Patchogue-Medford Union Free School District

Review of Benefits

2021 - 2022

June 2022

The Board of Education
Patchogue-Medford Union Free School District
241 South Ocean Avenue
Patchogue, NY 11772

Board of Education:

We have been retained to function as the internal auditor for the Patchogue-Medford Union Free School District (hereinafter, "the District"). Our responsibility is to assess internal control systems in place within the District, and to make recommendations to improve upon possible control weaknesses or deficiencies. In doing so, we hope to provide assurance to the District's Board, management, and residents that the fiscal operations of the District are being handled appropriately and effectively.

BACKGROUND:

The District offers health insurance coverage only to eligible persons. Eligibility includes current and former employees as well as their families. Health insurance is provided by either the New York State Health Insurance Program (hereinafter "NYSHIP") also known as The Empire Plan, or HIP from Emblem Health (very few employees are enrolled in this insurance plan). Each eligible employee must actively elect the type of coverage desired or specifically waive coverage.

SCOPE:

The purpose of our review was to assess the legitimacy and accuracy of the health benefits expenditures and other District benefit expenditures (i.e., Medicare Part B premium reimbursements and buy-back payments) and to determine whether those expenditures being provided by the District are in accordance with bargaining unit contracts as well as policies approved by the Board.

Our review included testing the following various categories of health benefits, and are further detailed in the report in the respective sections below:

I. Policies and procedures
II. Active employee coverage
III. Retired employee coverage
IV. COBRA coverage
V. Vested employee coverage
VI. Extended benefits coverage
VII. Surviving dependent coverage
VIII. Leave of Absence (LOA)
IX. Young adult coverage
X. Declinations and buy-back payments

We utilized the District's NYSHIP Reconciliation Report and invoice for the February 2022 period and bill as well as the District's HIP health insurance invoice for February 2022 to perform testing.

For each of the test selections, we verified whether:

- appropriate elections were made to continue coverage;
- the District was billed the correct rates and amounts for those insured; and
- the District was collecting the correct payments for such coverage as applicable.

In addition, for the applicable retiree, surviving dependent, and extended benefits selections, we verified whether the correct Medicare Part B premium reimbursement was issued by the District. Lastly, for those selections who declined coverage and were eligible to receive a buy-back payment, we verified whether the employee was issued the correct buy-back payment by the District.

CONCLUSION:

Although we noted the District has implemented internal controls over the health insurance operations, we noted areas where internal controls could be improved. The detailed results of our review are included below.

I. POLICIES & PROCEDURES:

Based on our discussions with District benefits personnel, we noted that the District is knowledgeable of the guidelines that have been set forth by New York State and has implemented procedures to ensure appropriate support documents are obtained and kept in the employee files. The District requires enrollees to submit proof of eligibility for family coverage (i.e., marriage certificates and/or birth certificates) upon hire if electing family coverage and when a qualifying event takes place during employment. In addition, the District requires alternate health insurance coverage for those employees eligible to elect to receive a buy-back payment in lieu of health insurance benefits.

Lastly, we performed an analysis of all retirees, surviving dependents, and enrollees on extended or COBRA coverage on the February 2022 NYSHIP invoice to determine if there were any other plan participants that were Medicare eligible and receiving a coverage type other than expected. **No exceptions were noted.**

> **Auditor's Comment 1:** While we noted the Health Benefits Administrator has implemented some monthly reconciliation methods, we noted there are other reconciliation methods that can be implemented as detective controls. The District should implement a procedure to ensure participants 65 years old or older are enrolled in Medicare, if applicable. Further, through our analysis, we noted one employee was listed in NYSHIP as receiving coverage under the plan for enrollees that have only 2 Medicare eligible enrollees (i.e., coverage type C in NYSHIP), however the employee should be listed as receiving coverage under the plan for enrollees that have at least 3 Medicare eligible enrollees (i.e., coverage type D in NYSHIP). This is a low-risk error as the rates are the same for C and D coverage under NYSHIP. However, the District should perform a similar analysis to ensure enrollees are listed in the appropriate coverage should the rates change in the future. The District's internal auditors can work with the Health Benefits Administrator to implement this additional detective control, if desired.

