

Q. I logged on to ConSova's website to upload my dependent audit information and read the following "fine print" that must be acknowledged and agreed to in order to continue: "ConSovas 'Legal Disclaimer'...The user agrees that ConSova Corporation disclaims any and all liability for any unauthorized PHI disclosure if any digital or printed copy of this information is obtained from this website."

After calling ConSova directly they refused to provide me with a copy of this disclaimer. I was only able to get a copy from another employee before they clicked the "I agree" button. I am hesitant to provide information to a company that waives any legal liability should a breach of security occur.

A. The university called ConSova to address this concern. The disclaimer applies if an employee prints out a copy of the iVAC site (that does contain the employee's PHI) or saves a digital copy and then loses it or it is accessed by someone else. In those situations, ConSova would not be liable. If the employee permits someone else to access the employee's account; that would be an unauthorized disclosure. ConSova would not be liable in that situation either. Only authorized people should be accessing an employee's account.

The disclaimer does not mean that ConSova is not liable if an employee's PHI is disclosed by ConSova or ConSova representatives. ConSova is bound by HIPAA and its PHI disclosure ramifications.

Q. I called Consova about the "Does your spouse have other insurance coverage available to them through their employment" question on the ConSova form. ConSova told me this information was not being requested by Consova, but rather had been requested by the university. What relevance does this section have to the audit?

A. ConSova asked this question at the university's request. When UA's Joint Health Care Committee (JHCC) was considering options to help contain UA's health care plan costs, the topic of a spousal surcharge was considered. Many employers now impose a spousal surcharge that charges an employee a certain dollar amount per month (or per year) for enrolling a spouse. This type of surcharge (above and beyond the charge for employing the spouse as a dependent) helps employers ensure that they are not taking on higher than appropriate levels of risk and expense by enrolling employees' spouses.

Here is an example. If an employee named Judy has a spouse with his own employer-provided health care coverage, he might nonetheless choose to be a dependent on Judy's plan. This might be due to the fact that Judy's plan has more favorable coverage or charges a lower premium. That decision would shift risk and cost to Judy's employer. If Judy's employer charges a spousal surcharge, it would even the playing field and help ensure that Judy's employer doesn't attract participants who have other employer-provided health coverage, but who choose not to utilize their own coverage.

The JHCC recommended that UA not impose a spousal surcharge for FY12, but that we instead study the issue further. The university agreed. However, the university does not know how many UA employees' spouses even have coverage through other employers. (Insurance provided through other sources would not have resulted in a surcharge.) The committee asked that this type of question be added to the questionnaire used by ConSova in conducting the dependent audit, so that the JHCC could

obtain more information about this topic. **No decisions have been made** about imposing a spousal surcharge in the future, but it is one of the ideas that remains open for discussion for future plan years.

Q: I did not get a letter from ConSova regarding participation in the dependent audit. What should I do?

A: If you have dependent(s) enrolled in UA's health plan, and you were active on the plan as of January 1, 2011, you should have gotten a letter from ConSova. If you did not, you should contact ConSova at 866-430-1267. You will need your employee ID number as a reference.

Q: Who is legally liable if my personal information is lost or released by ConSova?

A: If ConSova is found to be responsible for disclosing an employee's personal information through a security breach or other means not related or relevant to the performance of the contracted services, then ConSova will compensate an employee for an amount to be determined after thorough examination of the incident, up to and including actual damages incurred as a result of the disclosure of the personal information as well as payment for credit bureau monitoring services.

Q: I am worried about sending personal information to an external vendor. Has anyone reviewed the security features of ConSova's IT system?

A: Yes, UA's Office of Information Technology has reviewed ConSova's security protocols and has concluded that those protocols and protections are comparable to those used by the University, and meet or exceed industry standards. ConSova is required to keep information confidential and will destroy all information 30 days after the verification process is completed.

Q: What is the legal basis for UA's release of our personal info to ConSova (e.g., my daughter's name and birth date)? I do not recall authorizing release of my information to a third party.

A: UA must work with a variety of vendors (e.g., Premera Blue Cross, VSP, Caremark, etc) to administer the health plan. Federal law specifically authorizes release of Protected Health Information to such vendors provided that appropriate confidentiality agreements are in place, as is the case here.

Q. What gives UA the right to require such documentation from me?

A: UA has a contractual obligation to provide coverage for employees and for their "eligible" dependents. Employees have a corresponding obligation to enroll only eligible dependents, and to document eligibility when required to do so. In the past, for example, employees have been required to document eligibility with full-time student status for dependents who turned 19 and remained on the plan. Managing the Plan in a prudent manner benefits both the University and employees. With a total Plan cost of \$65 million this year, and with employees bearing some 17 percent of that cost, the University and the participants in the Joint Health Care Committee determined that it was reasonable and cost effective to require dependent documentation from all employees claiming dependents.

Q: What does UA expect to save due to the dependent audit?

A: Our consultants estimate UA will save approximately \$500,000 when ineligible dependents are

dropped from UA's plan.

Q: After I submit my information, will I hear back from ConSova some sort of positive indication that my dependents will not be dropped?

A: Yes, ConSova will send a notice that your documents were accepted, or that further information is needed, or that your dependents will be removed from the plan.

