IN THE COURT OF COMMON PLEAS OF BUCKS COUNTY, PENNSYLVANIA

CRIMINAL DIVISION

GRAND JURY

INVESTIGATING GRAND JURY 16 : INVESTIGATION C-30

GRAND JURY REPORT

AND NOW on this 19th day of June, 2014, after examination of the attached report, and the transcripts from this investigation, the attached report for Investigation C-30, having been adopted by an affirmative majority vote of the regular Grand Jurors, is ACCEPTED, and the report is to be filed as public record.

Wallace H. Bateman
Supervising Judge

IN THE COURT OF COMMON PLEAS OF BUCKS COUNTY

CRIMINAL DIVISION

IN RE:	:	**MISC. NO. 201-2013**
COUNTY INVESTIGATING GRAND	:	
JURY OF: March 8, 2013	:	**GJ-16, C-30**

REPORT

TO THE HONORABLE WALLACE H. BATEMAN, SUPERVISING JUDGE:

We, the County Investigating Grand Jury of March 8, 2013, having been duly charged by the Court to investigate allegations of potential criminal activity in Bucks County through the Investigating Grand Jury Act, 42 Pa. C.SA.. Section 4541 et seq., do hereby submit this Report to the Court pursuant to Title 42 Pa. C.S.A. Section 4552, Investigating Grand Jury Reports.

IN THE COURT OF COMMON PLEAS OF BUCKS COUNTY

INVESTIGATING GRAND JURY

GRAND JURY 16 : INVESTIGATION C-30

REPORT

This matter was presented to the Bucks County Investigating Grand Jury, number 16, under Investigation C-30 by District Attorney David Heckler on March 5, 2014 as a result of nearly a year-long investigation that was initiated after an audit to determine the eligibility of dependents covered by the county's healthcare plans.

From mid-February through April of 2013, 1,728 county employees were required to document the eligibility of 3,798 people listed as dependents on the employees' medical coverage. At the end of the audit, it was publicly reported that 192 dependents listed by 158 employees had been found to be "ineligible" for coverage and removed from the rolls. It further was reported that the estimated annual cost of having covered the "ineligible dependents" was in excess of $600,000.

While county officials saw these numbers as a laudable savings to the taxpayers, much of the public took this news quite differently. Taxpayers saw the audit results, as presented by the county and the media, as evidence of widespread insurance fraud perpetrated for years on end by county employees and the undeserving dependents they had claimed. In response, an investigation into the results of the audit was begun in July 2013 by the Bucks County District Attorney's Office, with assistance from the Bucks County Controller's Office. Larry King, an investigative consultant to the District Attorney's Office, and Kevin McCreary, chief investigator

for the Controller's Office, were assigned to document the eligibility or ineligibility of each of the 192 dependents who were removed from coverage during the audit. The District Attorney's stated intention was to prosecute anyone found to have committed fraud, and to exonerate those who had not. Subsequently, County Detective Mark Zielinski was also detailed to assist in the investigation of the matter.

This investigation – which incorporated hundreds of online and paper records in multiple counties and states, interviews and correspondence with many of the employees and dependents, financial analysis of any wasted public money, and, ultimately, the evidence and testimony presented to this grand jury – has found no evidence of widespread fraud. It has, however, identified hundreds of thousands of dollars of wasted taxpayer money, most of it attributable to the county's own inefficient administration of its benefit plans.

Not only had the county never required documentation of enrolled dependents in any comprehensive way prior to the audit, but it also had no system in place for annually culling from the ranks any dependents who no longer wished or needed to be covered. In many instances, the county's Department of Human Resources proved to be more of an obstacle than a facilitator for those who had sought to have dependents removed from coverage. The result of these inefficiencies is that the county has continued to pay, sometimes for years, the added premium costs of dependents who could or should have been removed.

More than $383,000 has been wasted, for instance, on the added premium costs of covering ex-spouses on the health insurance plans of 25 county employees, some for several years after their divorces became final. Another $67,000 was spent on added premiums for an ineligible grandchild and a purported "common-law wife" who never should have been added in the first

place. Thus, this investigation alone has identified more than $450,000 in premium-cost losses that could have been avoided by better Human Resources practices and procedures.

As for the 192 "ineligible dependents" removed during the audit, investigators have determined that 153 of them were, in fact, actually eligible for healthcare coverage when the audit began, and received no unmerited benefits. And a majority of the 39 dependents who should not have been on the rolls when the audit began had received coverage because of mistakes made or inaction within Human Resources, not because of fraud by the employee.

A breakdown of the 192 removed dependents reflects:

- Fifty-eight (58) children, stepchildren or court-ordered child dependents who were eligible for coverage throughout the audit period. All were removed because the dependents no longer wanted coverage from the county or because their parents or guardians failed to submit the required documentation during the audit period.
- Thirty-one (31) children or stepchildren who had been eligible for coverage at the beginning of 2013, but who reached age 26 during the audit period. Under the Affordable Care Act, a child may stay on his or her parent's medical insurance until age 26. Each of these 31 dependents would have been removed automatically by the county's insurance carrier upon reaching his or her 26th birthday, and should not have been included in the audit.
- Twenty (20) children or stepchildren who were eligible for coverage but initially removed for lack of documentation by the audit deadline. All 20 were restored during a subsequent grace period when their parents submitted their documentation.

- Twenty (20) spouses who were eligible for coverage throughout the audit period, but whose husbands or wives failed to sufficiently document them according to audit requirements.
- Twelve (12) spouses who were eligible for coverage, but were initially removed as dependents for lack of documentation. All 12 were verified and restored to coverage during the post-audit grace period.
- Twelve (12) spouses who were eligible for coverage at the outset of the audit, but whose divorces became final during the audit period. Each of these divorced spouses was removed from coverage within 30 days of being notified of their divorce decrees, and therefore received no unmerited benefits
- Four (4) ineligible dependents – one spouse and three children – who were deceased but whose parents or spouses had failed to remove them as dependents on their medical coverage. The net premium loss from these cases was $7,128.44.
- Seven (7) child dependents who were ineligible at the time of the audit. Four were nieces and nephews who had been in the legal custody of county employees at one time, but whose custody orders had expired or had been rescinded. One was the adult son of a former employee who, because of computer error, had been listed as a child dependent of an unrelated employee. Two were grandchildren who had been wrongfully covered as child dependents. Six of these cases resulted in no added premium costs to the county, but the losses attributed to one of the ineligible grandchildren totaled $30,622.08.
- One (1) ineligible dependent who had remained on his father's coverage past the age of 26 because he had been mistakenly classified by the county as a disabled dependent. In fact, this adult child was serving honorably in the military in Afghanistan at the same

time the county had him listed as "disabled." This mistake resulted in no premium losses to the county.

- Twenty-five (25) ineligible ex-spouses who had remained on the county's rolls as dependents after their divorces became final. Nearly 80 percent of the 25 employees in question have credibly stated that they took steps to remove their ex-spouses, but that the county had failed to act on or facilitate their requests. Most of these claims are backed with some paper documentation, including three instances in which the employees' Human Resources files include time-stamped copies of their divorce decrees. The Controller's office estimates that it cost the county at least $383,130.20 to continue paying the added premiums for the 25 ineligible ex-spouses.
- Two (2) ineligible dependents who were wrongfully listed as spousal dependents. One was an ineligible nephew whose custody order had expired and who had been mistakenly listed by Human Resources as a spousal dependent. The other was an adult who had been enrolled under the mistaken impression that she qualified as a common-law wife. The latter instance cost the county an estimated $36,542.92 in premium cost losses.

HOW THE AUDIT CAME ABOUT

In February 2012, during a meeting with The (Doylestown) Intelligencer's editorial board, Commissioner Robert Loughery received a recommendation from Milford Township resident Manuel Alfonso, a citizen member of the board. Mr. Alfonso suggested that the county should conduct a dependent eligibility audit of its health care plans as a good business practice. Commissioner Loughery forwarded the suggestion to County Chief Operating Officer Brian

Hessenthaler. At the November 21, 2012 commissioners' meeting, Hessenthaler stated that Bucks County was "looking at eligibility audits," referring to the county's healthcare plans. On December 6, 2012, consultant Marianne Calvani of Charon Planning, the county's health insurance broker, emailed a proposed one-year contract to Meredith Dolan and Jean Stevens of the county's Human Resources Department. The contract called for Health Management Systems Inc. (HMS) of Jeffersonville, Indiana, to conduct an audit of all of the county's health care dependents in order to determine their eligibility for benefits. The cost to the county for the audit was to be $37,362. The contract had already been signed by HMS vice-president Greg Fischer when received. Interestingly, the contract clearly specified that HMS would only gather the information deemed necessary by the county to assess dependent eligibility. Under the contract, the county (more specifically Human Resources) would determine a dependent's eligibility after the audit was complete. On December 19, 2012, the county commissioners were presented with the contract at their scheduled meeting. Before voting on the contract, Commissioner Charles Martin asked Human Resources Director Meredith Dolan whether the contract guaranteed a savings that would exceed the cost of the contract. Meredith Dolan responded that though there was no such guarantee, the county would only need to remove as few as eight coverage options to cover the cost of the audit. "We will make that money (back)," she said. "We will have spent that money wisely." There can be no doubt that the audit of the county health care plans was an excellent idea, one perhaps long overdue. It is also clear that as a result of the audit, the removal of dependents who were ineligible or who had opted out of county healthcare coverage resulted in a savings to the county. Commissioner Loughery called the audit "an opportunity...to just take a look at different ways on our insurances for savings."

The commissioners approved the HMS contract by a 3-0 vote, and it became effective immediately.

PUBLIC PERCEPTION

News of the audit was published in both The Intelligencer and the Bucks County Courier Times on January 9, 2013. The article stated that the county would be conducting an audit of its health care plans and described the documentation that would be sought from county employees. The article stated that the auditors would be seeking tax returns from employees to establish spousal and parental relationships. At the commissioner's meeting that same day, Commissioner Charles Martin denounced the idea of having county employees turn over their tax returns, calling it an invasion of privacy. Commissioner Diane Marseglia agreed, and stated that they were not aware of this condition until the article appeared that day. When questioned whether the county was aware that disclosure of tax returns would be required when the contract was brought to a vote, Meredith Dolan stated that they were aware that tax returns would be requested from county employees because "there has to be proof that the dependents are truly our dependents." In a January 11, 2013 editorial, the Courier Times applauded the commissioners' objections to the tax return requirement, but also chided them for not looking at the contract more closely. Examination of the HMS contract discloses that it contains no provision requiring tax returns from the county employees, nor did the contract specify any other specific documentation for that matter. In fact, the HMS contract explicitly stated that the county would determine what documentation was necessary, stating: "HMS does not make and will not advise Client as to any dependent eligibility decisions." Meredith Dolan clearly failed to explain this to the

commissioners, leaving the false impression that asking employees for tax returns was an HMS decision, when in fact HMS had offered other options and the decision was the county's to make. The investigation revealed that Human Resources employees had limited knowledge of the purpose of the audit and the criteria to be used to determine dependent eligibility. By the January 23, 2013 commissioners' meeting, County COO Brian Hessenthaler had put the tax return controversy to rest by explaining that alternative criteria had been agreed upon and would be requested from county employees for the audit.

Of greater significance, the January 11, 2013 editorial went on to speculate, based solely on projecting national insurance industry estimates against the number of county employees being audited, that 6 percent of the county workforce could be "committing fraud" at an annual estimated cost of $700,000 to the taxpayers. This leap to judgment by some members of the media was abetted by the county's use of the term "ineligible dependent," which would lead many taxpayers to perceive that widespread insurance fraud was being committed by county employees. These perceptions have served to shake public confidence in the honesty of the county workforce, and continue to this day. On January 27, 2013, an editorial from The Intelligencer turned up the previous editorial rhetoric a notch by saying: "If just 6 percent of those employees is carrying an ineligible dependent, the county may be getting cheated out of more than $700,000 a year...[t]hose who are cheating the system must be exposed before they steal any more county money. That is, taxpayer money." The evidence gathered by this painstaking investigation disclosed that while the county has wasted considerable money on unnecessary or unwarranted insurance premium payments, virtually no indications of employee fraud were uncovered.

BUCKS COUNTY HUMAN RESOURCES

On April 10, 2014, Meredith Dolan, the county's Director of Human Resources since 2008, testified before the Bucks County Investigating Grand Jury with counsel Frank Chernak present. Prior to being appointed as Director of Human Resources, Meredith Dolan served as the Deputy Director of Human Resources, a post now held by Travis Monroe. Dolan explained that the Bucks County Human Resources office deals with anything related to employment with the county, including hiring, labor relations, contracts, and employee benefits including health insurance and unemployment claims. With respect to health insurance, Human Resources is responsible for enrolling employees and their dependents onto the county healthcare plans and maintaining enrollment in those plans. She stated that currently, all county healthcare plans are provided by Blue Cross/Blue Shield. Blue Cross has been the county healthcare provider for medical coverage the entire 20 years that Dolan has been a county employee.

Human Resources, located at 50 North Main Street in Doylestown Borough, employs nine individuals: eight full-time and one part-time. All official employee files and records are maintained at that location. All employee files are paper files, not computerized. Ms. Dolan testified that only full-time employees in Bucks County are eligible for health insurance benefits. There is a computer system, known as Lawson, which the county has used since 2008 to maintain some employee information. There are two employment files maintained by Human Resources for each employee. One contains health care insurance records and the other personnel information. Meredith Dolan was advised that the Grand Jury has served her office a subpoena in order to review certain employee files related to this investigation.

