



Pinellas County

315 Court Street, 5th Floor
Assembly Room
Clearwater, Florida 33756

Staff Report

File #: 15-928, **Version:** 1

Agenda Date: 12/15/2015

Subject:

Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-37 dated November 30, 2015 - Audit of Short-Term Disability and Long-Term Disability Contracts.



DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA

**CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA**

AUDIT OF SHORT-TERM DISABILITY AND LONG-TERM DISABILITY CONTRACTS

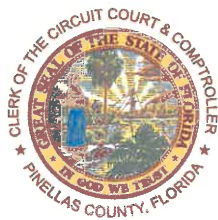


**An Accredited Office of
Inspectors General**

**Hector Collazo Jr.
Inspector General/Chief Audit Executive**

Audit Team
Ronald Peters, CIA, CISA, CIGA, CRMA, CBA, CCL – Inspector General Manager
William J. McGuinness, CGMA, CIGA, CLE – Senior Inspector General Auditor

**November 30, 2015
REPORT NO. 2015-37**



Ken Burke, CPA

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

Clerk of the County Court and Comptroller
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

Division of Inspector General

510 Bay Avenue
Clearwater, FL 33756
Telephone: (727) 464-8371
Fax: (727) 464-8386
Fraud Hotline: (727) 45FRAUD (453-7283)
Clerk's website: www.mypinellasclerk.org

November 30, 2015

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the County's Short-Term Disability (STD) and Long-Term Disability (LTD) Contracts with the Standard Insurance Company (Standard).

Our audit objectives were to:

1. Determine if Standard is in compliance with its contracts with the County to provide STD and LTD administration services.
2. Determine if:
 - The staff of the Human Resources Department (HR Department) performs a monitoring process for Standard's compliance with the contracts' terms.
 - The HR Department's process is adequate to determine if Standard's services were received.
3. Determine if invoices submitted by Standard to the HR Department sufficiently document that:
 - The services were provided.
 - The expenditures are proper and in compliance with the contracts' terms.
 - The invoices and supporting documentation are reviewed and approved timely prior to payment.
4. Determine that the disability services being provided to employees are adequate, including but not limited to:
 - Granting employees STD status and/or LTD status.
 - Verifying the employees' continuing STD and/or LTD status.



An Accredited Office of
Inspectors General

- Verifying the accuracy of disability payments and/or supplemental disability payments.
- Monitoring compliance with the County's *Return-to-Work* policies.
- Complying with the requirements of the *Health Insurance Portability and Accountability Act of 1996* (HIPAA).


We conclude that:

- Standard is in compliance with the short and long-term service requirements of the contracts.
- The oversight and support for the contract services supplied by the HR Department needs improvement. The HR Department disability website has gaps in the information that employees need to utilize the benefits. These gaps can cause processing issues, and required corrective action by the HR and Payroll Departments.
- The invoice process is proper with minor issues by some Appointing Authorities relating to mathematical errors and the approval process. The testing of the Standard disability files found well-documented processes and timely delivery of the services.

Opportunities for Improvement are presented in this report.

We appreciate the cooperation shown by the staff of the HR Department and the staff of the Appointing Authorities during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted,



Hector Collazo Jr.
Inspector General/Chief Audit Executive

Approved:



Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex-Officio County Auditor
*Regulated by the State of Florida

TABLE OF CONTENTS

	Page
Introduction	5
Summary of Opportunities for Improvement	8
Opportunities for Improvement	11
1. <i>Monthly Invoices For Standard LTD Administrative Services Contained Minor Mathematical Errors And, In A Few Instances, Lacked Approvals.</i>	11
2. <i>The Information Pertaining To The STD Plan Needs To Be Expanded To Adequately Support The County Process.</i>	12
3. <i>HR Department Has No Written Procedures For Completing STD Time Cards In Oracle Project Unified Solution (OPUS).</i>	16
Disability Programs Statistical Charts	18
1. <i>Number And Distribution Of STD Claims During Fiscal Years 2013/14 And 2012/13.</i>	18
2. <i>A Financial And Statistical Analysis Of STD Claims During Fiscal Years 2013/14 And 2012/13.</i>	18
3. <i>A Financial And Statistical Comparison Of STD And LTD Claims During Fiscal Years 2013/14 And 2012/13.</i>	19
4. <i>A Financial And Statistical Comparison Of The Cost Of Administrative Services For The STD Program During Fiscal Year 2013/14.</i>	20
5. <i>An Analysis Of The Distribution Of The Cost Of Administrative Services For The LTD Programs During Fiscal Year 2013/14.</i>	20
6. <i>A Summary Of A Limited Survey Sent To Selected Employees Rating Their Satisfaction With The Services Received During Their STD Or LTD.</i>	21
7. <i>An Analysis Of The Number Of Days Between The Approval Of An Employee's STD By Standard And Required Three Actions By Standard Before Approval.</i>	21
8. <i>An Analysis Of The Number Of Days Between The Employee's Original Call To Standard And Actions Required By Standard Before Approval.</i>	23

INTRODUCTION

Synopsis

The County has outsourced the administration of its Short-Term Disability (STD) and its Long-Term Disability (LTD) contracts to the Standard Insurance Company, Portland, Oregon (Standard). Standard and the County are in compliance with the disability contracts. Additional disability information is needed on the Human Resources Department's (HR Department) website to avoid unneeded processing problems that increase required corrective action from support staff.

