



OFFICE OF THE INSPECTOR GENERAL MONTGOMERY COUNTY MARYLAND

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INSPECTOR GENERAL

Performance Audit of OHR Benefits Administration

Office of Human Resources

OIG Publication #26-10

October 31, 2025

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EXECUTIVE SUMMARY

This audit of the Office of Human Resources (OHR) focused on the County's management of employee and retiree benefit programs. We specifically looked at practices around the confirmation of participant eligibility, the accuracy of benefit contributions, and related oversight of County insurance benefits. The audit satisfies the OIG's mandate to conduct reviews of internal accounting and contracting processes and controls used by each department and principal office in the Executive Branch.

We found that overall OHR's process for managing active employee and retiree insurance benefits adequately ensured that participants received the correct benefits. Through bi-weekly and monthly reconciliations they also sufficiently confirm the accuracy of insurance premiums and deductions. However, we found instances where OHR could not provide evidence supporting participant eligibility and lacked written policies and procedures governing related processes. We also found the County unnecessarily paid for benefits for a retiree whose account was delinquent.

OBJECTIVES

Through this audit we attempted to (1) evaluate OHR's design and implementation of controls over the processing and accuracy of retiree contributions, benefits, and eligibility, (2) evaluate OHR's design and implementation of controls over the processing and accuracy of active employee contributions, benefits, and eligibility, (3) evaluate OHR's monitoring of delinquent contribution payments under plan rules to ensure retirees are not receiving benefits to which they are not entitled, and (4) assess monthly reconciliations of benefit contributions to ensure compliance with County and departmental procedures.

SCOPE AND STANDARDS

Our audit covered benefits, contributions, eligibility, and reconciliations as of June 30, 2024, and delinquent retirees as of March 26, 2025. Our audit was conducted in accordance with the generally accepted government auditing standards (GAGAS).

RESULTS

- OHR could not present proof of eligibility for some benefit program participants.
- OHR failed to identify a delinquent account costing the County over \$5,000.

RECOMMENDATIONS

The report includes 4 recommendations to strengthen OHR's approval process for the eligibility of dependents for benefits, the maintenance of supporting documents, and the termination of benefits for non-payment. The report also recommends OHR evaluate the 8 instances we identified to ensure participant eligibility and recoup payments as necessary.

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BACKGROUND

The Montgomery County Office of Human Resources' (OHR) mission is to "build a strong and resilient workforce for Montgomery County Government (MCG)." They do this through 7 divisions that provide recruitment, training, benefit administration, and retirement and financial services that support County government employees and retirees.¹

OHR's total operating budget for fiscal year (FY) 2024 was \$342,846,575, 96% (\$329,558,606) of which was allocated to the Health and Employee Welfare Division. This division is responsible for managing and administering the County's health and welfare plans for over 45,000 County employees and retirees in accordance with County policy and local, State, and Federal laws. Employees who work for participating agencies that partner with the County to provide various services but are not considered internal County government departments, such as Circuit Court employees, Volunteer Fire and Rescue Association employees, and Revenue Authority employees, are also included. On behalf of these individuals, the division works to ensure that benefits are administered efficiently, eligibility is accurately determined, and employees have access to the resources they need for their well-being. The division is also responsible for managing open enrollment, processing insurance claims, managing payments to benefit carriers and third-party administrators, and providing customer service for benefit-related inquiries.

The various available plans provide participants, and their qualifying spouses and dependents, with health benefits including medical, dental, vision, and prescription insurance as well as dependent life insurance, and flexible and health savings accounts. Upon hire, active employees and participating agency employees indicate their selection of benefits on an election form and provide OHR with requisite documents to support eligibility for those selections. Similarly, at retirement those wishing to maintain County benefits again indicate their preference on an election form and provide requisite support to OHR. Supporting documents that would fulfill eligibility requirements for both active employees and retirees would include birth certificates, marriage certificates, divorce decrees, and adoption paperwork.