You can check your status at ConSova's website, and click on their Verification Assistance Center at www.consova.com/universityofalaska/

There, you can log in with your last name, the PIN found at the bottom left corner of the initial letter you received from ConSova and your last 4 SSN digits. That allows you to access the status of your dependent audit verification. It lists your audit status as complete or not, and lists the documents individually as to whether they have been received.

Q: Why didn't UA always monitor dependents? When I was hired and enrolled in the UA health plan, I only had to provide birthdates for my children, as well as their names.

A: The university is constantly exploring ways to make the Plan more cost effective. As Plan costs have increased, the cost-benefit ratio of dependent audits has become more favorable and the university and its employee partners in the Joint Health Care Committee have become more accepting of the need for such audits.

Q: Since UA now looks at dependent eligibility documents for new hires, doesn't it fix the problem?

A: UA began verifying dependents for new hires on July 1, 2010. However, that does not address existing employees.

Q: I was hired after July 1, 2010, and have already had my dependents' documents checked by my campus HR office. Do I have to resubmit my documents for review again?

A: Yes, you must submit your dependents' documents to ConSova, whether or not you have already submitted the documents for review by an HR staff member. ConSova has extensive expertise in reviewing verification documents for dependents and requires different documents than those reviewed by the local HR offices.

Q: Why can't the university's HR offices handle dependent verification?

A: ConSova will provide a central, consistent process for the document review, as well as security in handling and storing the information. HR offices are not well equipped to handle this process or the volume of documents involved.

Q: Once the audit is done, will UA keep checking on eligibility of dependents?

A: Going forward, UA HR intends to continue verifying dependents.

Q: Will UA share back with employees how many dependents are dropped from the plan, and the resulting annual savings to the plan, due to the audit?

A: Yes.

Q. What other employers conduct such audits?

A: Many public and private employers have conducted dependent audits. The State of Alaska and the Anchorage School District have done similar audits for employees and/or retirees receiving health benefits.

Q. My spouse and I both work for the university, and have no children enrolled in the plan. Currently, my spouse is on my plan as a dependent. During the next open enrollment, can my spouse sign up for coverage as an individual employee, so that we don't have to participate with this dependent audit?

A: Yes, but since open enrollment does not begin until April, you must contact ConSova before February 28 and let them know your situation and intention. If a dependent who is also a UA employee intends to sign up for FY12 health care coverage on his/her own, the employee is not required to have dependent status verified.

Q. If I can't get documentation in to ConSova by February 28, will my dependents be dropped from the plan immediately?

A: You must contact ConSova by February 28 and let them know you're having difficulties obtaining documents. ConSova can help you in navigating the process you'll need to undertake to get those documents. Dependents won't be dropped unless the employee refuses to call ConSova or refuses to comply with follow-up requests from ConSova. If an employee does not engage with ConSova in the process, dependents who are not verified will be dropped from the plan retroactive to February 28.

Q. I've objected to the process by writing to ConSova and/or to University administrators. What will happen to my dependent coverage?

A: Unless you engage with ConSova in an effort to comply, dependents who are not verified will be dropped from the plan retroactive to February 28.

Q. If I do not participate in this dependent audit, will I be able to enroll my dependents in UA's health plan in the future?

A: The audit is being conducted now so that the University will know whether the dependents of current employees are eligible for coverage for the upcoming plan year (FY12). Newly hired employees who were not on UA's plan during the audit may enroll their dependents at the time of hire for FY12 coverage and will be required to provide documents to verify their dependents. However, the dependents of current employees who do not participate in the audit verification process will be removed from the plan and they may not be re-enrolled for FY12 unless dependent documents are provided to ConSova and dependent(s) are verified.

Q. I am curious whether COBRA benefits will be available to employees who wish to enroll dependents who are removed from the plan. If my dependents are removed from the plan because I do not want to provide verification documents to ConSova, could I then elect COBRA benefits to make sure my dependents have health care coverage?

A: No. First, COBRA benefits are available to employees and their eligible dependents. For a

dependent to be eligible for COBRA, their eligibility would have to be documented. Second, COBRA benefits are available in specific defined situations related to the termination of employment and are also available when there is a “qualifying life event.” An employee’s decision not to participate in a dependent audit or to share verification documents with UA’s vendor is **not** a qualifying life event that would meet the requirements for enrollment in COBRA benefits. If your dependent(s) lose coverage through UA’s health plan because you do not participate in the dependent audit, you would have to obtain other insurance coverage for them, such as by the purchase of a private insurance plan.

Q. Will UA require back payment from employees due to a dependent being dropped from the plan if found to be ineligible, to recoup the cost of the benefits, e.g. medical, dental or pharmacy coverage, for which the dependent was not eligible?

A. It depends on how the dependent’s ineligible status was determined. The process underway includes an amnesty for anyone who voluntarily notifies ConSova that an ineligible dependent has been on the plan. If this notification occurs by February 28, the employee who had the ineligible dependent on the plan will receive “amnesty.” This means that while the ineligible dependent will be removed from the plan effective February 28, 2011, the University will not seek to recover the costs of any benefits previously received by the dependent. By contrast, if a dependent is found to be ineligible after the February 28, response date as a result of the verification process rather than earlier voluntary disclosure by the employee, the university may seek repayment of the costs of benefits received by the ineligible dependent.