With respect to the audit, Meredith Dolan testified that it began in February 2013 and was performed by HMS. Dolan stated that the audit had been suggested several times over the years by the county's health insurance consultant [Charon Planning], but 2013 was the first time this suggestion had been acted upon. Charon Planning had suggested an audit several times over the years to allow the county to "clean up [its] books." Dolan acknowledged that since the audit, Human Resources had conducted its own health care plan verification procedures in October 2013, and that the county had never conducted such an audit before. According to the contract with HMS, the auditor's role was to collect documentation from county employees, to be determined by the client (Bucks County – Human Resources), which would constitute adequate evidence of dependent eligibility. The contract further provided that "HMS does not make and will not advise Client as to any dependent eligibility decisions". The contract also required the county to provide necessary information and data for HMS to conduct the review, which includes eligibility specifications, enrollment data and required verification documentation. HMS also outlined in the contract that they would not provide advice under this agreement and would not be responsible for administrative decisions resulting from the audit. However, neither the Director of Human Resources, the Deputy Director of Human Resources, nor the Human Resources Benefits Coordinator could provide answers to the Grand Jury as to who in the county was responsible for the development of eligibility criteria or who was ultimately responsible for making dependent eligibility decisions. Testimony revealed that no one in HR knew who was responsible for using the term "ineligible dependent." It is also important to note that the Human Resources department did nothing to verify the results of the audit before making the results public at a county commissioners' meeting. HR employees were also unable to inform the Grand

Jury why the HMS results were not subsequently independently verified by HR prior to the results being made public.

Dolan testified that the results of the HMS audit were received by her in April or May of 2013, through Charon Planning, and the results were then presented to the county commissioners. According to Dolan, HMS worked independently in conducting the audit after receiving the necessary information from Human Resources to conduct the audit.

Dolan testified that with respect to the HMS audit, Human Resources categorized non-documented dependents as "ineligible" and that anyone who did not comply with the auditor's request had their dependents declared "ineligible" and dropped from county health care coverage as a result.

According to Dolan, she shared the results of the audit with the three county commissioners. She believed the results from that report were shared at a public commissioners' meeting, which she believed to have been held in May of 2013. She believed that the results being presented were merely statistical in nature and had not anticipated that the public response to these results would be one of outrage.

Dolan agreed that some employees were placed on the list as having "ineligible dependents" when in fact many of these dependents were eligible for county benefits. She agreed that there was no reason to believe that those persons were committing fraud against county taxpayers, but understood the public response.

When asked to tell the Grand Jurors the cost of health care for each employee and dependent, Meredith Dolan testified that she did know, but that she was drawing a total blank.

Dolan stated that the compliance rate for the Human Resources audit in October was very high, but that she did not know the rate off the top of her head, nor was she aware of other specific details related to the results of the HMS audit.

Dolan testified that county policy required that any change in status that would result in the removal of a dependent from healthcare coverage must be reported to Human Resources by the employee using a standard enrollment form. She further stated that her staff at Human Resources has the ability to use the computer to make necessary changes should the employee come to the Human Resources office. Dolan stated that Human Resources will not make any changes to employee status as a result of a phone call to the office. Should someone call the office, the Human Resources staff would sometimes make a record of the call in a spiral steno pad that each employee maintained next to their phone. However, HR staff does not track these calls or record the information provided by employees through these calls in the employees' files, and does not follow up on the information received from employees during such inquiries. There was no policy that these notebooks be saved by Human Resources office staff for reference should there be a disagreement between her office and a county employee. Dolan was not aware of what notebooks have been maintained in the office over time, but stated that currently she and other staff members keep them.

When asked what would happen if an employee called the office to with a request to make a change in their health plan, Dolan stated that Human Resources will not follow up with that employee because "it's an honor system" that solely relies upon the county employee to follow county policy and follow through with any direction received from HR. When an employee provides Human Resources with a "change in status" form, the office does not provide the employee with a time-stamped copy acknowledging the submission unless the employee

specifically asks for it. Dolan advised that when making changes with Human Resources, most people simply put the form in interoffice mail or drop the form off at the HR office and walk away. Prior to the audit, Human Resources did not have a notification system under which, once a change in status form had been received, Human Resources would email the employee to acknowledge that they had received the form and that they would be acting upon the request. She advised that since the audit, Human Resources has recently implemented such a system.

Dolan testified that she was not aware of any instance in which her office had provided misinformation that resulted in a County employee being listed as having "ineligible dependents."

Dolan told the Grand Jurors that prior to the audit, there was no time frame in which employees were required to file documentation to Human Resources when there was a life event that would result in a change to benefits eligibility. Since the audit, the county now has a policy requiring employees to provide the necessary documentation that would result in a change in benefits eligibility within 30 days of the life event.

Additionally, Dolan stated that, although employees have over time routinely gone to their union shop steward or office manager and have provided them with documents that were needed by Human Resources, it has always been the county policy that employees bring the documents to Human Resources themselves. However, according to Human Resources Policy (003.2) dated December 21, 2005, employees were advised to go through their department heads to update their personnel information. On July 17, 2013, a revision to that policy (now numbered 004.0), was adopted under which Human Resources replaced the department head as the entity to which the employee was required to provide updates to his or her personal information. Meredith

Dolan testified that she was not aware of the earlier language in the Human Resources policy requiring submission to department heads.

Meredith Dolan testified that the county has also adopted from the HMS audit the specific forms of documentation that an employee must provide in order to add a dependent to their county health care plan.

PRIOR COUNTY HEALTH CARE PLANS AND THEIR EFFECT UPON THE COSTS OF COVERAGE FOR INELIGIBLE BENEFICIARIES (CLAIM-BASED VERSUS PREMIUM-BASED)

Dolan explained that in 2009, the county transitioned from a claim-based to a premium-based plan with Blue Cross/Blue Shield. Under a claims-based policy, the county was essentially self-insured, only paying for medical services provided to registered beneficiaries. Under a premium-based insurance plan, the county changed from paying per claim to paying per eligible dependent. Dolan testified that currently the county offers three types of coverage as options under the county health care plan: Personal Choice which is a PPO; Keystone HMO, and Keystone Point of Service. Employees who choose Personal Choice pay a higher rate per payroll deduction than do employees who choose the Keystone plans. According to Dolan, employees can opt out of receiving county-funded health care benefits, but only after they provide HR with documentation of other health care coverage. Should the employee choose to do so, the county would offer them $2500 annually. The county does not truly pay an additional premium for every dependent. Instead, a tier coverage system is employed.[1] Thus, removing a child when

[1] Tier Coverage System:

multiple children are covered, would not necessarily affect the cost of the premium paid by the county. Any other changes in the number of dependents would, however, result in a considerable savings – an average of nearly $4,700 per dependent, per year.

THE AUDIT

Human Resources worked with Charon Planning and HMS on the nuts and bolts of the audit, and how the audit would proceed. The parties agreed that $4,673 would be used as the average annual cost to the taxpayer per coverage option dependent. They crafted a series of letters, emails, and other forms of communication to employees that would be mailed, emailed, or publicly posted during the audit. Additionally, a secure online link was established for employees to electronically submit sensitive data and other information between the county and HMS. Definitions for what would constitute an "eligible dependent" were also established. An eligible dependent was defined as: one's legal spouse; one's child[2] up to 26 years of age (for medical coverage); or one's child of any age who, because of a mental or physical handicap that began prior to age 26, is incapable of supporting himself or herself. In order to document a spousal dependent, the audit would require the employee to submit to the audit a copy of the employee's marriage certificate, and a document dated within the last 60 days, such as a household bill or an account statement, listing the spouse's name and the employee's address.

Option 1: employee only (least expensive)
Option 2: employee and his or her spouse
Option 3: employee and one child
Option 4: employee and multiple children
Option 5: employee, employee's spouse, and at least one child

[2] A child was defined as "your natural child, stepchild, legally adopted child, child placed for adoption with you, child for whom you or your spouse is court-appointed as the legal guardian, or a child for whom you are required to provide health insurance by a Qualified Medical Child Support Order."

To document an eligible child dependent, the audit would require the employee to submit a copy of the child's birth certificate, hospital birth record, or record of adoption certificate naming the employee or the employee's spouse as the child's parent, or a copy of the court order naming the employee or the employee's spouse as the child's legal guardian. Employees were required to submit these documents by fax, by mail, or by uploading them to an online link administered by HMS by April 1, 2013. The audit also advised that any employee who failed to respond with the proper documentation by that date would have his or her dependents automatically removed from his or her healthcare coverage. The decision to automatically remove county dependents from healthcare coverage was not made by HMS. Rather, the decision to automatically remove dependents where employees failed to respond to the audit, or where the employee failed to document their dependent in accordance with audit guidelines, was made by HR.

In late January of 2013, as part of final audit preparations, HMS Project Manager Carol Thiesen twice questioned Human Resources Director Meredith Dolan about whether to include those child dependents who were turning age 26 during the audit period. Thiesen pointed out that the insurance company would remove these dependents as a matter of course. Thiesen cautioned Meredith Dolan that designating this group of dependents as "ineligible" could cause confusion should the dependent thereafter apply for COBRA coverage. She advised Dolan that, "you may want to consider removing them from the audit altogether." Contrary to this advice, Meredith Dolan made the decision to include these dependents as ineligible. Thus parents of properly covered children who aged out of coverage were included on the list of employees with "ineligible" dependents, even though all of the dependents were actually eligible up until the end of the month of the date the dependent turned 26 years of age. It would appear that this class of dependents was included so as to intentionally inflate the number of "ineligible dependents."

When asked if that was the intention, HR Deputy Director Travis Monroe responded: "I don't believe so." Including this class of persons significantly and artificially inflated the "savings" claimed by HR at the audit's conclusion, accounting for 24 coverage option reductions that would amount to approximately $112,000 in reduced premium costs. This represented more than one-sixth of the total "savings" the county attributed to the audit. County officials have since stated that these dependents should not have been included in the audit.

On Thursday January 31, 2013, Dolan sent an email to all county employees announcing the audit and summarizing how it would be conducted. The email advised the employees that they would be receiving a letter from HMS in February asking them to supply to HMS the requested proof of eligibility for all dependents listed on their healthcare plans.

On February 5, 2013, Human Resources, Charon Planning and HMS had all agreed on the final drafts of six letters and one postcard to be used by HMS during the audit. Included in the mailings was agreed-upon wording that assured amnesty for county employees who were carrying "ineligible" dependents on their healthcare plans. One such mailing stated the following: "While some employees may have been intentionally covering ineligible dependents, the County of Bucks believes that many employees are simply unaware that their dependent no longer meets the requirements for eligibility. No penalties will be imposed for dropping an ineligible dependent during this verification."

On February 15, 2013, HMS officially began the audit by mailing a package of materials to Bucks County employees who had dependents on their plans. Included in the package was a letter explaining the audit, a list of dependents currently on the employee's coverage, and a stamped return envelope addressed to HMS.

On April 5, 2013 Marianne Calvani of Charon Planning sent a cautionary email to Meredith Dolan and Travis Monroe clarifying some of the eligibility rules for health insurance dependents. Calvani advised that contrary to some perceptions, child dependents who are married or who have other coverage are not "ineligible" for coverage under the county's plan. Nonetheless, dozens of dependents were listed in the audit as being "ineligible" simply because the responding employee advised that they wished to have their dependent dropped from coverage and thus did not provide the requested documentation – in effect, intentionally opting out of county health care coverage. As you will see below, these dependents identified by the HR as "ineligible" were in fact eligible at all times through the conclusion of the audit. Not one of these dependents had received healthcare coverage to which they were not entitled. Calvani also advised Human Resources Director Meredith Dolan and Assistant Director Travis Monroe that the act of dropping a dependent's county coverage must normally wait until the end of the annual enrollment period unless the life event changing eligibility is reported within 31 days of occurrence. The email from Calvani suggested that doing otherwise may run afoul of Federal Internal Revenue Service regulations. According to Calvani "the real reason for termination is because the dependents' eligibility wasn't verified." Calvani further reiterated importance in clarity here so that if these cases were to be later reviewed, there can be no misinterpretation concerning compliance with the IRS regulations.

AUDIT RESULTS AND HOW THEY WERE PUBLISHED

On April 17, 2013, the county commissioners were made aware of the preliminary results of the audit by County COO Brian Hessenthaler. On April 22, 2013, an article published in The

Intelligencer and The Courier Times began: "At least 100 people were improperly listed as dependents on county health plans, costing taxpayers in Bucks County more than $300,000 per year, an external audit has shown." An audio recording of the commissioners' meeting confirms that Brian Hessenthaler had never said that any dependents, let alone 100, were "improperly listed."

As a result of the audit, 192 dependents were terminated from coverage as of May1, 2013, with a reported net savings of $661,929. Between May 1, 2013 and May17, 2013, Human Resources had reinstated 27 of the original 192 removed dependents. This dropped the number of removed dependents to 165, and the purported net savings to $610,611. In a June 7, 2013 article, reporter James McGinnis of the The Intelligencer reported that "former spouses, grown children, and other ineligible dependents who were improperly receiving county health insurance cost Bucks County taxpayers $610,611 a year, an investigation has found." On June 9, 2013, The Intelligencer and The Courier Times published a laudatory editorial praising the county government for conducting the audit. "It's not often that government finds a way to save our money," the editorial began, "So when it happens we should celebrate its occurrence and laud those in charge. To that end, we offer a hardy (sic) job well done to county officials, who ordered an audit of employee health benefits." Local columnist Phil Gianficaro took a much harder stance. Writing in the same newspaper, he demanded that county employees with "ineligible dependents" pay "restitution for every year abuse can be documented."