The County and participants split the cost of benefits through an employee/employer cost share arrangement which dictates the percentage of the total premium cost that each party is responsible for paying. Each party's share of costs is determined by a number of factors, but it generally equates to a 20/80 split for active employees and a 30/70 split for retirees. These cost shares are reassessed on an annual basis. Active employees pay their share of benefit costs through payroll deductions. Retirees, however, can pay their share one of two ways: through payroll deductions if receiving a pension check or through the direct bill program. The direct bill program is managed by a third-party administrator who is responsible for billing retirees for

¹ Director's office, Business Operations and Performance, Recruitment and Selection, Equal Employment Opportunity (EEO) Compliance and Diversity Management, Health and Employee Welfare, Occupational Medical Services, and Training and Organizational Development.

their share of benefit costs and maintaining participant accounts to ensure payments are made. In FY24, OHR budgeted over \$320 million for expected benefit claims to be paid County wide.

In March 2021, Montgomery County retained a contractor to conduct a dependent eligibility recertification to ensure dependents covered by County health plans adhere to established eligibility requirements and to remove any dependents who were identified as ineligible for coverage. The study included 7,768 active employee and retiree participants covering a total of 18,043 dependents who were subject to recertification. At the conclusion of the contractor's work, 469 dependents were removed from County health insurance plans, which is 2.6% of the total dependents reviewed. It was noted in the final report that 181 covered dependents were reported as ineligible by the participant and 288 covered dependents were removed due to non-compliance with the recertification such as not responding to the request or submitting incomplete documentation. The estimated annual net savings resulting from the recertification was \$1,882,708.

OIG Audit Approach

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS).

Appendix A contains additional information on this audit's objectives, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

In keeping with the OIG's mandate to conduct reviews of internal accounting and contracting processes and controls used by each department and principal office in the Executive Branch, we conducted this audit to assess OHR's controls surrounding participant eligibility, the accuracy of employee and retiree benefit contributions, and oversight of participant benefits. Additionally, we tested for delinquent retiree benefit contribution payments and assessed OHR's procedures for reconciling monthly benefit payment discrepancies.

We found that overall OHR's process for managing active employee and retiree insurance benefits adequately ensured that participants received the correct benefits. Through bi-weekly and monthly reconciliations they also sufficiently confirm the accuracy of insurance premiums and deductions. However, we found instances where OHR could not provide evidence supporting participant eligibility and that the County unnecessarily paid for benefits for a retiree whose account was delinquent.

Finding 1: OHR could not present proof of eligibility for some benefit program participants.

OHR's administration of the County's health plans are governed by the "Montgomery County Group Insurance Summary Description". This guide details the forms and support required from participants and their dependents to be eligible for participation in the various plans offered by the County. Failure to provide proof of eligibility and supporting documentation can result in denial or termination of coverage. OHR told us that they expect staff to upload and maintain eligibility documents in employee electronic personnel files. In March of 2021, OHR retained a contractor to certify whether all dependents enrolled in County health plans met eligibility requirements.

We tested a random sample of 40 active employees, 35 retirees, and 5 participating agency employees to assess eligibility, whether they were enrolled in the requested plans, and if they were charged the appropriate premium. For the 80 individuals selected for testing, we initially found 17 files lacked applicable election forms or similar documentation reflecting the insurance benefits that the individual was receiving. We found an additional 6 instances where there was no indication that election forms were reviewed and approved prior to granting benefits to active employees. Additionally, of the 52 individuals in our sample that elected benefits for dependents, we initially found 16 files did not have appropriate documentation to establish eligibility for those dependents.

After multiple discussions with OHR about our findings, staff located some of the missing documents in locations outside of the electronic personnel files where they should have been kept. Ultimately, we were unable to confirm the eligibility of 8 dependents who were covered by County insurance benefits and found no indication that the previously noted 6

election forms were reviewed and approved prior to granting benefits to active employees. The County's cost for providing insurance to the 8 dependents was \$24,684.02. Relatedly, we noted that OHR does not have written procedures governing the approval of eligibility documents or requirements for maintaining related supporting documents.

In spite of the results of the recertification of eligibility undertaken in 2021, we still found instances where OHR was not able to support the eligibility of dependents and did not maintain supporting documentation of eligibility and elections in a centralized location. A lack of policies and procedures for approving and maintaining eligibility documents that support benefit elections places the County at increased risk of paying for benefits for ineligible participants.

