



## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

### REPORT OF INVESTIGATION CASE NUMBER: 2013-0015

Sheryl G. Steckler  
Inspector General

*"Enhancing Public Trust in Government"*

#### EXECUTIVE SUMMARY

In May 2010, the Palm Beach County (County) Risk Management Department (RMD) contracted with Health Management Systems (HMS) to "audit the dependent membership of the County's self-insured health plan to ensure compliance with eligibility criteria by County employees when covering dependents on the plan." As part of that audit, HMS required all County employees to submit an attestation as to the continued eligibility of dependents on their plan, as well as provide supporting documentation, by July 15, 2010.

On August 15, 2013, the Office of Inspector General (OIG) received a complaint from the Palm Beach County (County) Risk Management Department (RMD) concerning an employee of the County's [REDACTED]. The complaint alleged that [REDACTED] (the Employee) falsified County health insurance coverage documents in order to obtain health insurance coverage for an ineligible former spouse, [REDACTED] (Wife 1). According to the complaint, on August 9, 2013, the Employee visited RMD's Group Insurance office to remove Wife 1, from his existing health insurance plan and add his current wife, [REDACTED] (Wife 2). Upon further query, it was learned that the Employee and Wife 1 had been divorced since February 3, 2010. Furthermore, during HMS' 2010 eligibility audit and only four months after their divorce, the Employee submitted documentation to HMS, which was signed and dated July 12, 2010, attesting to Wife 1's continued eligibility as his legal spouse. The Employee also included a copy of his 2009 Internal Revenue Service (IRS) Tax Return as evidence of their continued marriage.

According to the information provided by RMD, between March 1, 2010 and June 30, 2013, the County paid a total of **\$4,375.41** in claims related to Wife 1 for which she was ineligible. As there was reason to believe that the Employee may have falsified County health insurance coverage documents in order to obtain health insurance coverage for an ineligible dependent (Wife 1), a criminal referral was made to the Palm Beach County State Attorney's Office, Public Corruption Unit (PCU). Per the Palm Beach County State Attorney's Office, the County declined to press charges against the Employee because the premiums paid by the Employee for Wife 1's coverage was more than the actual claims paid by the County for Wife 1.

The allegation that Palm Beach [REDACTED] [REDACTED] falsified County health insurance coverage documents in order to obtain health insurance coverage for an ineligible dependent is **supported**. Based on all of the documentation obtained, as well as the Employee's own statement,

the Employee obtained County health insurance coverage for an ineligible dependent (Wife 1).

**ALLEGATIONS AND FINDINGS**

**Allegation (1):**

**Palm Beach County**

**\_\_\_\_\_ falsified County health insurance coverage documents in order to obtain health insurance coverage for an ineligible dependent. If supported, the allegation would constitute a violation of PBC PPM CW-P-023 (06/01/09 and 02/01/12); and Merit Rule 7.02(D)(24); and a potential violation of § 812.014(1), F.S.; and § 817.234(1)(a)1., 2., and 3., F.S.**

**Finding:**

The information obtained **supports** the allegation.

The OIG reviewed the following documents:

- **\_\_\_\_\_**: Palm Beach County Clerk and Comptroller records a Dissolution of Marriage between the Employee and Wife 1.<sup>1</sup>

**REDACTED FORM**

- **June 15, 2010:** HMS sends a letter to all County employees, which includes a Dependent Eligibility Review Form (DERF) for the employee to attest to the continued eligibility of their dependent(s). The DERF includes the following instructional sheet for the eligible categories, is to be returned by July 15, 2010.

**Dependent Eligibility Review Form** Page 2

Instructions: Determine an eligibility category for each dependent and circle the appropriate category next to the name of each dependent listed on the front of this form. Please select only one category for each dependent. Send copies of the required documents for each dependent based on the eligibility category.

Example:

Dependent	Date of Birth	Eligibility Category
Jane Smith	01/01/1985	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C1 <input type="radio"/> C2 <input type="radio"/> D <input type="radio"/> Ineligible
Johnnie Smith	02/15/1989	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C1 <input type="radio"/> C2 <input type="radio"/> D <input type="radio"/> Ineligible
Judy Smith	03/19/2002	<input type="radio"/> A <input type="radio"/> B <input type="radio"/> C1 <input type="radio"/> C2 <input type="radio"/> D <input type="radio"/> Ineligible

ELIGIBILITY CATEGORIES	REQUIRED DOCUMENTS
<b>A. SPOUSE or DOMESTIC PARTNER</b> Legal spouse Domestic Partner of the same or opposite sex <small>(See FAQ 11 for more details)</small>	One of the following items: • Copy of page 1 of your 2009 federal tax return (as filed) listing spouse <small>(see FAQ 8)</small> OR • Copy of marriage certificate or copy of executed, notarized and recorded Declaration of Domestic Partnership form (Ord. 2008-002) <b>plus</b> proof marriage/partnership is still current [recurring monthly or quarterly household bill or statement of account listing your spouse/partner's name at your address and dated within the past 60 days] <small>(see FAQ 9)</small>

- **July 13, 2010:** The Employee returns the DERF to HMS, which he signed and dated July 12, 2010. The DERF indicates that Wife 1 continues to be an eligible "spouse."

• **REDACTED FORMS**

- **\_\_\_\_\_**: Palm Beach County Clerk and Comptroller records a marriage between The Employee and Wife 2. The wedding date is listed as \_\_\_\_\_.