Scope and Methodology

We conducted an audit of the County's STD and LTD contracts with Standard. The oversight for the contracts is performed by the HR Department. Our audit covered:

- Standard's compliance with its contracts with the County and related County policies.
- The HR Department's contract oversight processes, including invoice processing.
- Standard's compliance with the eligibility requirements for granting employees STD and LTD, and related matters.
- The procedures used to verify employees' continuing STD and/or LTD status and related matters.
- The adequacy of the HR Department's and Standard's compliance with the *Health Insurance Portability and Accountability Act of 1996* ("HIPAA") requirements.

In order to meet the objectives of the audit, we:

1. Interviewed HR Department's management and staff to understand the processes and procedures used by the HR Department and Standard for:
 - Granting employees STD and LTD status.
 - Verifying the employees' continuing eligibility for STD and LTD status.
 - Complying with the County's "*Return-to-Work*" policies.
 - Complying with HIPAA requirements.
2. Determined the accuracy of disability payments and supplemental disability payments with contract requirements and County policies.
3. Reviewed, on a sample basis, Standard's compliance with the services stated in its contracts with the County and the HR Department's management process to assure Standard's compliance with the deliverables. We also tested, on a sample basis, the invoice process for payments to Standard.

4. Performed such other audit procedures that we considered necessary in the circumstances.

The objectives of the audit were to:

1. Determine if Standard is in compliance with its contracts with the County to provide STD and LTD administration services.
2. Determine if:
 - The staff of the HR Department performs a monitoring process for Standard's compliance with the contracts' terms.
 - The HR Department's process is adequate to determine if Standard's services were received.
3. Determine if invoices submitted by Standard to the HR Department sufficiently document that:
 - The services were provided.
 - The expenditures are proper and in compliance with the contracts' terms.
 - The invoices and supporting documentation are reviewed and approved timely prior to payment.
4. Determine that the disability services being provided to employees are adequate, including but not limited to:
 - Granting employees STD and LTD status.
 - Verifying the employees' continuing STD or LTD status.
 - Verifying the accuracy of disability payments and/or supplemental disability payments.
 - Monitoring compliance with the County's *Return-to-Work* policies.
 - Complying with the requirements of the HIPAA.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period for testing was from October 1, 2013 to December 31, 2014 and processes through July 2015. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

Standard is in compliance with the STD and LTD service requirements of the contracts.

The oversight and support for the contract services supplied by the HR Department needs improvement. The HR Department disability website has gaps in the information that employees need to utilize the benefits. The gaps can cause processing issues and required corrective action by HR Department and Finance Payroll.

The invoice process is proper with minor issues by an Appointing Authority relating to mathematical errors and the approval process. The testing of the Standard disability files found well-documented processes and timely delivery of the services.

Disability Programs' Charts

Charts Nos. 1 through 5 are an analysis of the County usage of the STD and LTD benefit. The funding is the actual cost paid by the County for the services. The service provider contracts are competitively bid in one package that includes STD servicing, LTD insurance policy that includes servicing, and Family and Medical Leave Act (FMLA) servicing. The new contracts were sent out for bid in 2015. The total cost for Fiscal Year 2014 was: STD \$811,467 and LTD \$663,978.

Chart No. 6 is the result of a limited IG survey sent to employees using the disability benefits in 2014. The employees were 93% satisfied with the disability service.

Chart Nos. 7 and 8 analyze STD services by Standard and the employees' response times for documents needed in the process. The Standard's response time was found to be proper and the response time for employee delivery could be improved.