Recommendations

We recommend OHR:

- a) **Develop and implement formal written procedures for the management of insurance benefits, including documenting approvals, and maintaining supporting documentation.**
- b) **Evaluate the identified files that were missing eligibility documentation and determine whether those participants are still eligible for elected benefits and seek reimbursement as applicable.**

Finding 2: The County continued to provide benefits to a retiree with a delinquent account, costing the County over \$5,000.

OHR uses a contractor for the billing, collection, and reconciliation of insurance premium payments paid by retirees who use the direct bill program. The contractor generates and disburses monthly invoices, maintains retiree account balances, and generates cancellation reports for retirees whose coverage is terminated. The contractor is also required to notify OHR when a retiree fails to submit payment covering their share of their coverage. OHR has access to the contractor's online system where this information is stored and can view direct bill participant accounts.

To assess the process for handling unpaid bills, we tested a sample of 13 direct bill retirees who were categorized by the contractor as "delinquent" for failing to remit their premium payment. The contractor's categorization does not mean that insurance benefits would have been terminated but should have triggered notification to OHR for action. We inquired with OHR as to the standing of these 13 direct bill retirees and noted that one of the selected retirees was delinquent for 5 months but was still receiving benefits. Based on our

calculations utilizing the Retiree Group Insurance Rate² for calendar year 2025, the County's share of this retiree's insurance premium for the five months was \$2,949.92. Additionally, since the retiree wasn't remitting payment, the County also absorbed the participant portion which equaled \$1,264.25. Through inquiry, we also discovered that the retiree submitted three claims totaling \$1,105.20 during the 5-month period of delinquency resulting in a total cost to the County of \$5,319.37.

OHR claimed to not have been notified by the contractor about the retiree's delinquent status but has now retroactively terminated the retiree's coverage and issued the first of a series of three letters required to terminate coverage. OHR's internal standard operating procedure to track non-payment of benefits for direct bill retirees requires a monthly review of the contractor's system to identify individuals whose payments have been delinquent for two months. Those found to be delinquent longer than two months should have their coverage terminated by OHR. However, in discussions with OHR and the contractor, we learned that OHR makes an effort to work with retirees to keep them insured while they attempt to bring their account current.

For the identified instance, had OHR complied with the SOP they would have identified the delinquent employee sooner thereby minimizing the cost to the County. Additionally, not following the SOP can lead to inequities when determining which retirees are granted exceptions.

Recommendations

We recommend OHR:

- a) Provide training to staff on requirements to terminate non-paying retirees.**
- b) Ensure required monthly reconciliations are completed to confirm retiree payments are current and accurate.**

² This document represents the cost share for retirees for calendar year 2024. In this example, the employee/employer split was 30/70.

OIG COMMENTS TO CHIEF ADMINISTRATIVE OFFICER’S RESPONSE

The County Chief Administrative Officer’s response to our report is included in its entirety in Appendix B. The response indicates concurrence with the OIG’s recommendation. Appendix C summarizes the CAO’s response to our recommendation and the OIG’s assessment of the County’s progress towards fully implementing the stated action.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this performance audit were to:

- 1) Evaluate OHR's design and implementation of controls over the processing and accuracy of retiree contributions, benefits, and eligibility.
- 2) Evaluate OHR's design and implementation of controls over the processing and accuracy of active employee contributions, benefits, and eligibility.
- 3) Evaluate OHR's monitoring of delinquent contribution payments under plan rules to ensure retirees are not receiving benefits to which they are not entitled. Additionally, to determine whether individuals who separated from County employment as of June 30, 2024, had their insurance and other benefits terminated timely by OHR.
- 4) Assess monthly reconciliations of benefit contributions to ensure compliance with County and departmental procedures.

Scope and Methodology

The scope of our audit covered various subject areas and time periods as outlined below:

- 1) All MCG benefit recipients as of June 30, 2024, including eligibility documentation and contribution amounts for actives and retirees.
- 2) All terminated/separated employees as of June 30, 2024.
- 3) All monthly benefit reconciliations for FY2024.
- 4) Current accounts receivable aging schedule for retirees making benefit payments through the direct bill program.

