



Department of Administrative Services

COBRA Program Audit

Audit Period: January 1, 2011 through July 31, 2011



Contents

Executive Summary	3
Background.....	3
Scope and Objectives	4
Summary of Observations.....	5
Appendix A – Classification of Audit Objective Conclusions	6
Classification of Audit Objective Conclusions	6



Executive Summary

Background

The Consolidated Omnibus Budget Reconciliation Act (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. The Department of Administrative Services manages COBRA activities for the State of Ohio.

The State of Ohio, Office of Inspector General issued a report on June 16, 2009 identifying weaknesses in the COBRA program. Our scope included an evaluation of the internal control design and a validation of completeness in payment collections.

Currently, approximately 250 individuals are enrolled in COBRA benefits. From January 1, 2011 through July 31, 2011, there were about 270 enrollments and 130 terminations.

During the audit, OIA identified opportunities for DAS to strengthen internal controls and improve business operations. A summary along with detailed observations, have been provided. OIA would like to thank DAS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



Scope and Objectives

OIA staff was engaged to perform assurance work related to the COBRA Program. This work was completed between July 22, 2011 and September 16, 2011. The scope of this audit included the following areas:

- COBRA enrollment
- COBRA billing, collection, and reconciliation
- Termination of COBRA benefits

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management's internal controls.

Objective	Conclusion ¹
Evaluate the design and effectiveness of DAS' controls over the COBRA enrollment process.	Well Controlled with Improvements Needed
Evaluate the design and effectiveness of DAS' controls over the COBRA billing, collection and reconciliation processes.	Well Controlled with Improvements Needed
Evaluate the design and effectiveness of DAS' controls over the process for termination of COBRA benefits.	Well Controlled

¹ Refer to Appendix A for classification of audit objective conclusions.



Summary of Observations

There were no moderate or high risk observations identified as part of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions on the prior page.

Refer to Appendix A for classification of audit observations.



Appendix A – Classification of Audit Objective Conclusions

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Major Improvements Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
Improvements Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Well-controlled with Improvements Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.