

WORKING SPOUSE VERIFICATION

Maximizing the Effectiveness of Working Spouse Provisions

The adoption of working spouse provisions, such as a spouse surcharge or carve out/exclusion, continues to be a valuable benefit modification when working to reduce expense and improve plan performance.

Rising healthcare costs have sparked a new interest in “working spouse” rules by employer sponsored health plans looking for alternative modalities of cost containment. These provisions, when implemented correctly, mitigate some or all of the cost associated with providing healthcare coverage for a dependent spouse who has coverage through his or her respective employer. However, often times these provisions experience poor participation due to a lack of verification of the spouse’s access to other coverage. The end result is a cost containment initiative that fails to realize its maximum effectiveness.

Industry surveys suggest that thirty-four percent of the employers have implemented a spousal surcharge. One study suggests that fifty-seven percent of large employers intend to implement a spousal surcharge within the next three years. Additionally, the number of employers with exclusionary rules continues to climb, with prominent names such as UPS employing this highly effective cost containment strategy.

Participation by Verification Method

Honor System

8.3%



30%+

Consova Verification

Spouses converted to the provision



MAXIMIZE THE VALUE OF WORKING SPOUSE PROVISIONS

REDUCE YOUR ANNUAL HEALTHCARE SPEND BY 3-16%

Verification is the Key to Realizing Maximum ROI

While working spouse provisions can be an effective means of cost containment, they fall short of reaching their full potential if proper mechanisms are not in place to verify the existence of other coverage available to the spouse. Far too often, employers are not aware of best practice capabilities, relying on inferior honor system tactics such as an affidavit.

Consova working spouse verification relies on the actual confirmation of other coverage with the spouse's employer, assuages cost and mitigates risk for employer-sponsored health plans regardless of the type of provision. Through enhanced enforcement of these provisions, on average our clients realize over 300 percent greater program participation in the established working spouse rule and thus offset more of the risk and liability of spousal dependents.

Meaningful Cost Savings

Working spouse rules, when coupled with our services, offer employers significant cost savings and high multiples of ROI versus programs without proper verification protocols in place. A health system with 2,500 dependents (1,000 spouses and 1,500 children) with an average cost of a child at \$1,500 and a spouse at \$5,000 could realize approximately \$1.5M in cost savings depending on the type of provisions implemented. To realize the full potential of a working spouse rule, we recommend an initial audit to verify coverage of all existing spouses as well as ongoing verifications of new hires and those with qualifying events such as a spouse being enrolled in the plan who is not participating in the working spouse rule.

	Projected Savings							
	#Audited	#Ineligible	%Ineligible	DEV Savings	% Converted to WSR	Spouse Converted	WSR Savings	Projected Savings
Spouse	1,000	69	6.9%	\$345,000	20%	200	\$1,000,000	\$1,345,000
Children	1,500	102	6.8%	\$153,000	N/A	N/A		\$153,000
Total	2,500	171	6.8%	\$498,000				\$1,498,000

Regardless of the complexity of an employer's working spouse provisions, Consova can customize its program to ensure that we verify the existence of other coverage based on the plan's unique set of rules. Furthermore, through our real-time reporting, employers are able to quickly realize cost savings through the immediate identification of employee spouses who now fall under the working spouse rules.

Take the next step...

To learn more about Consova's Working Spouse Provision Audit services, visit us online at www.consova.com or call 1-866-529-9107.