From February 2025 to May 2025, we conducted fieldwork to achieve our stated objectives. We performed walkthroughs with OHR personnel to gain an understanding of internal controls associated with benefits, eligibility, and contribution payments. We also conducted interviews with various individuals from County Finance, the County payroll division, and the related benefits contractor. Additionally, we reviewed County and departmental policies and procedures and sampled County employees and retirees to test against criteria.

We obtained and reviewed the following criteria for our performance audit:

- 1) Montgomery County Code Section 33, Personnel and Human Resources
- 2) Montgomery County AR Policy – Financial Governing Principles and Standards, Effective April 1, 2020
- 3) MCG Group Insurance Summary Description
- 4) Montgomery County Personnel Regulations (MCPR) Section 4 – Records
- 5) MCG Benefit Election Form

- 6) Other applicable OHR standard operating procedures, policies and other related documentation

Objective 1 – Retiree and Participating Agency Employee contributions, benefits, and eligibility

To evaluate OHR’s design and implementation of controls over insurance benefits provided to retirees and their dependents, we obtained and reviewed Montgomery County Code Section 33 and other related County policies. We also obtained OHR’s internal documentation and standard operating procedures associated with retiree benefits and contribution payments. Additionally, we conducted walkthroughs with applicable OHR personnel to gain an understanding of the processes and controls related to retiree insurance benefits and cost share of contribution payments.

We then performed control testing by obtaining a population of all retirees, their dependents, and participating agency employees that were receiving County insurance benefits as of June 30, 2024, and selected a random sample of 40 individuals. We utilized the sample size table for control testing below to determine our sample size and used data analysis software (IDEA) to determine the random sample selection.

Table 1: Control Testing Sample Size Table

Significance of Control and Inherent Risk of Compliance Requirement	Suggested Sample Size 0 deviations expected
Very significant and higher inherent risk	60
Very significant and limited inherent risk or moderately significant and higher inherent risk	40
Moderately significant and limited inherent risk	25

For the controls tested, it was determined that they were moderately significant based on OHR’s operations; the controls tested, if improperly implemented, could cause noticeable disruptions to department operations and some financial loss to the County. We also determined that the inherent risk associated with insurance benefits was higher due to the level of potential human error in reporting benefits as well as the multiple ways in which contribution payments could be collected and the involvement of a contractor. This led us to a sample size of 40 individuals.

For the selected samples, we obtained, inspected, and analyzed supporting documentation, including election forms, marriage certificates, birth certificates, and premium rate sheets, to

determine compliance with County and departmental policies, as well as eligibility requirements. We also determined the accuracy of contribution amounts paid for selected individuals and compared noted rates to payroll deductions.

Objective 2 – Active employee contributions, benefits, and eligibility

After obtaining and reviewing Montgomery County Code Section 33 and other related County policies, as well as relevant OHR internal documentation and standard operating procedures, we sought to evaluate OHR’s design and implementation of controls over the processing and accuracy of active employee contributions, benefits, and eligibility. We conducted walkthroughs and interviews with relevant OHR personnel to gain an understanding of the insurance benefit process for active employees.

We then conducted control testing to determine whether active employees and their dependents were enrolled in benefits they selected, were eligible for their selected benefits and remitted the necessary supporting documentation and the premium rates being deducted from their paychecks were accurate. We obtained a participant data list containing all active employees receiving County insurance benefits as of June 30, 2024. Using the table below, we determined that a sample size of 40 individuals was appropriate for this control testing. We deemed controls to be moderately significant given their potential impact on OHR’s operations such that they could cause noticeable disruptions and financial loss if not functioning properly. Additionally, we assessed a higher inherent risk for insurance benefits due to the level of human factors involved in the process of determining eligibility and collecting documentation.

Table 2: Control Testing Sample Size Table

Significance of Control and Inherent Risk of Compliance Requirement	Suggested Sample Size 0 deviations expected
Very significant and higher inherent risk	60
Very significant and limited inherent risk or moderately significant and higher inherent risk	40
Moderately significant and limited inherent risk	25

Utilizing data analysis software (IDEA), we selected a random sample of 40 active employees for testing. For the samples selected, we obtained, inspected, and analyzed supporting documentation to determine compliance with County and departmental policies, as well as eligibility. We also determined the accuracy of contribution amounts and compared to payroll deductions.