II. ACTIVE EMPLOYEES:

We selected a representative sample of 60 active employees from the 732 active employees receiving benefits on the February 2022 NYSHIP and HIP invoices. We traced each selection to the Payroll Transaction report from the District's financial management system (nVision) for the month of February 2022, verified whether the employee was eligible to receive benefits and determined whether the District was billed the correct rate for the enrollee selected. In addition, we examined the benefits file to verify whether the employee elected the coverage he or she was receiving, confirmed the required coverage documentation was maintained by the District, and confirmed the employee did not elect to waive coverage. Lastly, we verified whether the amounts the employees were contributing toward their health insurance coverage (as reflected in the most recent payroll register) coincided with the employee contribution rates stated in the respective bargaining unit contract. **No exceptions were noted.**

> **Auditor's Comment 2:** During our review, we noted 2 active employees hired before 2016 whose files were missing documentation for some family member(s) on an enrollee's plan. However, we were able to substantiate the enrollee's eligibility for family coverage based on documentation obtained for other family members. In addition, we noted 3 active employees hired before 2016 whose files did not contain any support that employee is eligible for family coverage, such as marriage certificate, or birth certificate(s), or both. However, it should be noted that NYSHIP conducts their own Dependent Eligibility Verification audit that requires enrollees to provide proof of family coverage. The last audit was performed in July/August 2016. Any participants that did not meet the requirements for family coverage were automatically switched to individual coverage. The District should obtain the applicable documentation for all family members, especially those identified during our review to ensure the District can support the enrollee's eligibility to continue family coverage should a qualifying event occur. Lastly, the District should maintain such documentation in electronic format (e.g., nVision attachment) to reduce the risk of loss or damage.

In addition, we reviewed employees who separated during fiscal 2021-2022 (through March 2022) to confirm they are not receiving benefits. If a separated employee was receiving benefits, we determined whether they were correctly receiving benefits, whether the coverage category was appropriate (i.e., Vested or COBRA), and whether the appropriate forms were filled out. **No exceptions were noted.**

III. RETIREE TESTING:

A) Invoice Charges and Payments: Retirees can opt to pay for their health benefits either directly to the District or can have their contribution deducted directly from their pension through NYSHIP. NYSHIP bills the District a different rate depending on the retiree's coverage type. We noted that all retirees covered under NYSHIP and those under the HIP plan pay their premiums directly to the District. The District is billed a different rate by HIP depending on the retiree's coverage type and location of residence For our testing, we judgmentally selected 60 of the 770 retired employees receiving health benefits from the District from the February 2022 NYSHIP and HIP invoices.

As part of our testing of the selected retirees, we examined the retiree's date of hire and date of retirement to assess whether the retiree completed the appropriate number of years of service

required to be entitled to receive retiree benefits or his/her respective bargaining unit contract, whichever is greater. We then verified whether the election forms agreed with the coverage type (e.g., individual or family coverage) the retiree is receiving per the NYSHIP/HIP invoice, and that the retiree selections made the correct health insurance premium payments to the District. We also verified whether HIP was billing the District the correct rate for those selections who were covered through HIP. Lastly, we verified whether all necessary support documents were submitted with any change in coverage during retirement. Retirees who pay for their health benefits are invoiced by the District directly and are required to remit payment on a monthly basis. We verified whether the District is efficiently and effectively tracking amounts owed by and paid by retirees. **No exceptions were noted.**

Auditor's Comment 3: During our review, we noted 2 retired employees hired before 2016 whose files did not contain any support the employee is eligible for family coverage, such as marriage certificate, or birth certificate(s), or both. As noted in Auditor's Comment 2, NYSHIP conducts their own Dependent Eligibility Verification audit that requires enrollees to provide proof of family coverage. The last audit was performed in July/August 2016. Any participants that did not meet the requirements for family coverage were automatically switched to individual coverage. The District should continue to obtain the applicable documentation for all family members, especially those identified during our review to ensure the District can support the enrollee's eligibility to continue family coverage should a qualifying event occur.

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Auditor's Comment 4: In a recent decision from the New York Court of Appeals, *Donohue v Cuomo*, the Court ruled that NYS contract law does not recognize inferences that favor a finding that retiree health insurance rights survive beyond the expiration of a collective bargaining agreement. In addition, the case stated that absent explicit language within a collective bargaining agreement ("CBA") establishing that health insurance for retirees will survive the end date of the CBA, an inference of same will not be applied when construing the parties' intent. Similarly, where a CBA is silent as to the existence or duration of health insurance benefits in retirement, a court may not infer the parties' intent that those benefits vested in the employee for life, during the term of the CBA. If a CBA does not contain clear and unambiguous language or is silent, with regard to employee health insurance benefits in retirement, no inference is to be drawn under NYS Law that the parties' intent was for such benefits to last in perpetuity.