Summary of Opportunities for Improvement

OFI NO.	OPPORTUNITIES FOR IMPROVEMENT CAPTIONS RECOMMENDATIONS	MANAGEMENT RESPONSES	IMPLEMENTATION STATUS
1	Monthly Invoices For Standard LTD Administrative Services Contained Minor Mathematical Errors And, In A Few Instances, Lacked Approvals.		
	We recommend: A. Management of each department/agency required to pay Standard for its LTD administrative services, identify on the department/agency-prepared invoice the identity of the preparer and approver. In addition, the identity of the person that rechecked the mathematical accuracy should be indicated in the same manner as is presently being done for STD invoices prepared by the HR Department.	Concur	Planned
	B. Copies of all LTD invoices be reviewed by the HR Department management for the above noted required approvals and for accuracy.	Do Not Concur	
	C. Management arrange to have Standard's invoice templates for monthly County-prepared invoices be changed from a manual to a "fill-in" PDF format with "fill in" spaces for the date, covered earnings, corrections, premium amount, and comments. The premium amount should be calculated automatically once the basis is entered.	Concur	Planned
2	The Information Pertaining To The STD Plan Needs To Be Expanded To Adequately Support The County Process.		
	We recommend the HR Department management upgrade and add additional information to the STD website to correct the oversights noted in this Opportunity For Improvement.	Partially Concur	Planned
3	HR Department Has No Written Procedures For Completing STD Time Cards In Oracle Project Unified Solution (OPUS).		
	We recommend the HR Department management develop formal written procedures for the time card process for STD and attach it to the HR Department STD website.	Concur	Planned

Background

The Unified Personnel System (UPS) philosophy is based on the merit system principles. These principles are the public's expectations of a system that is efficient, effective, fair, open to all, and free from political interference.

The UPS is a program of public personnel administration for its eleven Appointing Authorities who comprise the UPS. It has two basic purposes:

1. To provide equal employment opportunities to qualified applicants for public service jobs.
2. To promote efficiency and economy in the public service by hiring and retaining the best qualified persons available for County employment.

Background of the Disability System

The County makes available both STD and LTD income benefits. These disability plans can replace part of an employee's income when unable to work due to illness or injury that is not work related.

The County has contracted with Standard to provide administrative services for the STD and LTD programs. The STD service is in the form of a contract. LTD services are an insurance policy, but may also be referred to in this report as a contract.

A) Short-Term Disability:

- If the claim is approved by Standard, the employee will be paid up to 66 and 2/3 percent of their base pay rate.
- Employees (excluding temporary employees) working at least 20 hours per week are eligible.
- The maximum benefit period is based on years of service.

B) Long-Term Disability:

- LTD can replace up to 60 percent of income lost due to illness or injury when an employee has been disabled for at least six months.
- Employees (excluding temporary employees) working at least 20 hours per week are eligible.

C) Work Related Conditions:

- For conditions that are work related, Pinellas County Risk Management (Risk) is responsible. Employees should immediately report an injury to their supervisor and then call *Company Nurse*®. For more information, visit [Risk's Intranet site](#).

Standard Insurance Company

Standard was founded in 1906. Since that time, it has gained recognition for its customer-centric approach to conducting business, as well as for product quality and financial strength. Today, Standard is a nationally recognized provider of group disability insurance and absent management services. Standard provides insurance to approximately 24,000 groups covering more than six million employees nationwide.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Monthly Invoices For Standard LTD Administrative Services Contained Minor Mathematical Errors And, In A Few Instances, Lacked Approvals.

Five County departments/agencies listed below prepare monthly invoices for Standard's LTD administrative services. This practice results in 72 invoices for the year. Although each department/agency uses the same template for providing the covered earnings amount and the invoice amount, the preparation and approval process is not uniform. As a result:

- a) Not all invoices identify the preparer and approver.
- b) Most invoices do not identify a recalculation verification person
- c) Five (7%) contained minor mathematical errors, five (7%) had the wrong covered earnings amount, and 12 (17%) lacked an approval signature.

The impact of the mathematical and earnings-based errors noted above on the \$663,978 paid to Standard in Fiscal Year 2013/14 for LTD services was less than \$200 in underpayments (immaterial). Of the 12 that lacked evidence of approval, there is no assurance that agency management saw the invoices.

The detailed information related to the issues found was supplied to Contract Oversight for corrective action by the following departments/agencies:

- Finance Division
 - Prepares one invoice for the Clerk's departments, and
 - Prepares a second master invoice, which includes all BCC departments, and the following Appointing Authorities:
 - Business Technology Services
 - The County Attorney
 - The County Commissioners
 - The Construction Licensing Board
 - The Office of Human Rights
 - Human Resources
 - The Offices of the Court Adjunct

The following Appointing Authorities prepare their own invoices:

- Planning Council
- Property Appraiser
- Supervisor of Elections
- Tax Collector

The monthly premium for LTD administrative services paid to Standard should be correct and properly approved. (The premium calculation is 0.51% of the monthly earnings of covered employees.)

We recommend:

- A. Management of each department/agency required to pay Standard for its LTD administrative services, identify on the department/agency-prepared invoice the identity of the preparer and approver. In addition, the identity of the person that rechecked the mathematical accuracy should be indicated in the same manner as is presently being done for STD invoices prepared by the HR Department.
- B. Copies of all LTD invoices be reviewed by the HR Department management for the above noted required approvals and for accuracy.
- C. Management arrange to have Standard's invoice templates for monthly County-prepared invoices be changed from a manual to a "fill-in" PDF format with "fill in" spaces for the date, covered earnings, corrections, premium amount, and comments. The premium amount should be calculated automatically once the basis is entered.