<sup>1</sup> Reference Palm Beach County Clerk and Comptroller Case ID # \_\_\_\_\_.

The following chart represents the amount of claims paid by the County Insurance Plan for Wife 1:

March 1, 2010 – December 31, 2010	\$	477.25
January 1, 2011 – December 31, 2011	\$	844.55
January 1, 2012 – December 31, 2012	\$	2,215.98
January 1, 2013 – September 30, 2013	\$	837.63
	<b>TOTAL</b>	<b>\$ 4,375.41</b>

**Statement of Michelle Shirm, Palm Beach County Risk Management Department Group Insurance Specialist Temporary**

Ms. Shirm stated that during her August 9, 2013 meeting with the Employee, he advised that his new spouse, Wife 2, was no longer working and that he wanted to add her to his health insurance plan; however, his former spouse, Wife 1, was still on his current health insurance plan. The Employee requested information from Ms. Shirm as to what he needed to do in order to remove Wife 1. Ms. Shirm stated that the Employee indicated that he had been divorced from Wife 1 for approximately two and a half to three years; however, the Employee was unable to provide specific details regarding the approximate date of his divorce and/or his current marriage. Ms. Shirm stated that she then provided the Employee with benefit information, to which he showed little interest. However, towards the end of the meeting, he “vehemently” pointed to the eligibility chart, “which denoted the need for a marriage *license*,” and stated that the language was confusing. According to Ms. Shirm, when asked why it was confusing, the Employee explained that obtaining a marriage license did not mean that an individual was actually married. Ms. Shirm stated that she concluded the meeting at that time and advised the Employee to provide the documentation he had available. Ms. Shirm indicated that she has not had any contact with the Employee since this meeting.

**Statement of Andrea Mackey, Palm Beach County Risk Management Department Group Insurance Manager**

Ms. Mackey advised that she was not present during Employee 1’s meeting with Ms. Shirm. Ms. Mackey stated that during Ms. Shirm’s meeting with the Employee, Ms. Shirm entered her office to obtain clarification regarding the use of forms for the Employee’s situation and it was at that time that she (Ms. Mackey) became unsure about the Employee’s statements regarding his divorce and subsequent re-marriage. Ms. Mackey stated that she began to conduct research from publicly available records and found the Employee’s divorce from Wife 1 in 2010 and marriage to Wife 2 in 2011. Ms. Mackey provided copies of the County’s 2009 and 2012 Policy and Procedure Manual (PPM) #CW-P-023, both of which specify that “legal spouses” of employees are eligible for dependent coverage.

**Statement of Nancy Bolton, Risk Management Director**

Ms. Bolton confirmed Ms. Mackey’s statements regarding the County’s health insurance policies (PPM #CW-P-023) and reiterated that a “legal spouse” is eligible for dependent

coverage under the County's health insurance plan. Ms. Bolton stated that former spouses, under any County health insurance program, are not eligible for coverage. Ms. Bolton advised that according to RMD records, for the period in question, the Employee paid a total of \$5,673.44 towards premiums for Wife 1. Wife 1 also incurred a total of \$4,375.41 in claims; however, Wife 1 was not an eligible spouse during that time period. Ms. Bolton advised the OIG that the Employee paid more in premiums than claims incurred by the ineligible dependent, therefore, there are no costs to recoup.

**Statement of the Employee,** [REDACTED]

The Employee explained that Wife 2 requested coverage under his County health insurance plan because she was no longer working. The Employee stated that he reported to RMD (August 9, 2013) that he needed to remove Wife 1 and add Wife 2 to his benefits. The Employee stated that he was not very familiar with the County's Policy and Procedures Manual (PPMs); however, it was his understanding that County PPMs outlined eligible dependent requirements and that included "direct family members" such as a wife and children. The Employee confirmed that he and Wife 1 had been divorced since February 3, 2010 and acknowledged his signature on the DERF dated July 12, 2010, only five months later, which indicated that Wife 1 was still his current legal spouse. The Employee initially explained that he was a "creature of habit" and simply signed the DERF "as a reflex." The Employee denied that he and Wife 1 were trying to concoct a scheme to obtain insurance; however, the Employee acknowledged that Wife 1 was no longer eligible for coverage under the County health insurance plan at the time he signed the DERF (July 12, 2010). The Employee initially maintained that he was used to signing documents containing Wife 1's names and reasoned that he was just "signing documents." However, when presented with not only the signed DERF containing *his* category selection "A," which denotes legal spouse for continued eligibility, as well as *his* presentation of their 2009 IRS Tax Return, the Employee subsequently stated that he was trying to be the "nice guy" after their divorce and acknowledged maintaining Wife 1 under his benefits.

### RECOMMENDED CORRECTIVE ACTIONS

Based on statements and records reviewed, the allegation that Palm Beach County [REDACTED] falsified County health insurance coverage documents in order to obtain health insurance coverage for an ineligible dependent is **supported**. The OIG recommends the following corrective actions:

1. Coordinate with the appropriate Department Head and ensure corrective personnel action is taken.

### IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

**Identified Costs:** \$4,375.41

**ARTICLE XII, SECTION 2-427**

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, the Employee was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this investigative report within ten (10) calendar days. On October 18, 2013, the Employee responded that there was "no comment at this time."