Further, nothing contained within that decision prohibits the introduction of evidence of a consistent and open past practice when determining the parties' intent when contract language is ambiguous or absent entirely. However, districts that participate in NYSHIP must still adhere to minimum health insurance contribution levels for retirees under NYSHIP Plan rules.

During our review, we noted the PMCT Bargaining Unit contracts pertaining to the years July 1, 1985 through June 30, 2003 did not speak on retirees paying health insurance into retirement, nor did we see wording with respect to the District paying 100% of the retiree's health insurance. We selected 12 retirees who retired within those

CBA timeframes. Each retiree selected contributed 0% to health insurance benefits in retirement for the period selected. We are aware that contractual terms have since changed for this unit as well as many others. The District should continue to assess the wording of contractual agreements to ensure the intent of both parties is clearly stated with respect to contributions for health insurance in retirement.

B) Medicare Part B: The District is informed by NYSHIP on a monthly basis of any retiree who is becoming eligible to receive Medicare coverage. Upon eligibility for Medicare coverage, the Health Benefits Administrator requires that the retiree provide a copy of his/her Medicare card. The Health Benefits Administrator informs retirees about Medicare Part B premium reimbursement. Medicare Part B premium reimbursements are issued quarterly for the quarter just ended and upon receipt of a signed Annual Re-certification form stating the enrollee is not receiving the reimbursement from another source and/or supporting of the enrollee's Medicare Part B premium costs (i.e., Social Security Administration Statement or letter). If the retiree is receiving family coverage, the District is responsible for reimbursing the Medicare premium portion for the retiree as well as his or her spouse, and the spouse is also required to sign the same Annual Re-certification form as mentioned above.

It is District procedure to have newly eligible Medicare Part B enrollees certify that they are not receiving reimbursement for Medicare Part B premiums from another source through an Initial Certification form. It is also District procedure to reimburse the lowest monthly Medicare Part B premium amount as listed on the Medicare.gov website (currently $170.10 /month for 2022) when support for the enrollee's Medicare Part B premium costs (i.e., Social Security Administration Statement or letter) is not submitted.

As part of our testing of retirees, we reviewed all retiree selections to assess their eligibility to receive the Medicare Part B premium reimbursement. We noted that 50 of the 60 selected retirees were eligible to receive Medicare Part B premium reimbursement. We verified whether the District received signed re-certification forms from those retirees in our sample who were Medicare eligible prior to remitting the reimbursement to the retiree. In addition, we determined whether the District obtained appropriate documentation from eligible retirees for the amount of Medicare Part B premium reimbursement issued for the first quarter of 2022 was correct. Lastly, we verified whether the District is efficiently and effectively tracking amounts owed to and paid to retirees.

Auditor's Comment 5: During testing, we noted 1 retiree who did not submit the Annual Re-certification form nor provide support for the enrollee's Medicare Part B premium costs. As such, the District correctly did not reimburse the enrollee for the Medicare Part B premium. We commend the District for its internal controls surrounding Medicare Part B premium reimbursements.

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Issue 1: During our review, we noted that the District reimburses the Medicare Part B premium on a quarterly basis using a letter from the Social Security Administration that notifies Medicare enrollees of what they will be paying for Medicare Part B premiums. If such documentation is not submitted, the District reimburses the Medicare Part B premium on a quarterly basis using a standard reimbursement amount and has to adjust

for any variances between the standard reimbursement and the actual premium paid. We noted 6 instances in which a retiree's file did not contain a current letter (i.e., one from 2022) from the Social Security Administration, however, these retirees' files did contain a 2022 Annual Re-certification form. In addition, we noted 3 instances in which a retiree's file did not contain a current Annual Re-certification form (i.e., one from 2022), however, these retirees' files did contain a 2022 letter from the Social Security Administration.

Risk: The District is not in compliance with its current procedure, which requires both the Annual Re-certification form and the letter from the Social Security Administration. The reimbursement process is inefficient and can increase the risk of incorrect Medicare Part B reimbursement payment(s) to retirees.