Management Responses:

Human Resources agrees with the three recommendations in full or part. HR will work to develop "fill-in" PDF templates for payroll staff use. The amounts used in the reporting are drawn from an Oracle report off of the Advanced Benefits Module database. In constructing these reports, careful attention was given by the BTS and HR technical team to accuracy requirements. It is the opinion of HR that use of a tested report to complete the template is a sufficient control and further review by HR would be redundant. HR will discuss this with the payroll staff, and if necessary, their external audit team.

2. The Information Pertaining To The STD Plan Needs To Be Expanded To Adequately Support The County Process.

The HR Department STD website, as the authoritative internal procedure for this process, does not contain adequate information so the users of the disability website may perform their tasks in a reasonable timeframe. Requirements of the STD process are being affected,

resulting in delays and additional process steps by Standard and the County. (See Disability Programs Chart No. 8 for additional analysis.)

The HR website for "*Short-Long-Term Disability*" lacks information to support the STD process. The information is a general overview, but is not a formal written procedure for the STD process.

STD is a County benefit offered to the employees. The disability plans can replace part of an employee's income when he or she is unable to work due to illness or injury that is not work-related. The process incorporated the interface of the employee applying for the benefit and the corresponding supervisor, with both having limited and/or no exposure to the STD process. The claims are handled by Standard, a County contractor for the services. Additional in-house support is supplied by the HR Department and Finance Payroll.

The STD process for employees and supervisors is a function that is outside the scope of their normal experience and requires adequate formal written procedures that are readily accessible to all parties. There also needs to be a process so that the employee and supervisor are informed of where the location of information and procedures may be found when STD is being used. This additional information would reduce the gaps can reduce processing issues and required corrective action by HR Department and Finance Payroll.

Our review of the HR website found the following areas where additional information is needed for the complete understanding of the STD process to improve the process flow of the service offered:

A. Under "*What steps do I need to take to receive STD benefits?*"

1. Statement: "*Call The Standard Insurance Company toll-free at 1-855-290-9479, Monday - Friday between 7 am and 8 pm (Eastern Time)*"

Information missing:

- a) There is no reference to the importance of notifying Standard when the employee determines they are going to use STD. (Until Standard is notified by the employee, the STD process does not start.)
 - b) Does not tell the employee what information they would have to give Standard (i.e., will annual leave be used and the option for receiving the STD package via e-mail).
2. Statement: "*The Standard will mail you a letter to confirm receipt of your request and an Authorization to Obtain Information for you to sign and return to them by mail or fax to 1-866-751-5174.*"

Information missing:

- a) Does not inform the employee that he or she may request the package to be emailed to his or her work location or home.
 - b) Does not tell the employee that they may have various forms sent by Standard to their personal email (at home, not at work). (In Standard's Intake Questions, it asks the employee, "*Do you want a copy of your Leave Packet emailed to you?*" ...then Standard requests the email address.)
 - c) Does not inform the employee that an email will be sent to their supervisor informing him or her that the employee made an application for STD.
3. Statement: "*Advise your supervisor that you are applying for STD and follow your department's procedures for reporting absences from work.*"

Information lacking:

- a) The employee does not need to inform the supervisor of applying for STD. Standard notifies the supervisor by email the same day it receives the original phone call.
- b) The process for STD is a County process and has nothing to do with departmental procedures. The employee should follow their department process for calling the supervisor for not coming to work. The employee should follow the procedures on the website for the STD process.

B. Under: "*What if I need more information?*"

Statement: "*Contact Employee Benefits by email.*"

Information lacking:

There is no County email address under *Employee Benefits* on the website. There should be an email address set-up with the name "*Employee Benefits*" where the request may be sent.

C. Under "*Frequently Asked Questions*"

Statement: "*What If My Doctor Releases Me To Work Part-Time? This will need department approval.*"

Information inadequate:

This statement is inadequate information for this situation. There is information that Standard will require. The recommendation is not a department process, but a County process. The information should refer to the County processes, not a department procedure.

D. Return-to-Work

Information lacking:

There is no procedure on the website that informs the supervisor that they have to inform the HR Department if the employee is returning to work before Standard's approved return-to-work date. The HR Department in-turn notifies Standard of the change and then the supervisor receives an e-mail from Standard with the updated return-to-work date.

E. Time Card

Information lacking:

There is no link for the employee or the supervisor to a procedure for completing the employee's "Time Card" in OPUS. (The "Time Card" issue is covered in Opportunity For Improvement No. 3.)