Such thinking permeated public comments and, in time, the papers' editorials. Fueling the flames was the disclosure that workers had been assured during the audit that no one would be punished for acknowledging that they carried an "ineligible dependent" on their healthcare plan. Angry

residents communicated their displeasure to the District Attorney's office, demanding an investigation.

In a June 17, 2013 email from Charon Planning to Human Resources Director Meredith Dolan, Marie Becker advised Dolan that national averages show that 6% to 8% of dependents currently enrolled in employer-sponsored health plans are actually ineligible for benefits. Becker went on to explain that industry experts have indicated that the lack of understanding regarding plan eligibility rules, rather than fraud, is the primary reason ineligible dependents remain on an employer-sponsored healthcare plan and that less than one-half of one-percent of ineligible dependents remain on an employer-sponsored plan due to fraud. Most employees simply do not read their plan materials and remain under the belief that covered dependents are eligible for benefits even after this is no longer the case.

The email went on to say that "while processes are in place at the County of Bucks to ensure eligibility at the point of enrollment (documents that substantiate eligibility are required) it is far more difficult to know and police when an enrolled dependent becomes ineligible (divorce for example) and should be removed from the plan...with the complexities of benefits and benefit eligibility, many employees are simply unaware when their dependents no longer meet the requirements for benefit eligibility."

Charon Planning explained this to be the reason why 99.5% of employers offer amnesty to employees during an eligibility audit for this reason, allowing employees to move forward with a "clean slate." Charon Planning concluded the email by stating that the 2013 audit resulted in removing 165 "ineligible dependents", at a savings of $610,611, and recommended that a repeat

audit be conducted every two to three years. Termination of coverage for "ineligible dependents" removed from the county health care plans was effective April 30, 2013.

INVESTIGATING THE AUDIT RESULTS

The negative public reaction to the audit results prompted the Bucks County District and County Controller to investigate allegations of theft and healthcare fraud on the part of county employees whose dependents were deemed to be "ineligible."

At the request of District Attorney David Heckler, Deputy District Attorney Marc Furber held an informational meeting with Meredith Dolan on June 13, 2013. The purpose of the meeting was to learn more about how dependents are added and removed from county coverage. This was essentially an exploratory meeting to determine whether criminal investigation was warranted. Dolan told Furber that employees are required to submit marriage licenses or birth certificates to enroll spousal or child dependents. During this meeting, Dolan advised that since the audit, employees have been required to document that they live with their spouses when enrolling them. (This investigation has revealed this information to be inaccurate.) Removing a dependent after a divorce, a death or other life changes is the employee's responsibility, Dolan said. At the time of the audit, there was no written policy or other formal requirement requiring this documentation, but Dolan said that such a policy soon would be added to the county's employee handbook. Dolan told Furber that a dependent change request made to Human Resources triggers a series of inquiries regarding any other changes to an employee's status. This information was also determined by the investigation to be false, as virtually no such further inquiries are conducted by HR. This lack of oversight resulted in significant losses incurred by

the county where dependents were left on employee health care plans after making inquiries to HR to have them removed. After the meeting, Furber recommended to District Attorney Heckler that Human Resources confirm any dependent-change requests in writing.

County Controller Ray McHugh and District Attorney David Heckler consulted and agreed that their offices would pool resources to conduct a thorough investigation to determine the extent of the coverage of ineligible dependents; how any such coverage had come about and/or been allowed to continue after the dependent became ineligible, and whether obtaining and/or maintaining such coverage had been accomplished by criminal means. The Controller assigned Investigator Kevin McCreary, a former Abington Township Police Department Detective Sergeant with extensive experience as a criminal investigator to the investigation. The District Attorney assigned Larry King, a former investigative reporter with decades of experience working in that capacity for The Philadelphia Inquirer. It was understood that if evidence of criminality on the part of anyone was unearthed, specific investigations would be taken up by the Bucks County Detectives.

The crimes of theft or insurance fraud would require proof that a person obtaining coverage knew that coverage was being provided for someone who was not legally entitled to that coverage under applicable terms of employment and that such person acted fraudulently, made a false statement or, in the case of a failure to terminate coverage, intentionally failed to do something they were required to do by their terms of employment to make employer aware of a fact bearing on the beneficiary's eligibility for coverage.

Thus, the objective of the criminal part of this investigation was to determine whether evidence exists suggesting that any county employees had intentionally committed an act of fraud, either

by knowingly submitting an ineligible dependent to the county health care plans with the intent to obtain coverage to which they knew the beneficiary was not entitled, or by failing to give notice in the manner required by work rule or contract that a current beneficiary's status had changed with the same intent.

The investigators' first goal was to review the documents submitted for each person determined by the audit to be "ineligible" to determine why the dependents were removed. The investigators reviewed all documents related to the HMS audit to determine the basis upon which that dependent was added to the list and removed from county healthcare coverage. The investigators not only relied on the audit results, but took the extra steps to interview county employees who had dependents on the audit "ineligible dependent" list and secure new documents, including marriage licenses, divorce decrees, birth certificates, adoption decrees, and other relevant court orders and documents used to determine healthcare eligibility. The goal was to establish an independent documentary basis for the eligibility or ineligibility of every single person deemed "ineligible" by the audit.

Dolan provided the Controller and District Attorney with a master list of all employees and dependents who had been subject to the audit, along with a second listing of dependents who had been removed from coverage during the audit. Both were provided as Excel spreadsheets. King and McCreary worked from the second list as they sought to document each removed dependent. Individual files were created and maintained for each employee having a beneficiary on the second list. They soon learned that 32 of the original 192 dependents had already been restored to coverage after the audit ended. In each of these cases, Human Resources reported that it had received the required documentation for these dependents and that all were eligible for coverage

during the added grace period time allotted. In time, the investigators would request and examine the documentation that had been used to restore these 32 dependents to coverage.

The four deceased dependents were documented by locating obituaries or articles about the deaths in area newspapers, and by confirming the dates of their deaths in the online Social Security Death Index, a searchable database of deaths that have been reported to the Social Security Administration. Once the dates of death were confirmed, investigators calculated the number of months that passed before the decedents were removed from coverage. This information was used by McCreary to calculate the cost of the added premiums paid by the county after the deaths occurred. In some cases the county had been able recover all or part of these added premiums by seeking rebates from Blue Cross.

The investigators focused next on the living spousal dependents who had been removed from coverage during the audit. For employees who had failed to submit their marriage certificates during the audit, searches of marriage license indexes were conducted – online and in person – in Bucks, Chester, Delaware, Lehigh, Northampton, Philadelphia and Montgomery Counties. Whenever a record of the marriage was found, the date and location of the marriage was recorded by the investigators and a printout or photocopy of the record was made and placed in the files. The names of the spousal dependents and the corresponding employees were then run through the divorce indexes of the above counties. When a record of the divorce decree was found, investigators made a printout or photocopy of the record and recorded the date of the decree. Investigators also documented any divorce actions that had been filed, but that had been terminated short of a decree, as well as those for which a final decree was still pending. The date of each divorce decree was then compared to the date the spousal dependent was removed from county coverage. If the decree was granted during the audit and the spouse was removed

within 30 days, no unmerited benefits had been received. If the decree was granted prior to the audit, investigators calculated the number of months that the ineligible ex-spouse had remained on the books. This information was later used to calculate the cost of the added premiums paid by the county for the ex-spouse after the divorce occurred.

Beginning in September 2013, emails and/or certified letters were sent out to employees seeking documentation for all child dependents who had been removed from coverage. The emails and letters asked each employee to submit – by mail, fax or email scan – a copy of their child's birth certificate or other proof of legal guardianship. Delivery and read receipt requests were attached to the emails to document that they had been delivered and read. Certified letters were sent to those who did not have county email addresses, who had left county employment since the audit began, or who were away from work on leave. When birth certificates arrived at the District Attorney's office, they were checked to make sure that the employee was listed as the dependent's parent. If the employee was not listed on the birth certificate, but the employee's spouse was listed as a parent, documentation was obtained for the employee's marriage to his or her spouse. Some birth certificates did not list any parents, only the name of the child and date and county of birth. In these instances, arrangements were made with the Pennsylvania and New Jersey vital records departments to certify whether the employee appeared in their records as the child's parent. Hospital records of birth were also obtained in cases where birth certificates were not available or proved to be deficient to determine the child's birth parents.

If the employee was unable to obtain a birth certificate for his or her child, a copy of the birth certificate could be ordered and received from New Jersey. Pennsylvania however, would only check its records and certify, for a fee, whether the employee was listed in its records as the child's parent. By the end of October 2013, these investigative efforts had confirmed the

eligibility of 113 of the 192 dependents who had been labeled "ineligible" at the conclusion of the audit.

An additional 22 cases had been found by then in which employees' former spouses had remained on the dependent rolls for months or years past the dates of their divorces. The remainder of the cases comprised those who had failed to respond to the investigators' inquiries, were working on obtaining documents, or had been referred to Detective Zielinski for further investigation.

In November, letters were sent to 33 current or former employees, including those whose former spouses had remained on the books. The letters told the recipients to appear at the District Attorney's Office at an appointed time on December 10 or December 11.

The letters instructed the recipients to bring any copies of birth certificates, marriage certificates, divorce decrees or other necessary documents that had not yet been provided. Those whose ex-spouses had not been removed from coverage until the audit were asked to bring any documents or recollections pertaining to any efforts they had made to have the county remove their spouses from coverage after their divorces became final. Those who were married but not yet divorced were asked to sign and date an affidavit giving the date of their marriage and attesting to the fact that they remained married to their dependent spouse. Those who were divorced were questioned about why their spouses had not been removed at the time of the divorce, or shortly thereafter. Employee explanations are included elsewhere in this report. Many stated that they had told Human Resources and/or their supervisors about wanting to remove their spouses from coverage, but that their wishes were not carried out. In a majority of these instances, change forms have been located that were filled out by these employees after their divorces, indicating on the

change forms that they were single. These change forms had been time-stamped as having been received by Human Resources, by the Controller's office, or by both.

During the interviews, each employee whose ex-spouse had remained on their coverage was asked to sign a release form permitting Blue Cross, the county's insurance carrier, to disclose whether the ex-spouse had used the coverage after the date of the divorce.

Blue Cross investigator James Devlin has checked for all claims paid to spousal dependents from the dates of their divorces through the dates the ex-spouse was removed from the employee's coverage during the audit. To date, Devlin has reported that 10 former spouses had been covered for $24,115.63 in claims after their divorces became final.

In most cases these claims were minimal. The claims of only three of these 10 former spouses exceeded $1,000 and one former spouse – whose records showed $14,433.34 in post-divorce claims – accounted for more than half of the total. In addition, at least three of the former spouses showing minimal claims had separate, post-divorce coverage through Blue Cross, and thus the claims could have been the result of clerical error by the provider.

In a July 17, 2013 email from Human Resources Director Meredith Dolan to County Commissioner Diane Marseglia, Meredith Dolan stated: "I can reassure you that a divorce decree would have never slipped through the cracks. This is vital information that we would have kept secure and processed immediately because of the impact it has. We are the official record keepers of the County of Bucks employee records. This is something we take great pride in maintaining." Clearly, this investigation has found otherwise, as investigators found three time-stamped divorce decrees in the HR files for divorced employees who had asked that their spouses be removed from coverage at the time of their divorce decrees. Instead, these ex-spouses

were left on the rolls as dependents by HR for years after their respective divorces, and were not removed until the audit.

This investigation revealed that the county, for many years, did not require documentation of eligibility for all dependents when employees requested they be covered under the county health care plans. At some point in recent years – possibly sometime in 2011 -2012 – that began to change, but it cannot be determined exactly when that change was made. The employees' HR files also indicate that the requirement to document eligible dependents is not always followed, or at least evidence of that documentation does not always appear in the files. Human Resources personnel who testified were not clear when this policy became effective. Some believe it was not until 2013 that the department required documentation for all dependents added to the health care plans. Others believed that it depended on how the employee was designated, as some union employees were not required to provide proof by documentation when adding dependents to their benefits. This begs the question: How would county employees know what was required of them if the managers at Human Resources are not clear themselves?

Of additional concern was the fact that HR's new Benefits Coordinator, Suzette Taylor, testified that since she had been promoted to her new position, she has had no formal training in that area, only on-the-job training provided by the previous Benefits Coordinator, Pam Stankunas (who also received only on-the-job training from her predecessor three years ago). Taylor's testimony was reinforced by Assistant Director Travis Monroe, who told the Grand Jury that he was not aware of any training available for that position, but that he would look into it. HR Director Meredith Dolan, however, told the Grand Jury that both Suzette Taylor and Travis Monroe recently attended a Human Resources benefits training course provided by Charon Planning.

ANALYZING THE AUDIT RESULTS

The results of this investigation revealed that an overwhelming number of those listed by Human Resources as ineligible were, in fact, eligible to receive county healthcare benefits. The investigators broke down the purported list of "ineligible dependents" into several categories of dependents.