Level: Moderate

Recommendation: We recommend the District reimburse Medicare Part B premiums on an annual basis based upon the amount listed on the relevant SSA-1099 form. This form is a tax form that indicates what amount was paid in the prior calendar year. The implementation of such a practice would eliminate the need for variance calculations and reduce administrative work as well as the risk of issuing incorrect payments.

In addition, we recommend the District discontinue the practice of requiring submission of an Annual Re-certification form as the Initial Certification form is sufficient to document the retiree and his/her spouse or dependent's certification that reimbursement for Medicare Part B premiums is not being received from another source.

Lastly, we recommend the District maintain Medicare Part B reimbursement support in electronic format (e.g., nVision attachment) to reduce the risk of loss or damage.

Management's Response: *The District has prepared a plan to transition to an annual Medicare Part B reimbursement for our retirees. This will entail requiring retirees to submit form SSA-1099 in order to provide the payment. The first SSA-1099 form will be due in January 2024 in order for a retiree to receive payment for the 4th quarter of 2023. For 2024, The District will reimburse for Medicare Part B semi-annually with the second half paid in March 2025 upon receipt of the SSA-1099 for 2024, and for calendar year 2025, the District will reimburse Medicare part B premiums in March 2026 upon receipt of the 2025 SSA-1099 form. The District will stop requiring submission of the annual re-certification form beginning with the 2023 calendar year Medicare Part B reimbursement process. The District will also assess maintaining the Medicare Part B reimbursement support electronically.*

Planned Completion Date: *March 31, 2026*

IV. COBRA COVERAGE:

When an employee is terminated, the Health Benefits Administrator sends a letter to the employee indicating the process for continuing coverage through COBRA, along with the amount of the premium. Per NYSHIP, "When an employee is terminated, COBRA begins on the first date following the date the…health coverage ends due to the termination. The COBRA

enrollee would have to pay [the] COBRA premium starting from the date the…health insurance coverage ends." We noted the Health Benefits Administrator issues a bill monthly for the current month for the elected continued coverage payable on a monthly basis. Invoicing is initiated through nVision. The Health Benefits Administrator reviews current invoices for outstanding invoices and will follow up with enrollees. Enrollees will not be allowed to exceed 2 months unpaid. Per NYSHIP,

> *"COBRA enrollees will have an initial grace period of 45 days to pay the first premium starting with the date continuation coverage is elected…After the initial 45-day grace period, enrollees will have a 30-day grace period from the premium due date to pay subsequent premiums. Payment is considered made on the date of the payment's postmark…After the grace period, coverage must be cancelled for non-payment of premiums. Coverage ends on the last day of the month for which premiums have been paid. Once coverage has been cancelled, it cannot be reactivated again on COBRA status. A notice of cancellation should be sent to the enrollee indicating the date coverage ends."*

If payments are not received, the Health Benefits Administrator will follow up with the former employee. The District had 3 enrollees who were listed as receiving COBRA benefits on the February 2022 NYSHIP and HIP invoices.

Our testing included examining the election form to ensure the former employee elected to maintain health insurance coverage under COBRA. In addition, we obtained the check payment history and cash receipts journal in nVision to ensure the former employee was making the correct payment. **No exceptions were noted**.

V. VESTED COVERAGE:

An enrolled employee who terminates employment before retirement age is eligible to continue coverage under NYSHIP as a vestee as long as the enrollee is a member of the retirement system, is contractually eligible to receive benefits in retirement, and has met the employer's minimum service requirement for continuation of health insurance coverage into retirement, if any. In addition, a vestee can only retain eligibility for coverage, if the vestee continues coverage under NYSHIP as an enrollee or dependent of an enrollee while in vested status with no lapse in NYSHIP coverage. We reviewed the NYSHIP invoice and selected the 2 employees receiving benefits as a vested employee to verify whether the District was correctly providing benefits. **No exceptions were noted**.

In addition, we verified whether the District is reimbursing the correct amount for Medicare Part B premiums and whether the District is obtaining adequate support (i.e., Form SSA-1099) to issue a Medicare Part B premium reimbursement, as applicable. **See the recommendation for Issue 1.**

VI. EXTENDED BENEFITS COVERAGE:

When an employee or retiree of the District passes away, the District provides their surviving spouse with health insurance at no cost for the three subsequent months following the death, as per NYSHIP regulations (this is referred to as extended benefits).