We recommend the HR Department management upgrade and add additional information to the STD website to correct the oversights noted in this Opportunity For Improvement.

Management Responses:

Human Resources partially agree with the findings of this opportunity, and the recommendations. HR believes that the information on the website is adequate to support the short term disability process; however, there are opportunities to add additional detail. All suggestions will be considered and those with merit will be incorporated in the resources made available to employees and supervisors.

The report's statement that employees need not notify their supervisor they are applying for STD and follow the department procedure for reporting absences is not correct. Employees must report absences to their department, regardless of whether they contact Standard. HR may slightly revise the language, but not remove the requirement. The report makes a distinction regarding County processes and STD processes. HR agrees they are different, but in this case both apply.

A similar situation exists when employees are released to work part time. Both the STD process and the departmental process both apply. Departments are not required to accept a return to work on a part time or limited duty basis. The language on the website will remain, but HR will consider providing additional information regarding the requirement.

3. HR Department Has No Written Procedures For Completing STD Time Cards In Oracle Project Unified Solution (OPUS).

The procedure for completing the STD "Time Cards" in OPUS should be contained in the HR Department STD website. An example of the type of procedure needed is the recently developed "Leave Without Pay Furlough" procedure.

The HR Department website for STD does not contain procedures or a link to directions related to an employee or supervisor completing the Time Cards for staff intending or approved to use the County's STD benefit.

There are several areas that would confuse users:

1. When he or she reports the two-thirds pay (5.33 hours) he or she will receive for approved Short Term Leave (STL), the code used is FMLA Leave Without Pay (FMLA LWOP). The code has no notation of STL and using LWOP is not apparent since the employee is receiving 5.33 hours of pay. The reason for using LWOP is that the 5.33 hours is not being paid out of the normal salary General Ledger (GL) line, but it is charged to the STD GL line.
2. When he or she reports one-third (2.67 hours) that uses their leave, the code used is FMLA Annual Leave (FMLA AL). Again, there is not any notation of STL.
3. If he or she reports one-third (2.67 hours) without using their leave bank (not getting paid for the 2.67 hours), then he or she reports 8 hours in FMLA LWOP, as noted in No. 1 above, when reporting the 5.33 hours.
4. Prior to the STD being approved by Standard, the time absent must be reported as Leave with Pay or Leave Without Pay and then adjusted when the STL is approved. If the adjustment goes past two pay periods, the adjustments must be done by Finance Payroll.

Without detailed procedures for inputting the Time Cards in OPUS and a clear path to where the procedure may be found, input errors will continue to affect the time usage for Finance Payroll and the HR Department corrective action. In addition, the supervisor/employee has a limited window (two pay periods) to adjust the Time Cards before support functions must perform the adjustment.

Not reporting the time for STL in the employee's Time Cards will result in a rejection by Finance Payroll and an e-mail or phone call to the supervisor to correct the input error.

We recommend the HR Department management develop formal written procedures for the time card process for STD and attach it to the HR Department STD website.

Management Responses:

Human Resources will review this recommendation with the OPUS HR/Payroll/BTS technical team. It is agreed that a procedure would be beneficial, but it should also be considered within the broader context of the overall timecard process.

DISABILITY PROGRAMS STATISTICAL CHARTS

We performed an analysis of the key points of the Standard procedures for processing STD claims. The information was obtained from the paper claims' files sample requested with the documentation supplied by Standard. The information used in the analysis is not available by reports to the HR Department from Standard. The sample was obtained from claims processed in files through 2014 (29 claims). Our analysis gave us reasonable assurance that the information in these *Charts* fairly presents the statistical and financial profile of the disability programs' activity for the Fiscal Years 2013/14 and 2012/13.

The following are the results of the analyses performed:

1. *Number And Distribution Of STD Claims During Fiscal Years 2013/14 And 2012/13.*

Of the 197 employees that were approved by Standard for STD during Fiscal Year 2013/14, 113 had prior STD claims with 17 having over five prior claims. An analysis of multiple claims is presented below:

Number of Short-Term Disability Claims Year Ended September 30, 2014			
Number of Current & Prior Years' Claims	Number of Employees *	Cumulative Claims **	Percent ***
11	2	22	1%
10	1	10	1%
9	2	18	1%
8	2	16	1%
7	2	14	1%
6	8	48	4%
5	7	35	3%
4	11	44	6%
3	23	69	12%
2	55	110	28%
1	84	84	42%
Total	197	470	100%

* Number of employees granted STD during FY14

** Sum of the number of current and prior years' STD claims for employees granted STD during FY14

*** Percent of FY14 Number of Employees (197)

Disability Programs: Charts
Audit of Short-Term Disability and Long-Term Disability Contracts