DECEASED DEPENDENTS (4)

First the investigators looked at dependents deemed ineligible as a result of the dependent's death. There were four such dependents on the list: three child dependents and one spouse who remained covered under the county healthcare benefits plan after the date of their death. None of the employees or anyone related to them stood to benefit from the failure to remove the decedents. Thus, it is highly unlikely that any of these employees had acted intentionally in leaving their deceased dependent on the county healthcare plans. Obviously, none of these four dependents received benefits resulting from their unmerited health care coverage. The deaths of each dependent resulted in a published obituary or other news coverage. There is every reason to believe that each employee assumed that their employer knew of their loss. Understandably, the death of their loved one did not trigger the employee to make the required administrative changes to his or her health care plans to remove the dependent.

ELIGIBLE SPOUSES REMOVED FOR LACK OF DOCUMENTATION (20)

Second, the investigators looked at spousal dependents who were determined by the audit to be "ineligible." Investigators sought to determine whether each "ineligible" spousal dependent was in fact married to the county employee in question, whether they remained married to the county employee, and whether there were any other circumstances by which the dependent had become "ineligible." In this class there were 20 such dependent spouses determined by the audit to be "ineligible." Many of these spousal dependents had provided documentation (by way of a marriage certificate) that they were in fact married to a county employee. However, the employee(s) may not have filed with HMS any documentation that they cohabited with their spouse. It is significant to note that there is no county policy that requires that the employee and dependent spouse reside at the same address. HMS, upon request from the employee, would allow the employee to provide an affidavit stating the employee and dependent spouse remained lawfully married to each other. This option was not publicized by HMS or by the county in any of the audit literature. This affidavit could be used to verify spouses who are separated but still married. Some employees who were separated at the time of the audit stated that they had actually requested that Human Resources remove their spouse from their health care plans prior to the audit, but that Human Resources refused because county policy requires a divorce decree demonstrating that the marriage is no longer valid in order to remove a spouse from coverage. Though there was documentation discovered by investigators of employee inquiries about removing dependents, investigators and the Grand Jury found that there were no follow-up actions by HR to ensure these dependents were later removed after the divorce had become final. Nevertheless, during audit, the county removed these otherwise eligible spouses without the required documentation that the marriage had been legally terminated.

In one case, the employee had faxed a copy of his marriage certificate and a bill that had been sent to his wife at the employee's address. Nonetheless, that dependent spouse was removed from county health care coverage. After his wife was removed, the employee emailed the Assistant Director of Human Resources, Travis Monroe, after resubmitting the documentation requested by the audit. *"I hope that this is acceptable for my wife and son as verification. Please let me know otherwise as soon as possible so I may get them back on insurance before they need it," the employee's email said.* On May 16, 2013, Monroe responded, stating, *"The bill that you furnished from PECO does not have your name on the bill. We need both your name and your spouse's name on the bill. Your spouse has not been verified."* On July 8, 2013, Monroe again emailed the employee with copies to Pam Stankunas and Meredith Dolan: "*The last communication we had was May 16, 2013. Couple of things, one, if you can't furnish a bill in both of your names within the last 60 days you will need to fill out the attached document and have it notarized. Since you didn't verify your spouse within the time frame established by the county she will not be eligible to come back onto County coverage until January 1, 2014. You can re-enroll her during open enrollment which historically takes place October/November of each year. Travis.*" Attached to Monroe's email was a blank Affidavit of Current Marital Status. On July 10, 2013, Monroe received an email from [the employee's] union shop steward. The email stated, "*Travis, [employee] has just recently apprised me of the difficulties he has had in getting his wife verified for health coverage, and he has turned to me for help. I'm sure you can understand his frustration. I'm confused as to why he was required to send in a bill with both his and his wife's name on it. I don't still have the original audit material from HMS, but I do remember that a marriage certificate and a bill in your spouse's name was enough to fulfill the requirement. There was no mention of needing a bill with both names on it. Can you expound on*

the need for such a document?" Forty-five minutes later, Monroe responded, *"Can you have [the employee] call me now. I'd like to chat with him directly."* Thirty-three minutes after that, [the shop steward] emailed Monroe: *"I'm glad to hear that the issue appears to be resolved. Thanks for your time."* Monroe responded: *"Not a problem, with most issues here at the County it comes down to lack of communication."* This employee's spouse was contractually eligible for benefits at all times.

Another employee had her dependent spouse removed from coverage after the audit despite the fact that she had submitted her marriage certificate and a printout showing both she and her spouse to be owners of a Police and Fire Federal Credit Union account bearing their home address. The employee's husband was dropped from county coverage due to incomplete documentation. After the audit, the employee told county Benefits Coordinator Pam Stankunas that "HMS would not accept" her documentation. She also told Stankunas that her husband had coverage elsewhere. This employee's spouse was contractually eligible for benefits at all times.

ELIGIBLE CHILD DEPENDENTS WHO TURNED 26 BEFORE AUDIT ENDED (31)

The third class of dependents determined to be "ineligible" by HR and the HMS audit were child dependents who had "aged out" of the county health care plans before or during the time of the audit by turning 26 years of age. This age is established by county guidelines and the Federal Affordable Health Care Act. There were 31 child dependents who turned 26 just before or during the course of the audit and would have been removed by Blue Cross as a matter of course. These were listed by Human Resources as being "ineligible" dependents anyway. Eight of these

dependents had actually aged out of the county health plan before the beginning of the audit, and thus should never have been included in the audit under any standard used by HR.

There is no explanation for why these dependents were listed as being ineligible for benefits. Until the date on which each would naturally age out of eligibility, they remained eligible for benefits at all times, and their eligibility for coverage prior to those birthdays has been documented by investigators. According to Jim Devlin, a fraud investigator for Blue Cross in Philadelphia, this class of dependents automatically came off county health care coverage when the dependent reached the age of 26 with no action required by the county, and the employee's plan option would be automatically updated by Blue Cross should the change in number of dependents require that change. HMS had advised Human Resources against including these dependents in their audit results. Nonetheless, someone at HR believed that these dependents should be included in the audit results.

It must be noted that these dependents were never enrolled in a county health plan while they were "ineligible." In fact, every one of these 31 dependents remained eligible until they were automatically removed from the county health care plans. Human Resources personnel failed to provide any viable explanation as to why these dependents were included in the audit, other than to say that they were "dropped" from health care coverage during the audit. The Grand Jurors believe that these dependents were included by Human Resources simply to pad the numbers and the purported savings when the results of the audit were eventually revealed. When asked directly if the inclusion of this class of dependents was designed to pad the audit numbers and the purported savings, Deputy Director Travis Monroe replied: "I don't believe so." It should also be noted that each employee, having provided their children's birthdates, would have expected that Human Resources would know when to remove each dependent child from

coverage and would not have imagined that they could defraud the county in this way, as indeed they could not.

ELIGIBLE DEPENDENTS REINSTATED DURING GRACE PERIOD (20 CHILDREN, 12 SPOUSES)

Next there were 20 dependent children who were removed during the audit period due to a lack of documentation during the initial audit period, but who were later reinstated after providing the necessary documentation during the county's audit grace period. Nonetheless, these employees remained on the list as having had "ineligible" dependents. This investigation did not rely upon Human Resources conclusions but rather documented each and every one of these dependents to determine health care eligibility. This investigation revealed that each of these dependents were eligible for county benefits at all times.

There also were 12 spousal dependents removed from health care coverage as a result of the audit who were later restored during the extended grace period. They were reinstated as dependents when HR determined it had received the required documentation for them. This investigation independently confirmed that these dependents were eligible for county benefits at all times. This investigation also determined that Human Resources did not cross-reference its own employee files to determine whether relevant documentation for questioned dependents was already on file, as in numerous cases it was.

ELIGIBLE SPOUSES REMOVED WITHIN 30 DAYS OF THEIR DIVORCES (12)

There were 12 spousal dependents who were married and eligible for coverage at the beginning of the audit, but whose divorces became final during the course of the audit. As mentioned above, new county policies now require employees to notify HR within 30 days after a divorce becomes final by issuance of a final divorce decree by the court. These 12 employees gave timely notice – within 30 days of learning of their divorce decrees – even though HR policy at the time did not require notice within any specific time period, and the spousal dependents were removed from coverage without receiving any unmerited benefits. Nonetheless, HR listed these former spouses on the audit list as "ineligible dependents" who were removed because of the audit.

This investigation identified one employee who had actually provided 30 days notice prior to the notice requirement becoming county policy. Nonetheless, this employee's name was placed on the list by the county as having"ineligible" dependents. The employee had responded to the audit on March 7, 2013, verifying his two children but submitting nothing for his ex-wife. Bucks County Court records confirm that the divorce decree had been granted on January 31, 2013, and that notice of the decree was sent out on February 1, 2013. The employee has stated in an email that he was informed of the decree about one week later by his attorney, and that he promptly contacted county Benefits Coordinator Pam Stankunas about how to remove his ex-wife from his coverage. On February 26, 2013, he emailed Stankunas that the necessary forms were completed, and he delivered them to Human Resources. *"Furthermore,"* he wrote in the email, *"I received the audit forms from the County via email during this same time period and I responded to the letter immediately upon receiving it and DID NOT list my now ex-wife as a dependent. As anyone can plainly see, I didn't remove her from my insurance because of the audit, I removed*

her (within) less than two weeks of my final divorce (still in February 2013) and months before the audit deadline (April 2013)."

This employee, who is a lifelong community servant, was approached by the elected official for whom he works and was advised that his name was on the list of county employees carrying "ineligible" dependents. This employee works in a position where reputation, character and integrity are paramount. "When I deal with people, they have to know that I'm going to be honest. And it was very upsetting to me, still is, that I was put on a list of suspects...[that consisted of people] committing a theft from the same people that I've given everything to for 15 years." The issues for this employee did not stop with the HMS audit. The employee also provided copies of an email exchange he had with HR Director Meredith Dolan on October 8, 2013, at the beginning of the county's open enrollment/verification audit period. After Dolan sent out a countywide email that afternoon, stating that all employees should have received dependent verification letters in the mail, the employee responded that he did not receive such a letter. Dolan responded, *"Hi, You did not receive a letter because you have no dependents on your coverage."* The employee answered, *"Meredith, I'm not sure where you got that information. I have two children a daughter age 13 and a son age 10 that have always been on my coverage. I got divorced in January and my ex-wife got taken off but they should not have been. If they were, then someone over there made a huge mistake and I need them put back on immediately. Can you let me know as I need them covered".*

This employee has a young son who requires medication three times each day. To hear that his children were no longer covered by his medical insurance "was very upsetting." The employee advised Human Resources that someone made a huge mistake and sought to correct the error. During a follow-up phone call with Human Resources employee Jean Stevens, Stevens reviewed

the employee's computer file and advised that his children were in fact covered. The employee later received an email from Jean Stevens stating that they were "sorry for the confusion."

INELIGIBLE CHILD DEPENDENTS (7)

The next class of persons included seven child dependents who were determined by investigators to have been ineligible at the time of the audit. Two were found to be grandchildren of employees who, in the absence of a qualifying adoption or custody, were wrongfully covered as dependents on the county's health insurance. Each of these grandchildren had been admitted to coverage with the knowledge of Human Resources and not by employee fraud or deception. Investigation revealed that according to the employees, they were led to believe that their grandchildren were eligible for coverage, and that their enrollment at no time was disputed by any employees of Human Resources. In both cases, the employees told investigators that they learned their grandchildren were ineligible only at the time of the audit. HR had led them to believe that their dependents were entitled to health care coverage, and HR had permitted these dependents to be covered.

Four more ineligible child dependents were nieces and nephews who had been eligible at the time of their enrollment by virtue of court orders placing them in the custody of county employees. In each case, the copies of the court custody orders were filed in the employees' Human Resources files. Three of the orders filed with Human Resources clearly stated that they were to expire when the children in question turned 18. Each of the three children was well past that age at the time of the audit, but neither the employee nor HR had taken any action to remove them as dependents. The fourth custody order was only temporary at the time it was filed with

Human Resources. The employee in question has testified to the Grand Jury that he and his wife retained more permanent custody of his nephew, but that at some later point the child was returned to his natural father when the father was released from prison. In none of these cases did it appear that the employees had any intent to defraud the county.

Finally, what has been described by Human Resources as a mistake in its "Lawson" computer system resulted in a 25-year-old state prison inmate – who committed suicide at Graterford Prison during the course of the audit – being listed as a child dependent of a county probation and parole officer. The inmate's father at one time had been a county employee, and it appears that somehow his son was listed among the parole and probation officer's child dependents after the father left the county's employment. Human Resources has acknowledged that the employee was not at fault in this instance.

Only one of these seven ineligible child dependents resulted in added premium costs to the county. One of the ineligible grandchildren cost the county an estimated $30,622.08 in premiums before being removed by the audit.

INELIGIBLE DISABLED DEPENDENT (1)

Investigators found one child dependent whose coverage continued past the age of 26 because he had been incorrectly listed as a disabled person, despite the fact that the dependent was serving in the United States Marine Corps and had served in Afghanistan during the war. The dependent's father testified to the Grand Jurors that his son had been listed as disabled when the father first came to work for the county because he had been diagnosed with ADHD. Medical records were obtained by investigators proving that the dependent had been added to coverage as

a "disabled dependent" upon the employee's date of employment. The employee responded to the audit but did not provide documentation for this particular dependent because his son was in the service and had his own medical benefits. The employee further testified that he had tried to remove his son from healthcare coverage, twice, years ago, dating back to either 2008 or 2009 when his son got his own insurance through an employer. This ineligible dependent's coverage resulted in no added premium costs for the county.