As part of this objective, we also performed procedures to determine whether individuals who were separated from County employment as of June 30, 2024, had their insurance benefits terminated timely by OHR. We utilized the same population of active employees and identified individuals who were labeled as “terminated” in the population. This resulted in a subpopulation of 145 separated employees.

We then utilized data analysis software (IDEA) to determine the statistical sample size and excel to select the random sample. Table 3 below contains the statistical sampling criteria used to arrive at a sample size of 25 individuals.

Table 3: Sampling Methodology - Separated Employees

Population	Population Size	Confidence Level	Tolerable Deviation Rate	Expected Deviation Rate	Sample Size
Employees who were separated from County Employment as of June 30, 2024	145	90%	8%	0%	25

For the 25 randomly selected individuals, we compared the "coverage Through" date per the active employee participant data list to both the "coverage end" date per OHR's tracking system and the final paycheck date per County payroll data.

Objective 3 – Delinquent contribution payments for direct bill retirees

To evaluate OHR's monitoring of delinquent contribution payments, we first obtained and reviewed Montgomery County Code Section 33 and other relevant County policies, as well as OHR's standard operating procedures and internal documentation related to contribution payments from retirees who are part of the direct bill program. We conducted a walkthrough with the contractor responsible for the collection of premium payments made by direct bill retirees to gain an understanding of the process as well as the contractor's level of involvement and OHR's role in the process.

We then obtained a population of retirees who were delinquent in remitting contribution payments as of March 26, 2025. The population consisted of 19 participants who were delinquent at some point leading up to March 26, 2025. Utilizing data analysis software (IDEA),

we determined that the statistical sample size would be 13 individuals. Table 2 below contains the statistical sampling criteria used to arrive at our sample size.

Table 4: Sampling Methodology – Delinquent Retirees

Population	Population Size	Confidence Level	Tolerable Deviation Rate	Expected Deviation Rate	Sample Size
Delinquent direct bill retirees	19	90%	8%	0%	13

We then utilized the random function in excel to select our random sample of 13 individuals. We inquired with OHR as to whether these individuals were still receiving benefits or if their benefits were canceled with the insurance companies due to the delinquency. We examined supporting documentation from OHR noting dates when coverage was terminated for certain individuals. We also inquired with OHR as to their attempts to collect outstanding contributions.

Objective 4 – Reconciliations of benefit contributions

To assess OHR’s process for the reconciliation of retiree payroll deductions, we obtained and reviewed the Accounts Receivable Policies – Financial Governing Principles and Standards, Effective: April 1, 2020, along with OHR’s standard operating procedures and related internal documentation. We conducted walkthroughs with OHR and Finance personnel to gain an understanding of the reconciliation process, relevant controls associated with payroll deductions, and the separation of duties and roles within the departments.

We obtained retiree payroll reconciliations from OHR and judgmentally selected the 10 largest identified variances for the month of June 2024. We inquired with OHR as to the reasoning for the variances and obtained supporting documentation containing the correct premium rate and deduction amount. We also inquired whether refunds had to be issued for variances where retirees were overcharged and the related process for issuing refunds.

Internal Controls

We assessed OHR’s internal controls and compliance with policies and procedures necessary to satisfy our audit objectives related to contributions, benefits, and eligibility. However, we did not evaluate OHR’s internal control structure to provide assurance on its effectiveness. We conducted interviews, walkthroughs, and documentation reviews to assess whether internal controls related to the applicable types of control activities, separation of duties, and documentation of responsibilities through policies are properly designed and implemented. It

is important to note that our review was limited in scope and may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: CHIEF ADMINISTRATIVE OFFICER'S (CAO) RESPONSE

The Chief Administrative Officer provided the following response to our report:



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

October 29, 2025

TO: Megan Davey Limarzi, Inspector General

FROM: Richard S. Madaleno, Chief Administrative Officer *RSM*

SUBJECT: Inspector General Confidential Draft Report: Performance Audit of OHR Benefits Administration – Office of Human Resources (OIG Publication #OIG-26-10)

