

CASE STUDY

Timely and Accurate Verification of Pension Payment Recipients

Large Pension Trust Fund Eliminates Unnecessary Payments with HMS Solution



It's the final chapter in the cycle of life – retirees who receive regular payments from a pension fund will eventually pass away. But even though they're gone, the pension payments they receive may continue if the pension fund doesn't have accurate or up-to-date information.

For large funds, the number of deaths may be in the hundreds or more during a single month, and continuing payments can add up to millions of dollars annually in unnecessary cost.

Pension funds aren't always notified of a retiree's death in a timely manner, and recovery of inappropriate payments is difficult, time-consuming and seldom attempted. For large funds, the number of deaths may be in the hundreds or more during a single month, and continuing payments can add up to millions of dollars annually in unnecessary cost.

Additionally, verification methods in use by pension funds may be unreliable. A recent *60 Minutes* television broadcast revealed shortcomings in the U.S. government's Limited Access Data Master File (LADMF), the tool most frequently used by pension trusts to verify the status of pension recipients. According to the report, the LADMF regularly misreported pension recipient status – reporting those who had passed away as living and living individuals as deceased.

Turning to a Trusted Advisor

After learning of the *60 Minutes* report, a large union pension trust fund based in the northeastern U.S. turned to HMS for a reliable solution. The two organizations had a successful track record together, including a previous Health Plan Dependent Eligibility Verification conducted by HMS.

Now fund managers wanted to leverage the same level of expertise and service to the pension plan managed by the fund.

Solution

The solution that met their needs was the HMS Pension Beneficiary Verification (PBV), specifically designed to verify the eligibility of pension payment recipients.

HMS begins a PBV by conducting a match of the pension's recipients against LADMF records. HMS has access to this information due to its ongoing HITRUST certification. Because of potential recipient status issues with the LADMF records, HMS takes another crucial step in the PBV process to verify accuracy.

Following the LADMF data match, HMS launches a comprehensive communications program to engage the pension members to determine if they should continue to receive pension benefits. Pensioners are required to sign and notarize an affidavit stating that they are still living and eligible.

Checks to non-responders are suspended until all the requested information is verified, motivating eligible members to provide the requested information.

The communication and investigative process includes a dedicated project manager, project coordinator, domestic call center and dedicated website with member and administrator resources.

Approach

The PBV was conducted among 68,428 pensioners receiving a pension from the trust. The verification was intended to ensure that all members and beneficiaries receiving benefits were living and eligible to receive the benefit.

The verification process resulted in recommendations to suspend or terminate payment to nearly 2.5 percent of the pensioners. These individuals had either passed away or did not provide appropriate documentation to verify eligibility. The results breakdown was as follows:

Deaths identified by LADMF Match	Deaths reported by family of estate administrators	Assumed deaths due to No Response	Total number of Payments Suspended or Terminated
385	352	1,000	1,737

Upon completion, the fund’s chief pension officer commented: “HMS’ full communication audit provided the ability to know about deaths much earlier than we had known in the past and as a result, it saved the fund significant amounts of money.”

Results

Using the fund’s average monthly check amount of \$800 (\$9,600 annually), the estimated annual savings is \$16.6 million. The return-on-investment to the trust from the PBV was so significant that administrators have contracted with HMS to conduct one every other year as part of their fiduciary commitment.



For more information about Pension Benefit Verification, contact your HMS sales representative today.

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