ELIGIBLE CHILD DEPENDENTS REMOVED FOR LACK OF DOCUMENTATION OR BY REQUEST (58)

During the audit, 58 eligible child dependents were removed from coverage because their parents did not submit the necessary documentation or because the employees indicated that their children no longer wanted or needed county healthcare coverage. Generally this was because these dependents had obtained coverage through their own employers, through military service, or through other circumstances. These dependents all were determined by the investigation to have been "eligible" dependents at all times throughout the audit period. Some employees did not act to remove these dependents or did not provide proper documentation to have the dependent removed, as they did not object to their removal as beneficiaries. However, many had complained to investigators that they had attempted to remove these dependents from coverage prior to the audit. Some had tried for years prior to the audit, but said the county had failed to act on their requests. None of the 58 dependents received unmerited medical coverage. Clearly in these instances, no acts can be attributed to these employees, or their eligible dependents that would suggest any intent to commit fraud against the county. To the contrary, most of the

employees had attempted to remove their dependents in this class, which could have saved the county additional money if they had been able do so at an earlier date.

One employee responded to the investigators as follows:

*"I am most happy to cooperate with your request however I am puzzled as this is the **third time** I have either communicated with, or been contacted by someone in the County re: (son's) benefit coverage. I believe the audit has been conducted during 2013 and my son was removed by me, voluntarily, with a phone call to Human Resources way before the audit was started. I may have even filled out some paperwork. This was in September 2011 as he has been working full time for a financial group since that month/year and has coverage there. Prior to that as he was still under 26 years old, I did not remove him earlier because it was my understanding – from the County – that he would be covered for hospitalization until age 26 if living under the same roof. ... The second time I spoke with someone was when I was contacted by HR again to ask about (son's) status. I reiterated what I am writing you at that time and there was no further communication. I would have even done any paperwork if required but heard nothing more. I then received a mailing which STILL listed him on County coverage even though I dropped him twice before. As he was removed from the insurance in 2011, prior to the audit, I do not understand how he was listed on my insurance during the past year to begin with?"* She followed up by sending a scan of her son's birth certificate by email on September 4, 2013. On April 28, 2014, Kevin McCreary reviewed this employee's HR files. He found no documentation of the contacts with HR described. It must also be noted that this child dependent was in fact eligible for benefits at all times. The county needlessly paid the added premium for him for 18 months after he became employed and maintained separate health care coverage through his employer. This dependent received no unmerited coverage from the county.

Numerous other employees responded stating that each had asked Human Resources to remove their dependents in the years prior to the audit but that HR had not done so.

One employee had responded to the audit and included all necessary documentation for his child dependents. One of that employee's dependents was 25 at the time of the audit and thus eligible for benefits. This dependent was actually listed on the HMS spreadsheet as a verified dependent, yet was included on the list of "ineligible dependents" anyway without further explanation.

Another employee's child, determined by the audit to be "ineligible," was also found by investigators to have been eligible for benefits at all times. On April 28, 2014, Larry King reviewed the employee's HR files. He found evidence of considerable confusion regarding the employee child's status as a dependent. Although the county deemed him "ineligible" and supposedly removed him from coverage during the audit, he nonetheless had remained on the employee's coverage. On November 4, 2013, during the county's open enrollment period, the employee again asked that his son be removed. On his open enrollment form was a hand printed note: *"This is the 3rd time we have sent this information in on this style form. We have been trying for several years to tell you and Keystone HPE that [our son] has his own benefits through his full time job, and has since at least 2008."* On November 6, 2013, an email was sent to the county's HR help desk, stating that Pam Stankunas had ended the dependent's coverage at the end of the audit, April 30, 2013, but that he was still listed in the system as being covered. On November 7, 2013, the help desk's Nancy McCann responded that [the dependent] was involved in a changeover to "flex plan coverage," back in April 2013. On November 14, 2013, Stankunas emailed McCann stating, *"On 4/16/2013, I ended coverage for [this dependent], effective 4/30/2013."* On December 4, 2013, Stankunas sent an email to Independence Blue Cross, asking how far back she could retroactively end coverage for [this dependent]. On

December 5, 2013, IBX replied that she could only go back to October 31, 2013. His coverage was ended on December 5, 2013, effective October 31, 2013. [The dependent] was eligible for benefits at all times. He received no unmerited coverage.

Another employee with a listed "ineligible dependent" wrote: *"I have no concerns about this request, but I am concerned how removal of this dependent had been handled by the HR department. Before the audit was announced, I had tried to have him removed from the county health coverage because he had joined the military and had made it through his basic training. I was told that I needed to provide the county military records from him that proved he was in the military. Unfortunately, after I had requested this several times from him, he never provided the documentation to me. Than(sic) the audit came around and all I had to do was check mark that I wanted him off the county health coverage and I gave the reason of military and he was automatically removed. Why couldn't the HR department do this when I had requested his removal previous(ly) for the same reason? I apologize for being long winded but I just needed to get his off my chest because every time I see mention of this audit in the newspapers I feel like Frankenstein with the villagers after him with lit torches."*

With respect to another dependent determined to be "ineligible," investigators actually found a legible copy of the dependent's birth certificate in the employee's HR file where it had been since she was enrolled in 2010. Nonetheless, HR would not reinstate this dependent unless the employee first submitted a new copy to them. The employee had inquired at least twice, on June 7 and October 9, 2013, about reinstating her daughter. On the second visit, HR gave her a form

to request a new birth certificate from Vital Statistics. On a sticky note dated December 18, 2013, Pam Stankunas wrote: *"{Re: 12/16 call. [dependent] is not going to be covered under her insurance. [Employee] did not submit new B.C. from Vital Statistics."* It is not clear from the note whether the failure to submit a new birth certificate was the reason that [her dependent] would not be covered. Had HR simply looked in the employee's HR file, they would have discovered the information that had already been provided by the employee at the time the dependent was placed on the healthcare plan. This dependent was eligible for benefits at all times and received no unmerited coverage.

Another employee's son was removed from healthcare coverage after HMS decided that the birth certificate provided by the employee listed no parents, a fact that investigators have found to be oddly common. After receiving notification from HMS that the birth certificate was not acceptable, the employee faxed a copy of an acceptable birth certificate to HMS. However, the dependent was not reinstated. This employee's son was not actually restored to full coverage until the fall open enrollment period. There was no explanation in the employee's Human Resources file for why this dependent was not restored during the audit's grace period.

Another employee's son was removed from coverage after HMS determined that the employee provided incomplete documentation during the audit. The employee had actually provided the required documentation for all of his dependents during the audit. The employee provided these same documents to the investigators as well. The audit analysis stated that the dependent was dropped from coverage due to "aging out of plan." This information is inaccurate as the

dependent did not turn 26 years of age until late July 2013, after the final audit analysis results were provided by Meredith Dolan to County Commissioner Robert Loughery on July 15, 2013. Accordingly, the dependent was eligible for benefits at all times before and during the audit period. In an October 7, 2013 email sent to the investigators by the employee, the employee stated *"I was informed through a letter [from HMS] stating that the same birth certificate that I gave you [the investigators] was illegible, and therefore not valid for their audit. As I stated previously, [my son] would reach 26 years of age in July, and (I) just didn't pursue the matter. I do appreciate you seeing, as I did, the certificate was legible. Perhaps HMS was more incline(d) to remove members then to painstakingly keep them. Anyway, for me, no harm no foul."*

Another employee's male dependent was removed from coverage after the dependent grandson was determined to be "ineligible." The dependent grandson was removed by Human Resources, even though the court order granting the employee indefinite custody of the dependent reposed in the employees Human Resources file, where it appears to have been since May 10, 2010, the day it was issued. Had Human Resources simply looked in the employee file, eligibility would have been verified. This dependent was eligible for benefits at all times.

There are many instances where, had Human Resources simply corroborated the results of the audit with documents contained in the Human Resources employee files, they would have found that they were already in possession of the necessary documents to confirm eligibility. In most of these instances, the documentation had been in the employees' Human Resources files for years. Many of these dependents determined by the audit to be "ineligible" who were later proved to be

eligible were not reinstated to the county health care plan promptly, leaving eligible dependents of county employees without health care coverage for many months.

INELIGIBLE SPOUSAL DEPENDENTS (2)

Two ineligible dependents who were wrongfully listed by Human Resources as spousal dependents were removed during the audit.

A dependent "spouse" was removed from an employee's coverage because they had never been married and did not meet the qualifications for a common-law marriage. Unmerited coverage of the "ineligible spouse" had continued for eight years and nine months, or 105 months, at a cost to the county of $36,542.92. The employee had responded to the audit on April 1, 2013, listing his three children as eligible, but indicating he was "unsure" about his "wife's" eligibility. The employee testified before the Bucks County Grand Jury, stating that he had been informed at the time of his employment by someone in Human Resources that he could enroll his "spouse" as a common-law wife. He further stated that Human Resources had not investigated the nature of their relationship or required any documentation at that time, and that they had accepted his common law marriage and placed his "wife" on his healthcare plan. The employee testified that he did not intend to defraud anyone. At the time of the audit, he said, he was not sure whether she had qualified for coverage under the county's guidelines provided in the audit literature, and therefore had listed "unsure" on the audit form. Based on the above information, it was determined that there was no intent on the part of this employee to commit fraud against Bucks County, whatever the contractual merits of the case.

The other ineligible spousal dependent removed for lack of a legitimate marriage was not a spouse at all, but a child dependent who had been erroneously listed as an employee's spouse. This listing turned out to involve a convoluted tale in which the employee's legitimate spouse, for reasons Human Resources has been unable to explain, was dropped from his employee wife's coverage and has not been able to reclaim his coverage. At some point this employee's nephew, who had been in her legal custody until age 18, supplanted her husband as the spousal dependent in HR's records. He has been removed because he does not qualify as a child or a spousal dependent. His mistaken listing has resulted in no added premium costs to the county.

According to HR, the employee had been advised to place her spouse onto the health care plan during the 2013 open enrollment period, but failed to do so. No one in HR could explain why the spouse could not be added to coverage at any time as a result of a mistake by HR, even though HR conceded that having one removed from health care coverage was the type of life event that would allow the dependent to be added at any time.

INELIGIBLE FORMER SPOUSES (25)

There were 25 ineligible former spouses removed as dependents as a result of this audit. These dependents were, in fact, ineligible because they had remained on their ex-spouses' healthcare coverage long after their divorces became final. In many cases the county continued to pay the added premiums for these ex-spouses for multiple years, and in one situation an ex-spouse remained on the rolls for 92 months, at an added premium cost to the county of more than $35,000. It is important to note that prior to the recent changes in county policy, there was no specific time period in which a county employee was required to provide a divorce decree to

Human Resources in order to remove a former spouse from county healthcare plans. The new policy requires that employees provide their final decree to Human Resources within 30 days of being notified of it. Prior county policy also allowed employees to submit this documentation to their own department managers, whereas now it must be submitted to Human Resources. In any case, most of the employees in this category appear to have taken reasonably prompt steps to notify Human Resources of their newly single status, only to learn during the audit that their ex-spouses had never been removed from coverage. In a majority of these cases, investigators have found paperwork submitted by these employees – usually employee information change forms – indicating that they did take affirmative steps to change their status from married to single. Also found by investigators were various letters, emails and, in three instances, the employees' actual divorce decrees, time-stamped and inserted into the employees' files at Human Resources. In supplemental interviews with investigators, most of these employees gave specific accounts of the actions they took to remove their ex-spouses after their divorces, and they expressed surprise that the ex-spouses had remained on their coverage until the time of the audit. Some told investigators that they provided the necessary documents to their shop stewards or direct supervisors, believing that to be sufficient. Others insisted that they contacted Human Resources directly and provided the necessary documents, only to have their spouses remain on their coverage without their knowledge. Some of their accounts are described below; the rest can be found in the appendix to this report. Significantly, the majority of the ineligible ex-spouses never used the medical coverage after their divorces, making it improbable that either the employees or the ex-spouses had the intent to defraud anyone. The majority of these dependents remained on county healthcare plans as a result of mismanagement, poorly written and ineffective policy, and a lack of follow-up from Human Resources in instances where employees reached out to them

for information about how to remove a former or soon-to-be former spouse from their healthcare plan.