We selected from the February 2022 NYSHIP invoice the 3 employees receiving extended benefits to verify whether the District was correctly providing benefits. Our testing of extended benefits included confirming the employee was recently deceased, and the type of coverage being provided to the surviving dependent was accurate. **No exceptions were noted.**

VII. SURVIVING DEPENDENT COVERAGE:

Surviving dependents have the option of continuing to receive NYSHIP Insurance through the District after the extended benefits period ends. All dependents that elect to continue coverage through the District must make monthly payments of the entire cost of the benefits provided to them unless otherwise stipulated by individual contract or bargaining unit contract of the respective retiree.

We selected 10 of the 27 individuals receiving benefits as a surviving dependent from the February 2022 NYSHIP invoice to verify whether:

- the District is providing the proper coverage as elected by the surviving dependent.
- the District is being charged the correct premium rate by NYSHIP.
- proof of Medicare eligibility was provided, if applicable.
- the District is reimbursing the correct amount for Medicare Part B premiums, if applicable.
- The District is obtaining adequate support (i.e., Form SSA-1099) to issue a Medicare Part B premium reimbursement, if applicable.
- proof of the deceased employee was provided, and
- the surviving dependent is timely remitting the correct payment to continue the health insurance coverage.

Issue 2: As stated in Issue 1, it is District procedure to have newly eligible Medicare Part B enrollees certify that they are not receiving reimbursement for Medicare Part B premiums from another source through an Initial Certification form. It is also District procedure to reimburse the lowest monthly Medicare Part B premium amount as listed on the Medicare.gov website (currently $170.10 /month for 2022) when support for the enrollee's Medicare Part B premium costs (i.e., Social Security Administration Statement or letter) is not submitted. We noted 1 instance in which a surviving dependent submitted the Annual Re-certification form, but no support for the premium cost and 1 instance in which a surviving dependent submitted support for the premium cost but did not submit a current Annual Re-certification form.

Risk: The District is not in compliance with its current procedure, which requires both the Annual Re-certification form and the letter from the Social Security Administration. The reimbursement process is inefficient and can increase the risk of incorrect Medicare Part B reimbursement payment(s) to surviving dependents.

Level: Moderate

Recommendation: As stated in recommendation 1, we recommend the District discontinue the practice of an Annual Re-certification form. We recommend the District obtain the Form SSA-1099. The implementation of such practice would eliminate the need for variance calculations and reduce administrative work and the potential for incorrect payments. In addition, we recommend the District maintain Medicare Part B reimbursement support in electronic format (e.g., nVision attachment) to reduce the risk of loss or damage.

Management's Response: *The District discontinued the submission of the annual re-certification form beginning with the 2023 Medicare Part B reimbursement and will transition to an annual reimbursement method requiring the SSA-1099 for reimbursement.*

Planned Completion Date: *January 30, 2025*

VIII. LEAVE OF ABSENCE (LOA):

The District allows employees to take a LOA for a number of reasons, including maternity leave and health issues. Employees that are currently employed by the District and choose to take a LOA without pay are responsible for remitting their share of the premium while on Family and Medical Leave Act (FMLA), and then the full cost of the insurance payment once FMLA has ended to receive health insurance benefits.

We requested a listing of all employees on unpaid LOA or FMLA during the 2021-2022 school year, specifically through January 2022. The District provided its Board Agenda Listing of all employees on leave of absence. We selected all 5 of the employees who were on an unpaid LOA. For each employee selected, we determined whether the LOA was Board-approved and whether the employee elected to decline coverage during the leave of absence. If the employee elected to continue coverage during his/her LOA, we then verified whether the employee was remitting the correct payment and whether the payments were properly posted in nVision. If the employee returned from LOA during our fieldwork (early May 2022) and continued to receive health insurance, we also verified whether the correct premium was deducted from the employee's pay. **No exceptions were noted.**

IX. YOUNG ADULT COVERAGE:

Once a dependent reaches the age of 26, NYSHIP will send the dependent a notification indicating the dependent will be removed from the insurance at the end of the month in which he/she reaches the age of 26. NYSHIP advises the dependent that if he/she wants to continue coverage as under the Young Adult Option that he/she must fill out the required form and pay the regular premium. The Young Adult Option is available for dependents 29 and younger, who are unmarried, are a child, adopted child, or stepchild of a NYSHIP enrollee (including those enrolled under COBRA), not insured by or eligible for coverage through his/her own employer sponsored health plan, live, work or reside in New York State or the plan's service area, and not be covered under Medicare.