Thank you for the opportunity to respond to the issues identified in the report. The Office of Human Resources (OHR) continues to perform a critical function in administering the group health insurance programs for County and participating agency employees, retirees, and eligible dependents, covering nearly 40,000 total lives. These programs support employee wellness and disease management strategies aimed at encouraging healthy lifestyles, active engagement in preventative care, and access to health services to manage chronic conditions. The County's sponsored group health insurance programs are delivered through contracts with third-party administrators, who are responsible for abiding by the County's health insurance plan design and processing claims. We are pleased that the audit found that, overall, the County's process for managing active employee and retiree insurance benefits adequately ensured that participants received the correct benefits.

We acknowledge that there are opportunities to improve both contract and health program administration processes, including ensuring written policies and procedures are in place for related processes. The report's findings and recommendations will be useful as we continue to enhance operations and protocols in the future. We are committed to taking appropriate steps to address the findings and recommendations, and have already taken a number of actions to strengthen internal controls and processes, as noted below.

Recommendation 1a: OHR should develop and implement formal written procedures for the management of insurance benefits, including documenting approvals, and maintaining supporting documentation.

Response: We concur with this recommendation. OHR has formal written procedures for plan enrollments of new employees and employees with qualifying life events. As part of these

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procedures, OHR staff review and validate the required eligible dependent documentation before approving or performing data entry to enroll employees and dependents in group insurance plans. These Standard Operating Procedures (SOPs) are the formal, internal written guidance that OHR uses to administer the County's health insurance programs, and which operationalize the Summary Plan document that outlines the rules for our plans. For over twenty years, all eligibility documentation has been stored in this secured, centralized electronic repository; prior data is stored on microfilm and kept in a secure physical location. As part of OHR's cyclical review of standard operating procedures, these written procedures will be reviewed, updated, and clarified to connect OHR's policies and practices with the health insurance Summary Plan document. OHR will also document the requirements and procedures regarding records retention, storage, and security of eligibility documentation. This work is anticipated to be completed by or before December 2025.

Recommendation 1b: OHR should evaluate the identified files that were missing eligibility documentation and determine whether those participants are still eligible for elected benefits and seek reimbursement as applicable.

Response: We concur with the intent of this recommendation. OHR has reviewed the identified files, as follows:

- Three cases related to the election of dependent life insurance. We acknowledge that not all records were provided. Currently, eligibility for dependent life insurance is verified at the time of claim by submission of the death certificate along with the claim document, which is the life insurance industry's practice. If the insurer finds a dependent ineligible, the claim is not paid, and the County will recover past premiums paid from the insurer. While the life insurance plan carrier does not require verification of dependent status at the time of enrollment, OHR will complete a thorough analysis to evaluate the feasibility, cost, and impact of updating the County's process to collect and verify eligibility documentation at the time of enrollment for dependent life insurance. OHR is targeting to complete this assessment in December 2025.
- Five cases related to health insurance coverage for dependents. OHR has located eligibility documentation for one individual, and OHR has requested resubmission of dependent eligibility documentation in the four other cases.
- Six election forms reviewed without prior approval (before granting benefits). OHR located confirmation statements for five individuals. One individual did not elect to have insurance coverage, and no form was required.

Recommendation 2a: OHR should provide training to staff on requirements to terminate non-paying retirees.

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Response. We concur with this recommendation. OHR staff responsible for administering group health insurance programs receive training on the County's procedures for retiree direct billing. OHR will re-evaluate the training model and provide refresher training to all staff involved with payment management by June 2026.

Recommendation 2b: OHR should ensure the required monthly reconciliations are completed to confirm retiree payments are current and accurate.

Response. We concur with this recommendation. The report revealed that one retiree was delinquent for longer than two months and was receiving coverage. This issue has been resolved, as the retiree submitted full payment for past premiums. Delays in reporting delinquencies, communication, and other challenges related to the previous vendor's performance led us to issue a solicitation for these services 14 months ahead of schedule. The new vendor commenced work on September 1, 2025. The County has taken the following steps to strengthen this process.

- The grace period for delinquency has been reduced from 45 days to 30 days, allowing for more timely reports from the vendor.
- By the tenth of each month, OHR receives a detailed report regarding direct-billed payments and cross-references premiums.
- Retirees are actively encouraged to enroll in autopay to submit their health insurance premiums.