EXAMPLES OF DIFFICULTIES ENCOUNTERED IN REMOVING EX-SPOUSES

One employee's ex-spouse had remained on his coverage for two years and 10 months after their divorce, at an estimated cost to the county of $15,450.72. On June 1, 2010, the employee had submitted an employee information change form, received and time-stamped by the county Controller's office, that requested a change of address, indicated that he was single, and referred to the dependent as his "ex-spouse." On July 5, 2011, the employee submitted another change form, again requesting an address change, again listing himself as single, and listing his girlfriend as his emergency contact. The employee was interviewed on December 10, 2013, at the District Attorney's office. He stated in the interview that he was not sure whether he had submitted his post-divorce change forms directly to Human Resources personnel or to his office manager. He believed that turning in the forms would take care of the necessary benefits changes. He said he also spoke to his union representative about taking his three children off of his health insurance. He said he received no confirmation or other communication from Human Resources after he submitted the change forms, although he recalled that his ex-wife did receive a letter regarding her COBRA rights around the time of their divorce. The employee's ex-wife obtained her own insurance through her employer, he said. At the end of the interview, the employee signed a waiver form permitting Blue Cross to determine whether his ex-wife had used his health coverage after their divorce. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $205.03 in medical care for [ex-spouse] since the

divorce. On February 4, 2014, Devlin further reported that [ex-spouse] was covered under her own Blue Cross policy beginning June 1, 2010. On March 10, 2014, Devlin reported that claims began on the former spouse's new Blue Cross policy on July 10, 2010. *"However, there were claims submitted in her name on 7/6/10, 3/3/11 & 3/10/11 from providers to IBX under her husband's plan. It appears they may have used the old insurance information, since one of the same providers also billed IBC for the 7/1/10 claim using her own insurance,"* Devlin said. This suggests that any post-divorce charges for the former spouse on her ex-husband's county insurance was a billing error between the provider and Blue Cross. On April 28, 2014, the employee's Human Resources files were reviewed by Kevin McCreary. Nothing was found in the file to document any efforts by the employee to remove his ex-wife from coverage. Significantly missing was the change form that had been received from the employee by the Controller's office in June 2010. There is no evidence that this employee had intended to commit fraud against the county. To the contrary, this employee believed, though incorrectly, that he had done what was required of him in order to remove his wife from the health care plan once their divorce became final.

In another instance, a spousal dependent was removed from her ex-husband's coverage on March 31, 2013. They had been divorced on March 22, 2012 in Potter County. Unmerited coverage of this employee's ex-wife had continued for 12 months at a cost of $5,872.29 to the county. Investigators discovered that the employee was overseas in Kuwait with the Army National Guard at the time of the audit. His mother, acting with power of attorney, responded to the audit on his behalf on March 21, 2013, verifying the couple's son and stating that his spouse had been ineligible for the past year. On October 17, 2013, investigators sent an interoffice letter to the

employee, seeking proof of his marriage and a divorce decree. On October 28, 2013, the employee submitted both to the District Attorney's office. On December 11, 2013, the employee was interviewed at the District Attorney's office. He said that at the time of his divorce he had submitted a W-4 form to management at the prison in order to remove his ex-wife as a dependent. His taxes and paycheck reflected this change, he said, but not his medical insurance. He then had been sent overseas on September 13, 2012. At the end of the interview, he signed a waiver form permitting Blue Cross to confirm whether his former spouse had used his benefits after the date of their divorce decree. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $65.24 in medical care for the employee's former spouse on June 19, 2012, less than three months after the divorce. There is no evidence that this employee had intended to commit fraud against the county.

The spouse of an employee of Neshaminy Manor was removed from coverage during the audit. The spouse was removed from his ex-wife's coverage on April 30, 2013. They had been divorced on February 27, 2012, in New York. Unmerited coverage of her ex-husband continued for one year and two months after their divorce, or a total of 14 months, at an added cost to the county of $6,833.68. The employee had responded to the audit on March 20, 2013, verifying her two children and stating that her former spouse was ineligible for coverage. The employee was interviewed on December 10, 2013, in the District Attorney's office. She stated that she had visited Human Resources prior to her divorce decree and had asked that her husband be removed from her coverage. Her request was refused at that time because she did not have a copy of the divorce decree. Because she never received a copy of the decree from New York, she had no further communication with Human Resources. She provided enough information about the

divorce so that investigators were able to locate online docket entries confirming the date and location of the decree. At the end of the interview, she signed a waiver authorizing Blue Cross to disclose whether her former spouse had used her health insurance benefits at any time after the date of their divorce. On January 9, 2014, Blue Cross investigator James Devlin reported that the former spousal dependent had made no claims on his ex-wife's insurance since the date of their divorce. On April 28, 2014, Kevin McCreary reviewed the employee's HR files. The files contained no documentation of any contacts that the employee may have had with HR about removing her former spouse from coverage.

A Neshaminy Manor administrator had her former spouse removed from coverage on April 30, 2013. They had been divorced on August 31, 2005, in Bucks County. Unmerited coverage of the ex-husband continued for seven years and eight months after the divorce, or a total of 92 months, at an added cost to the county of $35,107.28. On October 13, 2005, one month after she would have received her divorce decree, the employee had submitted an employee information change form that listed her as single, changed her residential address, and listed her mother as her emergency contact. She had responded to the audit on April 1, 2013, verifying her son and stating that her husband had been ineligible for coverage since 2006. She left the county's employment in September 2013, remarried and moved to New York. In a telephone interview with Larry King on December 19, 2013, she stated that at the time of her divorce she notified Jane Rothermel at Neshaminy Manor, who assisted her in filling out the necessary forms to remove her former spouse from her coverage. She stated that changes in payroll and pension beneficiaries were made, and that she received new healthcare insurance cards bearing her name and her son's name but not her ex-husband's. She stated that she was unaware that her husband

remained listed as a healthcare dependent until the time of the audit. She agreed to come to the District Attorney's Office on her next trip to Doylestown. She did so on December 30, 2013, and signed a waiver form permitting Blue Cross to determine whether her ex-husband had used her coverage after the divorce. On January 9, 2014, Blue Cross investigator James Devlin reported that the employee's former spouse had made no healthcare claims on the policy since the date of the divorce. On April 29, 2014, Kevin McCreary reviewed the employee's Human Resources files. He found no information in the file documenting her efforts to remove her ex-husband from coverage, including the 2005 change form that had been submitted by the employee and time-stamped as received by Human Resources and the Controller.

The ex-wife of a Corrections employee was removed from her ex-husband's coverage on April 30, 2013. They had been divorced on November 15, 2011, in Bucks County. Unmerited coverage for this ex-wife continued for one year and five months after their divorce, or a total of 17 months, at an added cost to the county of $8,396.06. The employee had responded to the audit on April 18, 2013, verifying his two children but submitting no documents for his ex-wife. He was interviewed on December 10, 2013, in the District Attorney's office. He stated that he had contacted Human Resources after his divorce, had spoken to "Kim" or "Pam," and was told that they needed to send the ex-wife a letter informing her of her COBRA rights. He said that he had sent the divorce decree to Human Resources via interoffice mail, with an attached note referring to the phone conversation. He said that he heard nothing further from Human Resources and that the audit was his first indication that his ex-wife had not been removed in 2011. He stated that he had inquired about the county receiving a rebate for the added premium cost of having his wife on his policy after their divorce. At the end of the interview he signed a waiver allowing Blue

Cross to confirm whether his ex-wife had used his health benefits after the date of their divorce. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $999.28 in medical care for ex-wife after their divorce. He later amended this, stating that the charges attributed to the former spouse had been made on a different Blue Cross policy, not the county policy. On April 29, 2014, Kevin McCreary viewed the employee's Human Resources files. In the files was a letter, dated July 22, 2013, from the benefits coordinator of another employer, stating that ex-wife and her children had been covered by that employer since 1999. A separate letter, from the ex-wife, dated July 22, 2013, states that she has used the medical benefits through her employer since November 2011, and had made no claims for medical care on employee's policy since then. Investigators also located email correspondence between County Commissioner Diane Marseglia and Human Resources Director Meredith Dolan regarding the inclusion of this employee on the list of persons with "ineligible dependents." In the email the Commissioner asks Dolan whether it was possible that Human Resources could have received the documents that the employee claimed to have delivered to Human Resources. Dolan advised Commissioner Marseglia that that was not possible, because her office takes very seriously these documents received from employees, and would not lose them. In the July 17, 2013 email, Dolan wrote the following: "HR has no record of receiving a divorce decree otherwise she [the spousal dependent] would have been dropped then...When we receive the divorce decree, the spouse is removed and a COBRA letter is sent, this never happened because we didn't receive the divorce decree...I can reassure you that a divorce decree would have never slipped through the cracks, this is vital information that we would have kept secure and processed immediately because of the impact it has. We are the official record keepers for the County of Bucks employee records, this is something we take great pride in

maintaining...personally I take great offense that you would suggest that we would provide you, the Commissioners or anyone else a report with inaccurate information...No one is listed unfairly, they are on the list because they didn't verify a dependent during the audit."

Clearly there are many employees listed in the June 2013 HMS report who were listed unfairly. This investigation disclosed Human Resources did not adhere to the record keeping practices that should have been required of them. Clearly employees were on the list for reasons other than their failure to "verify a dependent" during the audit.

In another instance, the spouse of a long-tenured employee was removed from coverage on March 31, 2013. The couple had been divorced on August 24, 2009, in Northampton County. Unmerited coverage of the employee's ex-husband continued for three years and seven months after the divorce, or a total of 43 months, at an added cost to the county of $18,906. The employee had responded to the audit on March 26, 2013, verifying her two sons and stating that her spouse had been ineligible since their 2009 divorce. She was interviewed on December 11, 2013, in the District Attorney's office. She stated that she had gone twice to Human Resources to have her husband removed as a dependent. The first time she had done so was when they had separated. On that occasion, she filled out a change form, but later received an insurance card bearing her spouse's name, indicating that he still was on the coverage. The second time was after the divorce, when she filled out another form before leaving for active duty in the military. She said that her pay stub reflected the change to single status, and her retirement benefits were changed. However, her ex-husband apparently was not removed from the insurance. She did not remember with whom she dealt at Human Resources; only that a female worker helped her fill out the form. She noted in the interview that her ex-husband is a medical doctor with his own

benefits. At the end of the interview she signed a waiver permitting Blue Cross to disclose whether her ex-husband used her benefits after their divorce. On January 9, 2014, Blue Cross investigator James Devlin reported that the employee's former spouse had made no claims on his ex-wife's insurance since the divorce decree. On April 29, 2014, Kevin McCreary reviewed the employee's Human Resources files. Included in the files was a copy of email correspondence between the employee and Marlene Murray of Human Resources from November 23, 2009, in which the employee was trying to have her ex-husband removed from coverage. Also in the file was a copy of their divorce decree from Northampton County. The documents were time-stamped as received by HR on November 23, 2009, yet the employee's former spouse was not removed as a dependent until the audit at a loss to the county taxpayer of $18,906 due to HR negligence.

Another employee's former spouse was removed from coverage on March 31, 2013. They had been divorced in Cameron County on November 7, 2011. Unmerited coverage of the employee's ex-husband continued for one year and four months after the divorce, or a total of 16 months, at an added cost to the county of $8,842.82. On November 25, 2013, in response to investigators' inquiries, the employee forwarded emails between her and Human Resources from July 2012 in which she had advised Human Resources that she was divorced and wanted to drop her husband from coverage. The employee advised that she was told that she must provide a copy of the decree, and the employee acknowledged that she did not follow through. The employee was interviewed on December 11, 2013, in the District Attorney's office. She repeated that she had contacted Pam Stankunas of Human Resources and was told to forward the divorce decree but did not follow up. She said that she had been in an abusive marriage, had a special-needs child

who had undergone surgery and was struggling just to stay afloat at the time she attempted to remove her former abusive spouse from coverage and forgot. She stated that during the audit she did submit the divorce decree along with her children's birth certificates. At the end of the interview she signed a waiver permitting Blue Cross to check on whether her ex-husband had used her benefits after their divorce. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $128.96 in medical care and $412 in facility care for her former spouse after the divorce. On April 29, 2014, Kevin McCreary reviewed this employee's Human Resources files. The files included a copy of her divorce decree and a change form listing her as single. Both documents were time-stamped by Human Resources as received on March 6, 2013. Also in the employee's file were her emails from the summer of 2012 informing Human Resources that she was divorced and wanted to remove her ex-husband from coverage. In this and many other cases, Human Resources could have saved large amounts of County expenditure by following up with employees or securing needed public documents from the employees to support status changes for possibly ineligible dependents.

Another employee's former spouse was removed from coverage on April 30, 2013. They had been divorced on June 15, 2010, in Bucks County. Unmerited coverage of the employee's ex-wife continued for two years and nine months after the divorce, for a total of 33 months, at an added cost the county of $17,086.80. On December 20, 2011, the employee had filed an employee information change form with Human Resources, time-stamped as received by Human Resources, listing his marital status as "single." His ex-wife was not removed from coverage at that time. On December 10, 2013, the employee was interviewed in the District Attorney's office. He stated that he recalled no response or feedback from Human Resources after he

submitted the change form. He said his former wife had her own insurance through her job with the federal government. At the end of the interview he signed a waiver form permitting Blue Cross to determine whether his ex-wife used his health benefits after the date of their divorce. On January 9, 2014, Blue Cross investigator James Devlin reported that the former spouse had made no claims on her ex-husband's policy after the date of the divorce. A review of the employee's Human Resources files on April 29, 2014 found no sign of the change form he had submitted for his wife.

A Neshaminy Manor Nursing Assistant's former spouse was removed from his ex-wife's coverage on March 31, 2013. They had been divorced on January 14, 2009, in Bucks County. Unmerited coverage of the employee's ex-husband continued for four years and two months, or a total of 50 months, at a cost to the county of $25,649.29. On December 11, 2013, this employee was interviewed in the District Attorney's office. She said that she had not removed her ex-husband immediately after her divorce, but had gone to Jane Rothermel at Neshaminy Manor sometime later in 2009 and filled out the paperwork in her office. At some point afterward she did receive a new insurance card for herself, but nothing with her ex-husband's name on it. She was "shocked" to learn that he was still listed on her policy, as she was listed as single on her paycheck. She also pointed out that she had changed her life insurance to make her daughter her beneficiary. She did not make a copy of the paperwork she filled out with Jane Rothermel, assuming that it would be taken care of. Her ex-husband is employed and has access to good health benefits, she said. At the end of the interview, she signed a waiver form permitting Blue Cross to confirm that her ex-husband did not use his health benefits after the date of their

divorce. On January 30, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $135.35 in medical care for the former spouse after the divorce.

