



AUDIT SUMMARY

Office of the State Comptroller – State Employee and Retiree Healthcare and Other Benefits

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Fiscal Years Ended June 30, 2020 and 2021

ABOUT THE AGENCY



The Office of the State Comptroller's Healthcare Policy and Benefit Services Division administers benefits programs for all state employees, retirees and their

families including medical, pharmacy, and dental benefits. The division is also responsible for the contract procurement, administration, and evaluation of these programs. In addition, the division administers the state employees defined contribution plans and coordinates group life insurance, unemployment insurance, and supplemental benefits.

ABOUT THE AUDIT

We have audited certain operations of the Office of the State Comptroller – State Employee and Retiree Health Care and Other Benefits, in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2020 and 2021. The objectives of our audit were to evaluate the:

1. Office's internal controls over significant management and financial functions;
2. Office's compliance with policies and procedures internal to the office or promulgated by other state agencies, as well as certain legal provisions; and
3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

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

[Link to full report](#)



Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

NOTEWORTHY FINDINGS



Findings



Recommendations

1

The Office of the State Comptroller's Healthcare Policy and Benefit Services Division lacked sufficient internal controls over group life insurance benefit calculations and payments, resulting in inaccurate calculations and payouts to beneficiaries. We also found delayed notifications and payments to beneficiaries.

The office should improve its internal controls to ensure it correctly calculates life insurance coverage amounts in accordance with Section 5-257(d) of the General Statutes. The office should correct errors resulting from the miscalculation of plan member life insurance coverage.

2

The office did not have a process to reconcile overpayment credits and adjustments to supporting documentation on monthly healthcare contractor invoices. The office was unable to verify the total monthly credits were supported and applied correctly.

The office should implement internal controls to ensure it correctly credits all overpayments due to the state.

3

In our review of 15 retiree health contribution refunds, totaling \$425,639, we noted that the office did not maintain evidence of its review for four refunds, totaling \$143,825.

The office should establish internal controls to ensure that it properly reviews and supports contribution refunds prior to processing.

4

We selected 54 payments to the four health care contractors to review for accuracy. For the prescription insurance provider, five of the selected payments included \$1,728,225 in monthly administrative fees. We were unable to verify these five fees due to lack of proper support.

The office should perform reconciliations of payments to healthcare contractors to ensure it pays the proper amount for benefits and services.

For one monthly \$7,306,457 dental insurance premium payment, we noted \$3,450,000 was not adequately supported. The contractor billed the unsupported portion based on the number of retirees.