There was 1 individual who was listed as receiving benefits on the February 2022 NYSHIP invoice under Young Adult coverage. Our testing included examining the election form to ensure the individual elected to maintain health insurance coverage under NYSHIP as a young adult. We also obtained the check payment history and cash receipts journal from nVision to ensure each selection was remitting timely the correct payment to continue coverage. Lastly, we examined the proofs required for NYSHIP's Young Adult Option (e.g., birth certificate). **No exceptions were noted.**

X. DECLINATIONS AND BUY-BACK PAYMENTS:

The District offers certain employees a cash payment, or buy-back, if the employee declines enrolling in the health insurance plan (the buy-back amount varies based on the bargaining unit contract). If an employee declines enrollment, they must sign a buy-back form. The form must

be remitted annually. The Benefits department collects proof of alternate coverage upon initial request for the buy-back. The District does not allow employees whose spouse or domestic partner is also employed by the District to both be on family coverage. As a result, a spousal buy-back is offered whereby the spouse or domestic partner can decline individual coverage but still receive health insurance benefits under his/her spouse's coverage. Buy-backs are paid in December and June and can be pro-rated by month to the point when the employee discontinued coverage.

As part of our testing, we selected 27 employees from the 270 employees receiving the buy-back in December 2021 based on the data maintained by the Benefits Department. For each employee, we examined the NYSHIP invoice to verify whether those employees who elected to waive health insurance coverage were not listed as receiving benefits. In addition, we verified whether each employee who waived coverage was receiving the correct buy-back amount per the employee's contract. We also verified whether all supporting documentation existed to substantiate that the employee was entitled to receive family coverage if the employee was receiving the contractual cash value of that category of benefit. Lastly, we verified whether the employees completed and signed the necessary form to waive health benefits coverage. **No exceptions were noted.**

> **Auditor's Assessment**: Although we noted no exceptions related to District procedures and/or policies, we did note where controls could be improved. The District's buy-back form did not indicate what types of documentation are required to receive family buyback. In addition, the District did not require annual documentation to support family eligibility for the family buy-back amount. Beginning May 2022, the District implemented a new process by which it would require additional support for family coverage for employees newly opting for the family buy-back (i.e., NYSHIP card/other insurance card with all family members on it is sufficient, birth certificates/marriage certificate and first page of tax return). We commend the District for its efforts to strengthen internal controls. In addition to the newly implemented procedure, we recommend the District require annual documentation (i.e., tax return) for those employees opting to receive a buy-back in lieu of family health insurance coverage. Such documentation should substantiate the employee's eligibility for family coverage. We also recommend the District maintain the required documentation to support eligibility for family coverage in electronic format (e.g., nVision attachment) to reduce the risk of loss or damage.
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> ***Management's Response***: *The District modified its buy-back form in November 2022 for the calendar year 2023 buy-backs. It includes language advising employees that they must furnish the District with a copy of their most recent tax return in order to be eligible to receive the family buy-back. The District will contact nVision regarding maintaining benefit documents in electronic format to determine feasibility.*
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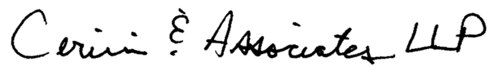
> ***Planned Completion Date***: *December 31, 2022*

We would like to thank the staff at the District for its cooperation and professionalism during our testing.

We understand the fiduciary duty of the Board of Education, as well as the role of the internal auditor in ensuring that the proper control systems are in place and functioning consistently with the Board's policies and procedures.

Should you have any questions regarding anything included in our report, please do not hesitate to contact us at (631) 582-1600.