An employee for the Area Agency on Aging had her former spouse removed from coverage on February 28, 2013. They had been divorced on July 24, 2012, in Bucks County. Unmerited coverage of her ex-husband had continued for seven months after their divorce, at a cost to the county of $3,811.19. On January 18, 2012, the Controller's office received an employee information change form from the employee in which she listed herself as single, but she had not yet been divorced. On December 10, 2013, the employee was interviewed in the District Attorney's office. She stated that she never had been informed by her divorce attorney at the time the divorce decree was granted, and that she had not gone to court for a copy of the decree. She said she only became aware of the decree when she heard that her ex-husband was getting married again. She stated that it was an emotional time for her and that she had not followed through with Human Resources to make sure that her ex-husband's coverage was discontinued. She stated that she never received any feedback from Human Resources or Blue Cross after submitting the original change form. When asked why she had submitted the change form prior to her divorce, she said that she indicated "single" to reflect that she is the single beneficiary of her health insurance policy. She learned during the audit that her ex-husband was still covered by the county. She responded to the audit on February 21, 2013, marking on the form that she was divorced. After the audit, she said, she received an email requesting that she call Human Resources as a follow-up to the audit. She stated that she then advised Human Resources that she still did not have a copy of her divorce decree. At the end of the interview with investigators she signed a waiver form permitting Blue Cross to disclose whether her ex-husband had made

healthcare claims on her policy after the divorce decree. On January 9, 2014, Blue Cross investigator James Devlin reported that her former spouse had made no claims on her policy after their divorce.

The spouse of an employee from Adult Probation was removed from coverage on June 30, 2012. The couple had been divorced on February 27, 2008, in Bucks County. For reasons which are unclear, the former dependent spouse remained listed as a dependent in the audit, although Human Resources and Blue Cross have stated that he has not had coverage under the county plan since June 2012. Unmerited coverage of this ex-husband continued for four years and four months after the divorce, or a total of 52 months, at an added cost to the county taxpayer of $24,367.24. The employee's former spouse, a police officer, had already remarried on May 7, 2011, yet he still was covered on his wife's county insurance. On September 8, 2008, the employee had submitted an employee information change form. This form was marked time-stamped as received by Human Resources. On this form she listed a new address and listed her marital status as "single." However the former spouse was not removed from her coverage at that time. She had responded to the audit on April 1, 2013, verifying her three children and marking her former spouse as "previously removed." In response to an email question, Human Resources Director Meredith Dolan stated on December 10, 2013 that the former spouse had not had county coverage since June 2012, and that he appeared in the audit most likely "due to a glitch in Lawson." This glitch that Meredith Dolan described did not explain how the former spouse remained covered for a number of years after the employee first advised Human Resources of the change in marital status. The employee was interviewed on December 11, 2013, in the District Attorney's office. She stated that her husband had been on her insurance

during their marriage because he was paid not to use his municipal health insurance as a police officer. When they divorced, she said, she went in person to Human Resources to make the necessary changes. She heard nothing after her visit to Human Resources to indicate that the changes had not been made. Then she found out in 2012, as a result of a contact with the insurance company, that her former spouse was still on her policy. She said she was told by Human Resources to bring in another copy of her divorce decree. At no time, she said, was she ever issued any new insurance cards indicating that her former spouse was still on her policy. At the end of the interview, she signed a waiver permitting Blue Cross to determine whether her former spouse had ever used her health insurance after their divorce. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $214.69 in medical care for the former spouse after the divorce. On April 29, 2014, Kevin McCreary reviewed the employee's Human Resource files. Included in the files was an email from Blue Cross confirming that the former spouse had been removed effective June 30, 2012; a copy of the divorce decree, time-stamped June 25, 2012 by Human Resources; a copy of the 2008 information change form submitted by the employee, and a handwritten note given to Human Resources by the employee when she had her ex-husband removed in June 2012. A post-it note from Pam Stankunas of Human Resources is attached to the note. It reads: *"6/18/12 [employee] stopped by – explained 10:15 a.m. she supplied divorce decree two years ago. Ex-spouse never removed from medical. By next wk, w/fax copy decree – coverage w/end."*

The spouse of a Conservation District employee was removed from coverage on February 28, 2013. They had been divorced in Bucks County on May 12, 2009. Unmerited coverage of the ex-husband had continued for three years and nine months after the divorce, or a total of 45 months,

at an added cost to the county of $31,141.03. The employee had filed an employee information change form with Human Resources, marked received on June 18, 2009, one month after her divorce. On the form, the employee changed her name and her marital status to "single." Her ex-husband was not removed from coverage at that time. She responded to the audit on February 21, 2013, marking on the form that she and her spouse had long been divorced. The employee was interviewed on December 10, 2013, at the District Attorney's office. She said that she had called Human Resources after her divorce and had filled out paperwork to have her ex-husband removed from coverage. She didn't recall receiving any feedback from Human Resources, adding that there is very little communication with her office at all because of its small size and remote location. She said that she did not recall seeing her ex-spouse ever being listed as a dependent on the health insurance cards that she was subsequently issued. At the end of the interview she signed a waiver form permitting Blue Cross to determine whether her ex-husband had used her benefits after the date of their divorce. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $86.41 in medical care for the former spouse after the divorce. On April 29, 2014, Larry King reviewed the employee's Human Resources files. The files contained a copy of the change form she had submitted in 2009, as well as a copy of a "Notice of Election to Retake Maiden Name" from her divorce file. In the body of the document, she states, "*I was divorced on May 12, 2009.*" Again, simple follow-up by Human Resources would have saved taxpayers over $31,000.

The spouse of an employee from the Main Jail was removed from health care coverage on February 28, 2013. They had been divorced in Montgomery County on October 31, 2008. Unmerited coverage for the former spouse continued for four years and four months, a total of 52

months, at a cost to the county of $26,825.94. On March 11, 2008, before his divorce was final, the employee had filed an employee information change form with the county. This form was marked received by the Controller's office. On the form the employee lists his marital status as "single." Nevertheless, his wife was not removed from coverage at that time. On December 11, 2013, the employee was interviewed in the District Attorney's office. He said that he had previously submitted all of the information to remove his ex-spouse via interoffice mail at the time of his divorce. He later discovered that not only was his ex-wife still on his insurance, but his father, who died in 2004, was still listed as a beneficiary by the county. He has since remarried to a Philadelphia police officer, and was unable to enroll her and her twin daughters, who have special needs, onto his healthcare plan, because his ex-wife was still on the books. The employee said the county had told him that it could only deal with adding or removing health insurance dependents at certain times of the month. The employee was aware, through a family friend, that the county has portal access to make changes to health care plans at any time. When he mentioned this to Assistant Human Resources Director Travis Monroe, the employee stated that Monroe asked, "What is portal access?" The employee signed a release authorizing Blue Cross to check on whether his ex-wife used his health benefits after the date of their divorce. On January 31, 2014, Blue Cross investigator James Devlin reported that his former spouse had made no claims for medical care on her ex-husband's insurance after their divorce. On April 29, 2014, Larry King reviewed the employee's human resources files, but found no copies of the change forms from 2009 in the files.

The spouse of another employee from the Main Jail was removed from coverage on April 30, 2013. They had been divorced in Potter County on July 20, 2010, and the employee had

remarried on March 1, 2013. Unmerited coverage of the former spouse had continued for two years and nine months after their divorce, or a total of 33 months, at an added cost to the county of $15,731.41. On March 23, 2011, the employee had filed an employee information change form that was stamped received by Human Resources, listing his marital status as "single," and listing his "significant other" as his emergency contact. His ex-wife was not removed from coverage at that time. The employee had responded to the audit on April 22, 2013, verifying his two children and writing that his former spouse had been ineligible since 2009. On December 10, 2013, the employee was interviewed at the District Attorney's office. He stated that after he remarried, he had tried to enroll his new wife as a dependent on his health coverage, but was not permitted to do so. He said he now believes that was because his first wife had never been removed by Human Resources as a dependent. He said he believes that he had sent a copy of his divorce decree via interoffice mail to Human Resources and the Controller's office within one month or two after his divorce. He said he had filled out the change form in the office of Sandy Rizzo at the prison administrative office. When Human Resources refused to enroll his new wife, he said, he was told to wait until open enrollment to do that. He described himself as "clearly stunned" when he received a letter during the audit saying that his ex-wife was still on his policy as a dependent. At the end of the interview he signed a waiver permitting Blue Cross to determine whether his ex-wife had used his health benefits after the date of their divorce. On January 9, 2014, Blue Cross investigator James Devlin confirmed that the former spousal dependent had made no claims on the employee's health insurance since the date of the divorce decree.

A Neshaminy Manor employee's former spouse was removed from coverage on April 30, 2013. They had been divorced in Potter County on February 24, 2011. Unmerited coverage for the ex-husband continued for two years and two months after their divorce, or total of 26 months, at an added cost to the county of $12,709.92. The employee had responded to the audit on March 4, 2013, stating that her two children were eligible, but that her former spouse had been ineligible since February 24, 2011. On March 28, 2013, she faxed to HMS her children's birth certificates and a copy of her divorce decree. On November 15, 2013, the employee was directed to appear for an interview on December 10, 2013 in the District Attorney's office. She failed to appear. On January 2, 2014, Kevin McCreary met with her at Neshaminy Manor, where she signed a waiver permitting Blue Cross to determine whether her ex-husband had used her health benefits since their divorce. She stated that at the time of the divorce, her ex-husband would not give her a copy of the decree and that she did not receive it until sometime in 2013. She stated that she never mentioned her divorce to Human Resources prior to the audit, but that her ex-husband had given back his insurance card prior to the divorce and had not used the coverage since then. On January 6, 2014, Blue Cross investigator James Devlin reported that the former spousal dependent had made no claims on his ex-wife's policy since their divorce. Based on the above information, it was determined that there was no apparent intent on the part of this employee to defraud Bucks County.

An employee from Children and Youth Family Services had her former spouse removed from coverage on January 31, 2013, *before the audit began.* They had been divorced in Bucks County on September 11, 2012. Unmerited coverage of the employee's ex-husband continued for four months after the divorce, at an added cost to the county of $2,109.14. On January 22, 2013, the

employee had filed an employee information change form with Human Resources, changing her name and listing her marital status as "single." She had responded to the audit on April 2, 2013, verifying her children and submitting nothing for her ex-husband. On December 10, 2013, the employee was interviewed in the District Attorney's office. She stated that she had called Human Resources as soon as her divorce became final, and was referred to Pam Stankunas. She filled out a form and was told that a COBRA letter would be sent to her ex-husband, she said. During the audit, when she received the form showing her spouse still listed as a dependent, she said she called Human Resources and told them that he should not be listed. She said the response from Pam Stankunas was, "We know." The employee stated that she was not asked to re-submit any information. She said that her husband works for PennDOT and therefore has benefits available to him. As an aside, she stated that when her second son was born, his name had been misspelled, and therefore she was issued a card erroneously indicating that she had three children instead of two. At the end of the interview she signed a waiver form permitting Blue Cross to determine whether her ex-husband used her benefits after their divorce. On January 9, 2014, Blue Cross investigator James Devlin reported that her former spouse had made no claims on his ex-wife's insurance after the date of their divorce decree. On April 28, 2014, Kevin McCreary reviewed this employee's human resources files. Among the documents in the file were an employee information change form, marked received on January 22, 2013 by Human Resources, listing her as single, a divorce decree received by Human Resources on January 10, 2013, and a handwritten note from the employee herself in early January saying, "*I am divorced...I have to take my wasband off my medical.*" There is no valid reason why this employee should have been placed on the list as having carried an "ineligible dependent."

The spouse of an employee from Adult Probation and Parole was removed from coverage on April 30, 2013. They had been divorced in Montgomery County on January 25, 2011. Unmerited coverage of the employee's ex-wife had continued for two years and three months after their divorce, or a total of 27 months, at an added cost to the county of $14,678.13. On August 31, 2011, he had filed an employee information change form, as well as a W-4 form, both of which were marked received by Human Resources, listing his marital status as "single." His ex-wife was not removed from coverage at that time. An earlier employee information change form, which was stamped as received by the Controller's Office in April 2011, also listed him as single. On December 10, 2013, the employee was interviewed at the District Attorney's office. He stated that after his divorce he had taken his divorce decree to Human Resources in person and had asked that his ex-wife be removed from his coverage as a dependent. He said a photocopy was made of his divorce decree, that he filled out a form listing no dependents for tax purposes, and that he was told he would be sent information to update his pension beneficiaries. Yet when he received his W-2 forms that year, the forms still showed his ex-wife as a dependent. At that point, he said, he went to Human Resources again to get it changed, but later received an updated insurance card that still had his ex-wife listed on his policy. He said he changed that online sometime after 2012. He stated that he is 99 percent certain that his former spouse had not used his benefits since their divorce because she is employed by Merck and has benefits there. He further stated that his W-2 forms had been sent to an old mailing address in Hatfield. He became aware of this, he said, after calling the Controller's office after not receiving the previously mentioned pension forms in the mail. He said that he had notified his union representative after the divorce to have his former spouse removed from his union dental and optical plans. Upon receiving the HMS audit information and being informed that his former

spouse would be removed from coverage if he failed to respond, he chose not to respond. He later received a follow-up phone call from Human Resources regarding his failure to respond to the audit. At the end of the interview he signed a waiver form authorizing Blue Cross to determine whether the former spouse had used his healthcare benefits after their divorce. On January 9, 2014, Blue Cross investigator James Devlin confirmed that the employee's former spouse had made no claims on her ex-husband's health insurance after the date of their divorce. On April 28, 2014, Kevin McCreary reviewed the employee's Human Resources files, and found no documents pertaining to any efforts by the employee to remove his ex-wife from coverage.