Of the 180 employees that were approved by Standard for STD during Fiscal Year 2012/13, 115 had prior STD claims with 10 having over five prior claims. An analysis of multiple claims is presented below:

Number of Short-Term Disability Claims Year Ended September 30, 2013			
Number of Current & Prior Years' Claims	Number of Employees *	Cumulative Claims **	Percent ***
10	1	10	1%
9	2	18	1%
8	0	0	0%
7	3	21	2%
6	4	24	2%
5	8	40	4%
4	10	40	5%
3	30	90	17%
2	57	114	32%
1	65	65	36%
Total	180	422	100%

* Number of employees granted STD during FY13

** Sum of the number of current and prior years' STD claims for employees granted STD during FY13

*** Percent of FY13 Number of Employees (180)

2. A Financial And Statistical Analysis Of STD Claims During Fiscal Years 2013/14 And 2012/13.

The County lost 5,874 eight-hour workdays during Fiscal Year 2013/14 for sicknesses for which employee's utilized STD. Departmental management had to required other employees to take-up the additional workload for these absent employees. A summary of the impact of employees on STD during the Fiscal Year 2013/14 is presented below.

Short-Term Disability Claims Year Ended September 30, 2014			
Description		Number / Amount	Average per Employee
Number of employees granted STD (for average)		197	
Number of hours for employees on STD		46,988 hrs	239 hrs
Number of eight-hour days for employees on STD		5,874 days	30 days
Amount paid to employees granted STD		\$735,185	\$3,732
Range of Eight-Hour Days			
From	1 day	To	127 days

Disability Programs: Charts
Audit of Short-Term Disability and Long-Term Disability Contracts

The County lost 6,229 eight-hour workdays during Fiscal Year 2012/13 for sicknesses for which employee's utilized STD. Departmental management had to required other employees to take-up the additional workload for these absent employees. A summary for the impact of employees on STD during the Fiscal Year 2012/13 is presented below.

Short-Term Disability Claims Year Ended September 30, 2013			
Description		Number / Amount	Average per Employee
Number of employees granted STD (for average)		180	
Number of hours for employees on STD		49,833 hrs	277 hrs
Number of eight-hour days for employees on STD		6,229 days	35 days
Amount paid to employees granted STD		\$762,292	\$4,235
Range of Eight-Hour Days			
From	1 day	To	144 days

3. A Financial And Comparison Of STD And LTD Claims During Fiscal Years 2013/14 And 2012/13.

After approval by Standard, the County absorbs (as a component of "Employee Benefits") the cost of the payments made to employees granted STD. However, the costs of employees on LTD are covered by Standard. The LTD employee benefit is paid by the County as a fixed yearly insurance policy premium fee. A summary of the costs of the County's disability programs is presented below:

Disability Administration Cost / Benefit Analysis Premiums Paid vs. County's Costs / (Savings) Year Ended September 30, 2014			
Description	Short-Term	Long-Term #	Total
Premiums Paid **	\$76,282	\$663,978	\$740,260
Paid by County	\$735,185	\$0	\$735,185
County's Costs, Net	\$811,467	\$663,978	\$1,475,445
Coverage (number of employees)	2,903*	2,459	(note)

Note: All permanent status employees working at least 20 hours per week are eligible for and provided short-term disability. For long-term disability, the same minimum threshold is 20 hours per week. However, Classified employees in their first year of employment are not eligible for LTD coverage. Classified employees with at least one year, but less than five years of service are eligible for LTD coverage at their own expense. These Classified employees may take LTD and pay for it personally until their five-year mark.

* Average number of active covered employees during FY14

** Paid to the Standard Insurance Company during FY14

Employees granted long-term disability are paid by the Standard Insurance Company

4. A Financial And Statistical Comparison Of The Cost Of Administrative Services For The STD Program During Fiscal Year 2013/14.

The County's annual cost during Fiscal Year 2013/14 for STD totals \$811,467 (see 3, above), consisting of premiums paid per covered employee and payments to employees on STD.

Standard Insurance Company Short-Term Disability Administrative Services Year Ended September 30, 2014		
Premiums Paid *	Coverage **	Claims Granted
\$76,282	2,903	197
Premiums/Coverage	Amount Paid/Claim ***	Claims Paid #
\$26	\$3,732	\$735,185
Cost of Each Claim ##		
\$3,758		

* Premium amounts to \$26.28 annually (\$2.19 monthly) for each covered employee

** Average number of active covered employees

*** Average amount paid per claim

Amount paid by the County during FY14 for employees granted STD

Average premium paid plus the average amount paid to each employee granted STD in FY14

5. An Analysis Of The Distribution Of The Cost Of Administrative Services For The LTD Program During Fiscal Year 2013/14.

