

# Case Study

This recap is an abbreviated version of a case study done by Benefits Auditing & SVCS in July 2021.

## Back Story

This study is of a significant employer in Atlanta, GA, with greater than 7000 employees. We will refer to this employer as Company A, which is not its actual name. Company A had approximately 1100 employees elect to cover their spouses on their 2020 plan year benefits election. The spousal surcharge for Company A is **\$2400 annually**. Like many major companies that offer employee benefits, management is seeking ways to provide valuable benefits to its employees at a reasonable cost. In this particular case study, we will focus on the spousal surcharge.

As you are aware, a spousal surcharge is applied by employers when an employee elects to carry their spouse on their medical plan when the spouse has access to coverage from their own employer.

## The Audit

Benefits Auditing & SVCS completed an audit of medical plans that covered a spouse and discovered that 85 employees had erroneously waived surcharges. This amounted to **\$204,000** in potentially lost premiums annually with only a 7.7% error rate.

## The Pain Points

In this case study, we identified two primary pain points.

1. The massive amount of uncollected premium (\$204k annually) had our audit not been performed.
2. The employee benefits broker and third-party administrator(TPA) failed to notify the employer of the errors that caused the huge losses.

After numerous discussions between the TPA, Broker, Consultant, and upper management, it appears that no one was willing to accept responsibility, which left the employer very frustrated.

## **The Solution**

Since Benefits Auditing is experienced in identifying specific errors and uncovering them quickly, they will continue to work with the employer to offer their services. We project the employer to realize an additional **\$1,020,000 in collected premium over the next five years** with the spousal surcharge alone. Benefits Auditing offers benefits audits in six other areas with similar results.

The employer did not renew the contract for the broker or TPA.

Have any questions or would like more information on the services provided by Benefits Auditing & SVCS? Send us an email at [chunter@benefitsauditing.com](mailto:chunter@benefitsauditing.com) or give us a call at 678 902-2471.