The former spouse of an employee from Domestic Relations was removed from coverage as a result of the audit on March 31 2013. They had been divorced in Bucks County on October 6, 2010. Unmerited coverage of the employee's ex-husband continued for two years and five months after their divorce, or a total of 29 months, at an added cost to the county of $11,514.35. The employee had responded to the audit on March 5, 2013, verifying three children and noting that her ex-husband had been ineligible since 2010. On December 10, 2013, the employee was interviewed at the District Attorney's Office. She stated that after her divorce, she had called Human Resources to have her ex-husband removed from her coverage. She produced a copy of a letter, dated December 7, 2010, addressed to the attention of Marlene Murray at HR, which she said she had faxed to HR as a result of her call. The letter stated that the employee was sending a copy of her divorce decree and asked that the former husband be removed from her coverage, effective February 1, 2011. The letter requested confirmation once he was no longer eligible for coverage, and asked that he be provided with information about pursuing COBRA benefits. She said she never received any confirmation or any other follow-up from Human Resources after

submitting the decree. She also produced a copy of a printout from the PSSU Health and Welfare Fund, reflecting in the notes box that the employee had called on May 23, 2012, stating that her ex-husband should have been removed from coverage the previous year. She had noticed no change in her paycheck to reflect added deductions for her husband's coverage, and said that she did not know he was still listed as a dependent until the time of the audit. At the end of the interview, she signed a waiver form allowing Blue Cross to disclose whether her former spouse had used her health insurance benefits after the date of their divorce decree. On January 31, 2014, Blue Cross investigator James Devlin reported that Blue Cross had paid for $2,495.35 in medical care and $3,573.40 in facility care for the former spouse since the divorce. On April 28, 2014, Larry King reviewed the employee's Human Resources files. In the files was a copy of the employee's fax to Human Resources, time-stamped December 7, 2010, requesting removal of her ex-husband. A copy of the employee's divorce decree was also in the file.

The ex-spouse of another employee from the Main Jail was removed from his ex-wife's coverage on March 31, 2013 as a result of the audit. They had been divorced in Cameron County on July 6, 2011. Unmerited coverage of the employee's ex-husband continued for one year and eight months after their divorce, or a total of 20 months, at an added cost to the county of $9,776.45. She had responded to the audit on March 27, 2013, marking the former spouse ineligible for coverage. She had filed an employee change form with Human Resources, marked received on July 15, 2011 – 11 days after her divorce – stating that she was single and requesting that her name be changed back to her maiden name. She enclosed a copy of her divorce decree with the change form. However, the dependent spouse was not removed from her coverage. On December 11, 2013, the employee was interviewed in the District Attorney's office. She said that she had

submitted the original change requests via interoffice mail, and that she never again received insurance cards bearing her ex-husband's name. However, her county computer login and email addresses still depict her maiden name. . After the audit she received insurance cards for only her children. At the end of the interview she signed a waiver form permitting Blue Cross to check on whether her former spouse used her insurance benefits after their divorce. On January 9, 2014, Blue Cross investigator James Devlin reported that the former spouse had made no claims on the employee's insurance policy after the date of their divorce. On April 29, 2014, Larry King reviewed the employee's Human Resources files. Included in the files were a copy of the change form and the divorce decree *from 2011*. This is another instance where the county was responsible for unnecessary payments for an "ineligible dependent." However the employee was placed on this list for carrying an "ineligible dependent" even though personnel from Human Resources could have easily looked in the employee's file and removed her from the list before its publication to the commissioners.

OBSERVATIONS CONCERNING HR RECORD-KEEPING

This investigation disclosed the following inadequacies in Human Resources operations: Employee files are not computerized. There is no computerized system in place to establish a record of what has been received from employees and when the documents were received. Many of the old Human Resources policies allowed room for dependents who had become ineligible to slip through the cracks. This occurred because policies were not rigorous enough to preclude evasions, because employees were unaware of the policies, and because policies were not strictly enforced. In some instances, ineligible dependents remained on county health care plans because Human Resources themselves allowed them to remain covered through poor decision making;

failure of HR to follow-up with employee inquiries; and inadequate record keeping. It is important to note that an employee cannot place a dependent on the county health care plans by their actions. Rather, Human Resources must accept the dependent as eligible as cause the dependent to be placed upon the rolls as a beneficiary.

There is no tickler system to structure follow-up when employees contact Human Resources for information regarding a life event, such as divorce or the death of a previously eligible dependent. Human Resources management continuously referred to an "Honor System" that placed the burden on the county employee to provide the appropriate documentation. While it is true that some employees did not adequately follow through with providing the proper documentation to remove a dependent who became ineligible, Human Resources should have viewed themselves as responsible for ensuring that employees comply with county policies. They should have expended reasonable effort to prevent monetary loss to the county and its taxpayers. As this investigation disclosed, it is not realistic to attempt to blame employees who have given notice to the employer that money need not be expended in their behalf when follow-up does not occur. The money is the county's. No sensible system of HR operation would have as its basic operating principle wholesale indifference to the kind of waste of public money which the initial audit and this investigation have revealed.

AFTER THE AUDIT – CONTINUING PROBLEMS

After the audit, new county employee policies have been adopted which will address some of the issues revealed by the audit. However, practices within Human Resources did not change. County Controller Raymond F. McHugh, Esquire, testified before the Investigating Grand Jury,

outlining continued negligent and wasteful practices within HR that resulted in over $110,000 in losses to the county. After the audit, the Controller's office conducted an audit of the AFSCME Invoices for Health & Welfare Fund payments for the month of December 2013. These payments cover the cost of union employees' Prescription Coverage, Dental Insurance, Vision Insurance and Disability Insurance. Prior to this Controller's audit, a situation had arisen in which the county continued to purchase these union coverages for an employee who had been promoted to a non-union management position two years earlier. The resulting audit found that seven employees who had transferred from union positions to non-union positions remained on the union list and the county had continued to pay AFSCME the monthly premiums for these employees for between four to 32 months. The total cost to the county for this mistake was over $55,000. When confronted with this issue, Human Resources management claimed that this was an "oversight" on their part, and that they were attempting to rectify the situation. What came to light before the Grand Jury was that no one in Human Resources was reviewing the monthly premium statements to ensure accuracy. Human Resources had simply relied upon the documentation provided by AFSCME.

The Controller's office also looked into health care invoices prepared and forwarded to Human Resources for payment for employee healthcare coverage. The Controller's office found that there were employees listed on the Blue Cross/Keystone invoices who had left county employment, but that the county was still paying their health care premiums. It was also found that these employees had not been making COBRA payments. The total cost to the county for these oversights was in excess of $38,000. Human Resources blamed the oversight on a problem they were having with the Lawson computer system.

It was also determined that some previous county employees had not been making COBRA payments, resulting in a loss to the county in excess of $16,000. In sum, Human Resources had failed to develop and/or adhere to practices that would have prevented a loss to the county in excess of $109,000. Pam Stankunas actually testified that some of these problems resulted because she did not review the invoices, but simply forwarded them to finance and the Controller's office for payment. Travis Monroe told the Grand Jury that his office now reviews all invoices and compares them to recent employee data concerning termination, promotions, etc. According to Travis Monroe, HR began this practice within the past two to four months. Meredith Dolan told the Grand Jury that she believed that the task of vetting the insurance invoices was being accomplished by her office, and that she had "no idea that she (Pam Stankunas) was not doing what I thought she was doing."

RECOMMENDATIONS BY THE GRAND JURY

This investigation conducted by County Controller and District Attorney personnel served largely to correct the mischaracterization of county employee conduct, which was intentionally or negligently employed by the Director of County Human Resources, the almost totally incorrect description of 192 health care beneficiaries as "negligible" appears to have been used to justify the healthcare plan eligibility audit conducted in early 2013. Ironically, we believe that this audit was an excellent idea and long overdue. However, its results were initially interpreted by Human Resources in a way which concealed their own nonfeasance and unfairly and inaccurately suggested that county employees had been guilty of widespread fraud and thievery.

A diligent, painstaking, case-by-case investigation, the results of which have taken numerous days for the Grand Jurors to hear has revealed the real cause for the waste of hundreds of thousands of tax dollars in unnecessary health care premiums. That cause is the lax, unprofessional and inadequate procedures and practices of the county Human Resources department itself. We deplore both the waste of resources which should have been used fighting crime which were instead expended to get at the real and useful insights provided by the benefits audit. We also regret the needless slander of Bucks County and its employees started by those who were either unaware of or wished to conceal their own lack of diligence and competence. We also regret that these slanders were repeated and embellished by a press who sought little in the way of proof for claims which happened to fit their prejudices.

The Grand Jurors believe this investigation demonstrates that hundreds of thousands of taxpayer dollars have been wasted over the years as a result of poor management practices by Human Resources personnel. The Grand Jurors also lay some blame on some county employees' lack of responsibility in complying with county policies and with the audit. However, the major fault lies in the very poor oversight of the county health benefit plans. The Grand Jurors believe that the changes to county policy already undertaken are a step in the right direction, but believe that additional measures are required to ensure that taxpayer dollars are being well spent and the unwarranted disparagement of county employees ceases. The Grand Jurors offer the following recommendations in the spirit of making Bucks County a better place:

1. Employee change forms should reflect on the form the proper documentation required to make changes to the health care plans and should also specifically delineate that the submission of the form itself does not accomplish a change in dependent health care eligibility.

2. Human Resources must follow up with the submission of every change form submitted within 30 days to determine whether the employee has provided the necessary documentation required to effect the changes sought by the employee to prevent undue waste of county taxpayer funds. These practices, if followed, would eliminate unnecessary duplication of health care coverage for otherwise eligible dependents who have procured health care insurance through their own employment.
3. All employee inquiries to HR should be electronically annotated in a computerized employee file, with a tickler system that would require HR to call the employee to ensure that the employee has complied with written county policy.
4. Employee HR files should be digitized.
5. Employee change forms should be collected by only one source and be immediately entered in the employee's digital HR file.
6. All documents provided by employees to Human Resources should be time stamped upon receipt and immediately scanned to the digital employee file.
7. After enrollment into county health care plans, employees should receive confirmation of enrollment to allow the employee to ensure that all dependent names, dependent relations (such as spouse, child, etc.), and dependent dates of birth are correct.
8. The county should consider having the benefits administration process outsourced, which is common practice for this type of activity for an employer of this size. Outsourcing could allow for the recording of all employee phone calls, and the complete digitalization of employee records related to health care enrollment and changes to policy for future retrieval. This could also allow for employees to make changes to their policies through a portal, with digital confirmation from the company once the proper documentation has

been received. The cost of such a service would be minimal when compared to the money saved as a result of proper management of the health care plans and the man hours saved as a result of not having this role staffed by HR. This should be revenue neutral with the costs being offset by the restructuring of the HR staff.

9. An annual in-house audit of employees should be conducted to determine dependent eligibility. This should be conducted by HR in collaboration with the county Controller's office.
10. The addition of dependents to the county health care plans should be allowed at anytime in instances where the employee or the employee's dependent is not at fault for their removal from the health care plan. Otherwise, additions to the plans should be allowed only during open enrollment or as a result of an eligible life event.
11. All employees must provide the required documentation before their eligible dependent receives any county benefits. This must be done within 30 days of the life event, or upon the employee entering the county work force.
12. We the Grand Jurors recommend for the dismissal or severe reprimands of Human Resources management for their failure to properly manage the county health care plans over the years covered by this investigation. We believe that the Director of Human Resources has demonstrated a lack of concern for her department's failures, that she did not effectively conduct her duties and that she has not adequately led and managed her employees. Specifically, we find that the lack of concern by Human Resources employees has cost the taxpayers of Bucks County hundreds of thousands of taxpayer dollars, and has hurt the image of not only the county employees who appeared on the list produced by them, but of the County of Bucks itself.

13. County employees who violate county policy regarding the removal of a dependent who becomes ineligible due to a life event, such as divorce, should be reprimanded, and be made to repay the county for the cost of unmerited health care coverage.
14. There should be an office within the county that has direct oversight of the Human Resources department to ensure HR practices are effective and that HR policies are being adhered to. It is paramount that HR practices and policies reflect sound fiscal governance of the county health care plans. Specifically, HR must be required to review and vet healthcare billing invoices before submitting them for payment.
15. There should be a grievance option for employees to follow where adverse decisions regarding an employee's or beneficiary's health care are made. Each grievance should be submitted in writing and investigated. Within 30 days of the submission, a formal answer should be provided to the employee in writing. A copy of both the grievance and response must be maintained in the employee's HR file.
16. The county should review its policy regarding the $2,500 opt-out fee for employees who elect to forego county health care coverage as a result of having health care coverage by other means. Some Grand Jurors believe the county's offer is too generous.