Multiple monthly payments are made to Standard for its administration of the County's LTD program. These combined payments, shown below, by four of the County's Appointing Authorities and other departments, were \$663,978 during Fiscal Year 2013/14. Payments to employees granted LTD are made by Standard for the full term of the disability. Accordingly, the premiums paid to Standard are considered an insurance product.

Standard Insurance Company Long-Term Disability Administrative Services Premiums Paid Year Ended September 30, 2014		
Agency	Amount	Number *
Board of County Commissioners (Department)	\$481,796	2,128
Clerk of the Circuit Court (Department)	\$98,822	
Tax Collector (Appointing Authority)	\$45,970	195
Property Appraiser (Appointing Authority)	\$29,744	106
Supervisor of Elections (Appointing Authority)	\$5,735	23
Planning Council (Appointing Authority)	\$1,911	7
Total	\$663,978	2,459

* Number of covered employees

6. A Summary Of A Limited Survey Sent To Selected Employees Rating Their Satisfaction With The Services Received During Their STD Or LTD.

A random sample of 20 employees (out of 245) that utilized STD and LTD services in 2014 was selected with eight responses received. The results of the employee 14-question satisfaction survey sent to this sample of employees indicated that County/Standard's performance is considered satisfactory. The survey did receive five "Poor" & one "Below Average" ratings for five criteria. A summary of the surveys' responses are presented below:

Satisfaction Survey * Employees on Short-Term and Long-Term Disability Rating Summary					
Ratings :	Poor	Below Average	Average	Above Average	Excellent
Percent	6%	1%	29%	37%	27%
Overall rating:	Between average & above average **				

* Eight replies were received from a sample of 20 employees on STD or LTD

** On a scale of 1 to 5, where 5 is "Excellent," the Overall Rating is 3.79.

We recommend that HR consider implementing an email satisfaction survey for each employee using the two disability services. . This type of survey process is currently being used by the BTS Helpdesk. The disability survey results may be used by HR to comply with the County's Purchasing Procedure requirement to evaluate contractor performance. .

7. An Analysis Of The Number Of Days Between The Approval Of An Employee's STD By Standard And Required Three Actions By Standard Before Approval.

Immediately after the employee calls Standard to request consideration for STD, Standard:

- a) Mails hard copies of all required forms to the employee;
- b) Emails required forms electronically to the employee's personal email address, if requested by the employee;
- c) Emails HR of the employee's intention to apply for STD; and
- d) Emails the employee's direct supervisor of the employee's STD intension.

Approval of all required forms are required by Standard for its approval of the employee's STD.

An analysis of Standard's electronic data files for a sample of employees that are or were on STD during Fiscal Year 2013/14, showing an adequate time lag between certain key events, are presented below.

A. Employee's original call to Standard:

Seventy-six percent of STD claims were approved or denied 30 days or less from the date of the employee's original call to Standard:

Short-Term Disability Date of Approval/Denial by Standard Insurance Company From Date of Employee's Original Phone Call to Standard For Sample Selected Fiscal Year 2013/14		
Approval	%	Cumulative %
12 days & under	27.6%	27.6%
13 to 20 days	20.7%	48.3%
21 to 30 days	27.6%	75.9%
31 to 40 days	10.3%	86.2%
41 to 60 days	6.9%	93.1%
61 to 80 days	3.5%	96.6%
81 to 100 days	0.0%	96.6%
Over 100 days	3.4%	100.0%
Total	100.0%	

B. Standard receipt of the employee's completed form:

Eighty-nine percent of the claims were processed by Standard 12 days or less after Standard received the documentation required from the employee.

Short-Term Disability Date of Approval/Denial by Standard Insurance Company From Date Employee Submitted Forms to Standard For Sample Selected Fiscal Year 2013/14		
Approval	%	Cumulative %
12 days & under	88.5%	88.5%
13 to 20 days	0.0%	88.5%
21 to 30 days	0.0%	88.5%
31 to 40 days	7.7%	96.2%
41 to 60 days	3.8%	100.0%
61 to 80 days	0.0%	100.0%
81 to 100 days	0.0%	100.0%
Over 100 days	0.0%	100.0%
Total	100.0%	

Days with 0% means that the STD Approval/Denial was transmitted to the employee before Standard received his or her formal documents.

C. Standard receipt of healthcare provider's completed form:

Seventy-nine percent of the claims were approved or denied by Standard in 30 days or less from the date that the Healthcare Provider's form was received by Standard. The timing is impacted by responsiveness of the employee, Healthcare Providers, and compliance with STD requirements. The remaining 21 percent were delayed by the request for and submission of additional information for the claim to meet STD requirements (information documented in the claim file).

