance on another party for a period of time after a divorce, **BUT that doesn't mean through their employer's offered health plan, including PEIA.**
- A Family Court Judge cannot bind PEIA nor an employing agency into paying for divorce obligations
- The policyholder has no authority to bind PEIA or their participating employer agency to pay for any part of a divorce settlement.

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“I told my...called my...e-mailed my...”

- **...boss...Supervisor...co-workers...HR department...”**
- **The rules state:** *“Reporting” means the proper submission of a “Change in Status” form to the member’s Employer Agency Benefit Coordinator or the proper submission of the Qualifying Event through the PEIA Manage My Benefits Portal with the appropriate supporting documentation, e.g. a copy of the divorce decree, Court Order, etc. “Calling” or e-mailing and informing your participating employer or PEIA of an event does not meet the reporting requirements of this section.*

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“What if they get back together/remarry?”

- **The “divorce” ended the dependent(s) eligibility.**
- **The policyholder is responsible to their agency for any premiums or claims paid for the ineligible dependent(s) during the period of divorce.**
- **The policyholder would have to re-apply for coverage for the dependent(s), i.e. spouse and/or step-children after the remarriage; it is NOT automatic...**

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“But they paid their premiums...”

- **For most agencies in PEIA, the policyholder only pays 20% or less of their premiums and the agency pays 80% or more.**
- **The plan rules are clear about which eligible dependents can be enrolled, and ex-spouses are not included in the eligible class.**

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“What if there are/were no medical claims?”

- The policyholder and the dependents still had insurance protection. (“Risk exposure”)
- Their employing agency paid premiums for ineligible dependent(s)

“Do you get a refund on your auto insurance premiums if you don’t have any claims?”

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“Why can’t you ‘back date’ the termination?”

- PEIA, in most cases has already paid providers – pharmacies, physicians, etc. – for services or medications that they provided in good faith.
- We cannot “take that money back”, especially for drugs – they are **“point of sale”** transactions.

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“Why now?”

- **As the cost of healthcare rises, there is more and more scrutiny of who, exactly, is receiving services.**
- **Since PEIA and most of our participating employer agencies are funded largely through tax dollars, it is imperative that we protect those assets and pay claims only for people who are eligible for benefits.**
- **As an increasing number of organizations have some level of control over PEIA, we are subject to more audit and review than ever before, and we must prove that we are following our own rules.**

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“What can we do?”

- **Make it clear to your staff at all levels that these rules must be followed**
- **When contacted about an eligibility audit or with questions about a specific employee, respond timely**
- **If you have questions or concerns about a situation, reach out to your legal counsel for guidance.**
- **If you need clarification of any of the rules, reach out to PEIA.**

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Further, you can...

- Utilize the reports available to you provided by PEIA – “Early Warning”, monthly billing, etc. and compare them against your payroll records.
- Hold your employees accountable:
 - Offer them training – either internal or ask PEIA to do the training
 - Remind them of their responsibility to you as an employer and to the State as their insurer
 - Example - Fail to pay the employee share of premiums on a LOA = TERMINATION OF COVERAGE
 - Remind them of the potential **CONSEQUENCES** of not adhering to the rules of the Plan, i.e. “Lying = Fraud”

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Wrap-up

- Questions?
- Comments?
- Concerns?

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- Kasi Bell, PEIA Legal Secretary – kasi.l.bell@wv.gov
- Susan “Jill” Beaty, Staff Development Specialist – susan.j.beaty@wv.gov

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