

SEMINOLE COUNTY

**SPECIAL REVIEW
OF
SOLSTICE BENEFITS, INC.**

DENTAL INSURANCE

REPORT NO. 022714

FEBRUARY 2014

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Comptroller**

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**Seminole County
Special Review of
Solstice Benefits, Inc**

DENTAL INSURANCE

BACKGROUND

During open enrollment all active county employees have the opportunity to purchase dental insurance through Solstice Benefits, Inc. This is the carrier under contract with Seminole County since 2011. There are basically three plans offered; all with different monthly premium schedules:

	<u>P4000</u>	<u>I1476</u>	<u>S700A</u>
Employee	\$29.74	\$18.58	\$13.08
Employee + 1	\$52.32	\$31.84	\$22.82
Employee + 2	\$76.76	\$46.48	\$31.00

Internal Audit was requested to verify that the premiums charged to the employees were in accordance with the contract and Seminole County was properly billed. As of January 1, 2014, there were 765 employees covered by one of the three plans.

In the report that follows we address the accuracy of the billings.

SCOPE OF WORK

All dental premiums, billings, and JDE financial data for the period October 2012 through January 2014 were subject to review. The review included:

- Payments to Solstice for the period;
- Records of employees and their respective insurance plans;
- Review of insurance rates per the plan;
- Supporting documentation; and,
- Seminole County policies, procedures, and applicable laws.

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OVERALL EVALUATION

Although the management controls do require some improvements, it is our opinion that there is substantial compliance with the terms and conditions of the contract.

We have furnished our itemized list of exceptions to the Benefits Division of HR and also County Finance for corrective action. Nine employees in total had billing issues that need to be corrected. These issues will be resolved with timely and accurate updating of the records.

The issues are as follows:

- Employees were billed for insurance after termination; and,
- Employees billed with an incorrect rate.

The findings and recommendations are included in the report that follows.

FINDINGS AND RECOMMENDATIONS

FINDING NO. 1

Some employees were billed after terminating.

Below are examples of former employees that the county is still receiving a bill for insurance even though the two hadn't worked for the county for several months:

- One employee resigned on November 30th, 2012; yet was still billed for December 2012 through October 2013 (11 months) for a total over payment of \$327.14.
- Another employee resigned on January 31, 2013; but, was still billed for the months of February through May 2013 for a total overbilling of \$118.96.

We have other examples of former employees with similar issues. Improperly submitted invoices need to be rejected; and, sent back to the insurance company

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to be corrected. This also puts the insurance company on official notice that accurate and complete invoices are required for future payments.

By not requiring a proper invoice there are opportunities for over-billings and poor internal record keeping.

Recommendation

1. HR should contact insurance carrier and County Finance immediately of all employees terminating.
2. HR and County Finance should reject all invoices from insurance company that are either incomplete and/or inaccurate.
3. HR should monitor that the corrective actions have been completed.
4. Additional management controls should be established at HR to improve accuracy of billing data.

Current Status

HR and County Finance has been provided our worksheets to address the issues noted above and they have already initiated appropriate adjustments to insurance company issues.

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FINDING NO. 2

Employees billed with an incorrect rate.

Three employees were billed at an incorrect rate:

- One was billed \$31.00 for 2 months or \$62.00. This employee should have been billed at \$22.82 for these 2 months or \$45.64. Payroll deductions and remittances to cover the insurance were made for the correct amount of \$45.64. Thus; the insurance company over billed by \$16.36.
- Another billed at \$13.08 for 2 months or \$26.16; should be billed for \$22.82 for two months or \$45.64. The insurance company under billed by \$19.48.
- A third example is an employee billed for \$29.74 for 3 months or \$89.22; he should have been billed for \$52.32 or \$156.96 or an under billing of \$67.74.

Inaccurate invoices should be rejected and sent back to the insurance company for correction. By not establishing the proper controls over the review process, there are opportunities for over billings as illustrated above.

Recommendation

1. The recommendation is the same as the previous findings. Management needs to establish controls to ensure that the errors are identified in a timely manner to prevent billing irregularities.
2. Incorrect insurance company billings need to be rejected and resubmitted prior to payment.

Current Status

Our worksheet has been provided to HR and County Finance and steps are already being taken to adjust the payments on the invoices as appropriate.

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