

Checklist: Health Insurance Dependent Audit

Provided by The Society for Human Resources Management (SHRM)

This checklist can assist employers in conducting an audit of dependents covered on the employer's group health plan by requiring all employees to provide proof that any dependents are, in fact, eligible for that coverage.

- Review the eligibility rules and procedures outlined in the plan document for clarification of eligible dependent definitions.** Ensure the language is clear and easy to understand for employees and HR staff.
- Conduct a random sampling of employees to determine if a full dependent audit is warranted.** Consider the resources and time a full audit requires. If a full audit is not warranted, use your resources to examine your practices around requiring eligibility documentation during the enrollment process.
- Check your company's data against your plan administrator's data and cure discrepancies before asking employees to provide proof of dependent eligibility.**
- Communicate the reason for the audit and the process that will be used.** Be sure to communicate the consequences for failing to comply with requests for documentation and the consequences for having an ineligible dependent on the plan.
- Explain to employees what an eligible dependent is and is not under the definitions in your plan documents.** Share examples of both with your employees.
- Consider giving employees a list of documents that can verify dependent eligibility, such as birth certificate or court documents.**
- Allow a grace period for employees to drop dependents that do not qualify before the audit begins.**
- Consider what penalties, if any, will be imposed for violations found during the audit.**



- Notify employees of determination of ineligibility and inform them what action will be taken.** Identify and remove the ineligible dependents. Notify third-party administrators, insurers or claims administrators.
- Consider communicating the results of the audit to all employees.** Include the resulting savings to the plan, emphasizing employee responsibility for ensuring dependents' eligibility.

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