These process improvements ensure that retirees are billed accurately and that coverage is terminated for non-payment, as required by our standard operating procedures.

Thank you for bringing these matters to our attention.

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Traci L. Anderson, Director, Office of Human Resources
Michele El-Gamil, Internal Audit Manager, Office of the County Executive

APPENDIX C: RECOMMENDATION STATUS AND FOLLOW UP

This Appendix provides a summary of the findings and recommendations presented in this report along with the OIG's assessment of the county's progress towards addressing the recommendations. The OIG categorizes progress towards implementation into the following 4 status groups:

- Open Unresolved: No management response, inadequate response, or no agreement on corrective action plan.
- Open In Progress: Agreed on planned action, auditee is in the process of implementing stated actions, but no evidence of implementation has yet been provided to the OIG.
- Open Resolved: Auditee provided support to OIG indicating implementation was complete, OIG testing to ensure implementation.
- Closed: Recommendation has been implemented.

Finding #	Finding	Recommendation	CAO Response	Status
1	OHR could not present proof of eligibility for some benefit program participants.	1a: We recommend OHR develop and implement formal written procedures for the management of insurance benefits, including documenting approvals, and maintaining supporting documentation.	Concur During OHR's cyclical review of standard operating procedures, these written procedures will be reviewed, updated, and clarified to connect OHR's policies and practices with the health insurance Summary Plan document. OHR will	Open – In Progress

Finding #	Finding	Recommendation	CAO Response	Status
			also document the requirements and procedures regarding records retention, storage, and security of eligibility documentation. This work is anticipated to be completed by or before December 2025.	
		1b: We recommend OHR evaluate the identified files that were missing eligibility documentation and determine whether those participants are still eligible for elected benefits and seek reimbursement as applicable.	Concur Three cases related to dependent life insurance. We acknowledge that not all records were provided. Currently, eligibility for dependent life insurance is verified at the time of claim by submission of the death certificate along with the claim	Open – In Progress

Finding #	Finding	Recommendation	CAO Response	Status
			document, which is the life insurance industry's practice. If the insurer finds a dependent ineligible, the claim is not paid, and the County will recover past premiums paid. While the life insurance plan carrier does not require verification of dependent status at the time of enrollment, OHR will complete a thorough analysis to evaluate the feasibility, cost, and impact of updating the County's process to collect and verify eligibility documentation at the time of enrollment for dependent life insurance. OHR is targeting to complete	

Finding #	Finding	Recommendation	CAO Response	Status
			<p>this assessment in December 2025.</p> <p>Five cases related to health insurance coverage for dependents. OHR located documentation for one individual and requested resubmission of the other four.</p> <p>Six election forms reviewed without prior approval (before granting benefits). OHR located the confirmation statements for five individuals and one individual did not elect coverage and no form was required.</p>	

Finding #	Finding	Recommendation	CAO Response	Status
2	The County continued to provide benefits to a retiree with a delinquent account, costing the County over \$5,000.	2a: We recommend OHR provide training to staff on requirements to terminate non-paying retirees.	Concur OHR staff responsible for administering group health insurance programs receive training on the County's procedures for retiree direct billing. OHR will re-evaluate the training model and provide refresher training to all staff involved with payment management by June 2026.	Open – In Progress

		2b: We recommend OHR ensure required monthly reconciliations are completed to confirm retiree payments are current and accurate.	Concur The identified issue has been resolved, as the retiree submitted full payment for past premiums. Delays in reporting delinquencies, communication, and other challenges related to the previous vendor's performance led us to issue a solicitation for these services 14 months ahead of schedule. The new vendor commenced work on September 1, 2025. The County has taken the following steps to strengthen this process. The grace period for delinquency has been reduced from 45 to 30 days, allowing for more timely	Open – In Progress
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Finding #	Finding	Recommendation	CAO Response	Status
			reports from the vendor. By the tenth of each month, OHR receives a detailed report regarding direct-billed payments and cross-references premiums. Retirees are actively encouraged to enroll in autopay to submit their health insurance premiums.	