

PERALTA COMMUNITY COLLEGE DISTRICT  
**Board of Trustees Agenda Report**  
**For the Trustee Meeting Date of November 10, 2009**

ITEM # 5

ITEM TITLE: Benefit Plan Dependent Eligibility Audit of 2010

**SPECIFIC BOARD ACTION REQUESTED:**

Approve \$25,090 estimated expense for eligibility audit of employee benefit programs. Audit to be conducted by a third-party administrator (CoreSource) reviewing both District-sponsored medical plans, CoreSource and Kaiser.

**ITEM SUMMARY: (PLEASE DISCUSS THIS ITEM)**

The District Benefits Office recommends performing an audit of dependents currently enrolled in the District's medical plans (Kaiser and self-funded benefit plan currently administered by CoreSource). We will ask a third-party administrator to independently coordinate the effort. This project is expected to last 4 months from planning through execution. During the implementation process, our third-party administrator will assist us in:

- clarifying eligibility criteria,
- establishing acceptable documentation,
- developing communications for our employees and retirees, and
- providing us with reports

In the result phase of the project, the administrative services will give us a summary of savings and a final and more precise return on investment results.

The project will cost \$25,090; with an expected savings of about \$277,000 to the District. The return on investment may be as high as 10:1. We are guaranteed a return on investment of 4:1. CoreSource will refund audit fees \$25,090 should we fail to meet this threshold.

**BACKGROUND/ANALYSIS:**

Research from our medical plan broker PSW Benefit Resources and from CoreSource, indicate that 3 – 12% of the benefit population is ineligible for coverage by the established criteria. An audit will not only save dollars spent on plan abuse of ineligible dependents, but is expected to:

- reinforce our commitment to provide our benefits only to those who are eligible
- ensure that we continue to be compliant with external federal agencies and the contracts with our business partners
- mitigate savings to our escalating costs
- deter misuse and abuse of the plans

**ALTERNATIVES/OPTIONS:**

**EVALUATION AND RECOMMENDED ACTION:**

**Recommend Approval**

**SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):**

**WE EXPECT TO SAVE OVER \$250,000 FROM THIS AUDIT**

**OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):**

YES \_\_\_\_\_ No \_\_\_\_\_

**COMMENTS:**

**WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?**

THOMAS SMITH, VICE CHANCELLOR OF FINANCE AND ADMINISTRATION

JENNIFER BENFORD SEIBERT, DISTRICT BENEFITS COORDINATOR

**DID A BOARD STANDING COMMITTEE RECOMMEND THE ITEM? YES \_\_\_\_\_ No X**

**\_\_\_\_\_ IF "YES", PLEASE INCLUDE THAT INFORMATION IN YOUR SUMMARY.**

(\*\*\*\*\*Board contract approval is subject to negotiation and execution by the Chancellor.)

**PLEASE ACQUIRE SIGNATURES IN THIS ORDER:**

**DOCUMENT PREPARED BY:**

*Jennifer Benford Seibert*  
Prepared by: Jennifer Benford Seibert, District Benefits Coordinator Date: 11/3/09

**DOCUMENT PRESENTED AND APPROVED BY:**

Presented and approved by: Thomas Smith, Vice Chancellor for Finance and Administration Date: 11/5/09

**FINANCE DEPARTMENT REVIEW**

Finance review required       Finance review *not* required

If Finance review is required, determination is:       Approved       Not Approved

If not approved, please give reason: \_\_\_\_\_

Signature: *Thomas Smith*      Date: 11.5.09  
Thomas Smith, Vice Chancellor for Finance and Administration

**GENERAL COUNSEL (Legality and Format/adherence to Education Codes):**

Legal review required       Legal review *not* required

If Legal review is required, determination is:       Approved       Not Approved

Signature: \_\_\_\_\_      Date: \_\_\_\_\_  
Thuy T. Nguyen, General Counsel

**CHANCELLOR'S OFFICE APPROVAL**

Approved, and Place on Agenda       Not Approved, but Place on Agenda

Signature: *Elihu Harris*      Date: 11/4/09  
Elihu Harris, Chancellor