Sincerely,



Cerini & Associates, LLP
Internal Auditors

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT

Corrective Action Plan for the Internal Auditors Review of Benefits

	Finding	Recommendation	Action	Estimated Completion Date
1	During our review, we noted that the District reimburses the Medicare Part B premium on a quarterly basis using a letter from the Social Security Administration that notifies Medicare enrollees of what they will be paying for Medicare Part B premiums. If such documentation is not submitted, the District reimburses the Medicare Part B premium on a quarterly basis using a standard reimbursement amount and has to adjust - 6 - for any variances between the standard reimbursement and the actual premium paid. We noted 6 instances in which a retiree's file did not contain a current letter (i.e., one from 2022) from the Social Security Administration, however, these retirees' files did contain a 2022 Annual Re-certification form. In addition, we noted 3 instances in which a retiree's file did not contain a current Annual Re-certification form (i.e., one from 2022), however, these retirees' files did contain a 2022 letter from the Social Security Administration.	We recommend the District reimburse Medicare Part B premiums on an annual basis based upon the amount listed on the relevant SSA-1099 form. This form is a tax form that indicates what amount was paid in the prior calendar year. The implementation of such a practice would eliminate the need for variance calculations and reduce administrative work as well as the risk of issuing incorrect payments. In addition, we recommend the District discontinue the practice of requiring submission of an Annual Re-certification form as the Initial Certification form is sufficient to document the retiree and his/her spouse or dependent's certification that reimbursement for Medicare Part B premiums is not being received from another source. Lastly, we recommend the District maintain Medicare Part B reimbursement support in electronic format (e.g., nVision attachment) to reduce the risk of loss or damage.	The District has prepared a plan to transition to an annual Medicare Part B reimbursement for our retirees. This will entail requiring retirees to submit form SSA-1099 in order to provide the payment. The first SSA-1099 form will be Due in January 2024 in order for a retiree to receive payment for the 4th quarter of 2023. For 2024, The District will reimburse for Medicare Part B semi-annually with the second half paid in March 2025 upon receipt of the SSA-1099 for 2024, and for calendar year 2025, the District will reimburse Medicare part B premiums in March 2026 upon receipt of the 2025 SSA-1099 form. The District will stop requiring submission of the annual re-certification form beginning with the 2023 calendar year Medicare Part B reimbursement process. The District will also assess maintaining the Medicare Part B reimbursement support electronically.	March 31, 2026
2	It is District procedure to have newly eligible Medicare Part B enrollees certify that they are not receiving reimbursement for Medicare Part B premiums from another source through an Initial Certification form. It is also District procedure to reimburse the lowest monthly Medicare Part B premium amount as listed on the Medicare.gov website (currently $170.10 /month for 2022) when support for the enrollee's Medicare Part B premium costs (i.e., Social Security Administration Statement or letter) is not submitted. We noted 1 instance in which a surviving dependent submitted the Annual Re-certification form, but no support for the premium cost and 1 instance in which a surviving dependent submitted support for the premium cost, but did not submit a current Annual Re-certification form.	We recommend the District discontinue the practice of an Annual Re-certification form. We recommend the District obtain the Form SSA-1099. The implementation of such practice would eliminate the need for variance calculations and reduce administrative work and the potential for incorrect payments. In addition, we recommend the District maintain Medicare Part B reimbursement support in electronic format (e.g., nVision attachment) to reduce the risk of loss or damage.	The District discontinued the submission of the annual re-certification form beginning with the 2023 Medicare Part B reimbursement, and will transition to an annual reimbursement method requiring the SSA-1099 for reimbursement.	January 30, 2025

	PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT			
	Corrective Action Plan for the Internal Auditors Review of Benefits			
	Finding	**Recommendation**	**Action**	**Estimated Completion Date**
3	Although no exceptions were notes, controls could be improved. The District's buy-back form does not indicate whether the employee is electing eligibility for individual or family buy-back nor does it indicate what types of documentation are required to receive family buyback.	We recommend the District maintain the required documentation to support eligibility for family coverage as if the employee were enrolling for health insurance benefits and that such documentation be maintained in electronic format to reduce the risk of loss or damage. We also recommend the District require annual documentation for those employees opting to receive a buy-back in lieu of family health insurance coverage. We recommend the District modify the buy-back/declination of insurance form to indicate whether the employee is requesting to decline family or individual coverage.	The District modified its buy-back form in November 2022 for the calendar year 2023 buy-backs. It includes language advising employees that they must furnish the District with a copy of their most recent tax return in order to be eligible to receive the family buy-back. The District will contact nVision regarding maintaining benefit documents in electronic format to determine feasibility.	December 31, 2022