



Buffalo Municipal Housing Authority

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October 10, 2018

Mr. Kevin J. Kaufman, CPA
City of Buffalo
Department of Audit and Control
1225 City Hall
Buffalo, NY 14202

Re: Status of Audit Eligibility for Health Insurance
At BMHA

Dear Mr. Kaufman:

In response to your request, attached is the BMHA's response to your inquiry regarding the Benefit Eligibility Audit.

Very truly yours,

Gillian D. Brown, Esq.
Interim Executive Director

GDB:TS

cc: Theresa Spagna
Deidra Whiteside

"BMHA is an Equal Opportunity/Affirmative Action Employer"



Follow-up to Audit of Eligibility for Health Insurance Benefits at BMHA
BMHA Comments on the Status of Implementing Recommendation

Instructions: Please respond in the three fields listed under each Audit Recommendation including:

1. *Status of Implementing Recommendation*
2. *Implementation Date*
3. *Reason for not implementing recommendation (if applicable)*

Audit Recommendation 1

Obtain Documentation to Verify Dependent Eligibility and Consider Third Party Dependent Eligibility Audit

BMHA procedures should be updated to obtain marriage and birth certificates of dependents prior to enrollment in the health insurance plan. Supporting documents should be obtained for all dependents enrolled in the health insurance plan. Obtaining and reviewing supporting documents reduces the potential for paying health insurance premiums for ineligible dependents.

In addition to these internal improvements, a dependent eligibility audit, performed by a qualified vendor, should be considered. The audit would more thoroughly review the eligibility of dependents, including a more detailed verification of spouses, which would require verification that the marriage is still in existence. Results of these audits have yielded positive results for many entities.

BMHA Comments on Audit Recommendation 1:

Status of Implementing Recommendation:

The BMHA conducted an annual dependent audit requiring all employees and retirees submit birth certificates and marriage licenses for all eligible dependents on our medical/dental insurances.

Implementation Date: May 2017

Reason for not implementing recommendation (if applicable):

Audit Recommendation 2

Review Process of Removing Deceased Members from Coverage

The BMHA and the third party vendor should determine how an individual who has been deceased since August of 2016 remained on the healthcare insurance plan. Additionally, the BMHA should verify that there are no additional deceased subscribers and document the results. These steps would reduce the likelihood of the situation occurring again.

BMHA Comments on Audit Recommendation 2:

Status of Implementing Recommendation:

The BMHA continues to use a third party vendor, since 2013, to verify deceased retirees through the Death Index. As a cross check to verify deceased subscribers (retirees, spouses and dependents), the BMHA receives monthly claims reports from BC/BS to review utilization and inactivity of all subscribers. In addition, the BMHA reviews the quarterly NYS Retirement statements for deceased retirees and CMS Drug subsidy monthly reports for notifications of subscribers enrolled in insurance plans who have deceased. The BMHA has discussed the death of this individual extensively with the

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BMHA Comments on the Status of Implementing Recommendation

third party vendors to determine why the BMHA was not notified and were informed this individual's death was not in any of the vendors' databases. Based on a review of our records there was no other incident either before or after this individual's death since at least 2013.

Implementation Date: August 1, 2017

Reason for not implementing recommendation (if applicable):

Audit Recommendation 3

Document and Standardize Process for Enrollment in Health Insurance Plan

The BMHA should create a formal written policy and procedure for enrolling new hires and their dependents into the health insurance plan and for adding dependents after employment begins.

BMHA Comments on Audit Recommendation 3:

Status of Implementing Recommendation: The BMHA has a written policy for determining eligibility of benefits & enrollment of insurance for new hires and their dependents.

Implementation Date: Adopted 07/21/1997, Updated 12/14/17

Reason for not implementing recommendation (if applicable):

Completed by: Theresa Spang

Date: 10/10/2018