Short-Term Disability Date of Approval/Denial by Standard Insurance Company From Date Healthcare Provider Submitted Forms to Standard For Sample Selected Fiscal Year 2013/14		
Approval	%	Cumulative %
12 days & under	68.4%	68.4%
13 to 20 days	5.3%	73.7%
21 to 30 days	5.3%	79.0%
31 to 40 days	10.5%	89.5%
41 to 60 days	0.0%	89.5%
61 to 80 days	10.5%	100.0%
81 to 100 days	0.0%	100.0%
Over 100 days	0.0%	100.0%
Total	100.0%	

Days with 0.0% means that the Approval/Denial was transmitted to the employee before Standard received his or her formal healthcare documents directly from his or her healthcare provider.

8. An Analysis Of The Number Of Days Between The Employee's Original Call To Standard And Actions Required By Standard Before Approval.

Time lags for the employee's first absence from their workday:

- A. To His or her phone call to Standard;
- B. To his or her returning accurately completed required forms to Standard; and
- C. To the healthcare provider's accurate completion of the required medical forms

The three deliverables noted above will all positively or negatively affect the timeliness of his or her STD approval.

The following three key dates were identified for the timely approval of STD payments to the employee:

A. The employee's ability to make the original call to Standard promptly after his or her first day of absence from work:

The employee's original call to Standard after his or her first absence was made eighty-nine percent of the time in 30 days or less. In the rest of the sample, eleven percent were 60 days or less. This time lag is an area that needs improvement. See Opportunity For Improvement No. Two for related factors.

Short-Term Disability Date of Employee's Original Call to Standard Insurance Company From Date of Employee's First Absence For Sample Selected Fiscal Year 2013/14		
Call	%	Cumulative %
12 days & under	82.1%	82.1%
13 to 20 days	0.0%	82.1%
21 to 30 days	7.2%	89.3%
31 to 40 days	7.1%	96.4%
41 to 60 days	3.6%	100.0%
61 to 80 days	0.0%	100.0%
81 to 100 days	0.0%	100.0%
Over 100 days	0.0%	100.0%
Total	100.0%	

B. The employee's ability to prepare and return required forms after his or her original call:

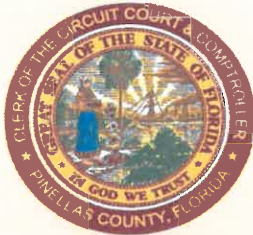
The employee is not returning the Information Release form to Standard timely. Only 50 percent of the forms were returned in 30 days or less. Standard will send the package to the employee by e-mail, fax, or by regular mail. There is no reason why the forms are not received by Standard in 12 days or less. See Opportunity For Improvement #2 for related factors.

Short-Term Disability Date Employees Submitted Forms to Standard Insurance Company From Date of Employees' Original Call to Standard For Sample Selected Fiscal Year 2013/14		
Submission	%	Cumulative %
12 days & under	26.9%	26.9%
13 to 20 days	15.4%	42.3%
21 to 30 days	7.7%	50.0%
31 to 40 days	11.5%	61.5%
41 to 60 days	26.9%	88.4%
61 to 80 days	0.0%	88.4%
81 to 100 days	3.8%	92.2%
Over 100 days	7.8%	100.0%
Total	100.0%	

C. The healthcare provider's return of required forms after the employee's original call:

The healthcare provider's form is not being received by Standard in a timely manner. Only 53 percent of the healthcare providers returned the form in 30 days or less. This process time could be improved if the employee took an active role in having the healthcare provider complete the form. See Opportunity For Improvement No. Two for related factors.

Short-Term Disability Date Healthcare Provider Submitted Forms to Standard Insurance Company From Date of Employee's Original Call to Standard For Sample Selected Fiscal Year 2013/14		
Submission	%	Cumulative %
12 days & under	31.6%	31.6%
13 to 20 days	5.2%	36.8%
21 to 30 days	15.8%	52.6%
31 to 40 days	5.3%	57.9%
41 to 60 days	26.3%	84.2%
61 to 80 days	5.3%	89.5%
81 to 100 days	10.5%	100.0%
Over 100 days	0.0%	100.0%
Total	100.0%	



DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT
& COMPTROLLER
PINELLAS COUNTY, FLORIDA

SERVICES PROVIDED

AUDIT SERVICES
INVESTIGATIONS
GUARDIANSHIP SERVICES
CONSULTING
TRAINING
COUNTY FRAUD HOTLINE
GUARDIANSHIP FRAUD HOTLINE
PCSO PREA HOTLINE



An Accredited Office of
Inspectors General

Call: (727) 464-8371

Fax: (727) 464-8386

Fraud: (727) 45FRAUD
(727) 453-7283



Internet: www.mypinellasclerk.org

 www.twitter.com/pinellasig

 www.facebook.com/igpinellas



Write:

Division of Inspector General
510 Bay Avenue
Clearwater, FL 33756