Human Resources - Health Benefits Administration



Town of Trumbull

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Office of Internal Audit

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Executive Summary

A performance audit was conducted to assess the Town of Trumbull's Human Resources (HR) administration of Employee Health Benefits. The Town of Trumbull is a participating municipality in The CT Partnership Plan for the Town's Employee Health Benefits. The CT Partnership Plan is the same expanded access plan currently offered to State of Connecticut employees. The Plan provides financial incentives to both the Town and its participant employees. The HR staff are responsible for processing and verifying dependent's eligibility for participating employee health benefits.

The Town's General Fund provides funding for a significant portion of the monthly health premiums to the healthcare providers based on the various bargaining unit agreements. The employee is responsible for a portion of their healthcare premium cost. Premium fees are deducted from the employee's pay each pay period. During the annual Open Enrollment period, employees can change enrollment in a healthcare plan or remain with their current plan. Employees can waive health benefit coverage if they provide proof of coverage elsewhere (i.e. spouse/parent insurance plan).

The focus of this audit was to assess the design of key operational and financial processes, review and identify any process or internal control gaps, and assess compliance with the Town's established policies and procedures.

Internal Audit (IA) conducted this audit for period covering July 1, 2024, to November 30, 2025.

Internal Audit (IA) identified the following areas for improvement:

- Departmental Health Benefits Policy & Procedures and Employee Benefit application/forms need to be updated and posted on the Town's Employee Intranet.
- The Town's Employee Benefit application process is an inefficient time-consuming manual process.
- Inactive Employee files were missing a Personnel Action Form (PAF) and/or other support documentation.
- An inactive employee file was missing and not found in the HR archives.
- The Town's MedicareRx provider invoice amounts paid did not agree with the amount in 2 separate months billed.
- The CT- Health Enhancement Program (HEP) Non-Compliant employee premium fees were not activated in the payroll system in timely manner and reconciliation is still pending for amounts owed to the Town.

I would like to thank the staff of the Human Resources and Finance departments for their time, assistance, and cooperation during the audit. Their contributions were essential to the success of this audit.

Authorization

Internal Audit (IA) conducted this audit under the authority of Chapter VII, Section 1C of the Town of Trumbull Charter and in accordance with the Annual Audit Plan approved by the Town of Trumbull Board of Finance.

Objective

The objective of the audit was to determine whether the Town's HR department has adequate controls over its Health Benefits Administration ensuring health premiums are calculated and paid accurately for eligible active employees in accordance with policies/procedures and applicable bargaining unit agreements.

Scope and Methodology

In accordance with the goals set forth in the Town's Annual Audit Plan, IA conducted an audit of the Town of Trumbull's Human Resources Employee Health Benefit Administration. The audit was conducted in conformance with Generally Accepted Government Auditing Standards and the Institute of Internal Auditors' (IIA) Global Internal Audit Standards. The standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

The scope of the audit was for the **period covering July 1, 2024, to November 30, 2025**.

The audit methodologies presented below were to assess the reliability of the department's design and internal controls and verify departmental processes are following the Town of Trumbull's established policies and procedures.

Audit Methodologies
To achieve our audit objectives, Internal Audit:

- Conducted interviews and observations with the Town's Human Resources (HR) staff– HR Manager and HR Generalist.
- Obtained an understanding of the applicable HR Benefit Services Policies and Procedures.
- Obtained an understanding of the HR – Benefit Services processes, support documentation, and timeline requirements.
- Reviewed and analyzed processes in place to detect and terminate benefits of ineligible and unverified dependents.
- Conducted a review of employees that enrolled for Health, Vision, and/or Dental coverage in Fiscal Year 2025 through November 2025:
    - Open Enrollment,
    - After a qualifying event,
    - New Employee Benefit Application.
- Conducted a review of employees/dependents that disenrolled and or were terminated from Town services.
- Conducted a review of benefit premiums paid through November 2025.

Background

The Human Resources Department is responsible for the overall administration of the Town of Trumbull full-time employee's health insurance plans. Town employees, working more than 30 hours per week, may enroll in the Town's Health Benefits Program/CT Partnership Plan. Health coverage includes Medical, Dental, and Vision benefits and begins on the 1st day of the month following their hire date. Eligible dependent child is covered up to the maximum age limit of 26 years.

The Town currently has 289 active full-time employees and 64 part-time. Eligible participants can select health benefits at a shared cost (**Appendix A & B**) for:

- Employee Only,
- Employee + 1 dependent, and
- Employee + Family.

Not all active full-time employees are enrolled in the Town's health, dental, and vision plans (**Table 1**). Town employees can waive health benefits by signing a waiver/release form and provide proof of coverage elsewhere.

Table 1 – Health Benefit Participant Data

Town of Trumbull Benefit Participants as of November 30, 2025

	Anthem Medical / Rx	Cigna Dental	Vision
Employees Enrolled	264	268	267
Dependents Enrolled			
Spouses	155	N/A	N/A
Children	235	N/A	N/A
Medicare Retirees	14	N/A	N/A

An employee may change their health benefit coverage during the year if they experience a "qualifying event" (marriage, divorce, birth of child, adoption, promotion to a benefited position, loss of coverage from the spouse's plan, etc.). When adding an eligible dependent, verified documentation (death/divorce/marriage/birth/adoption certificates, etc.) must be provided within 30 days from date of event.

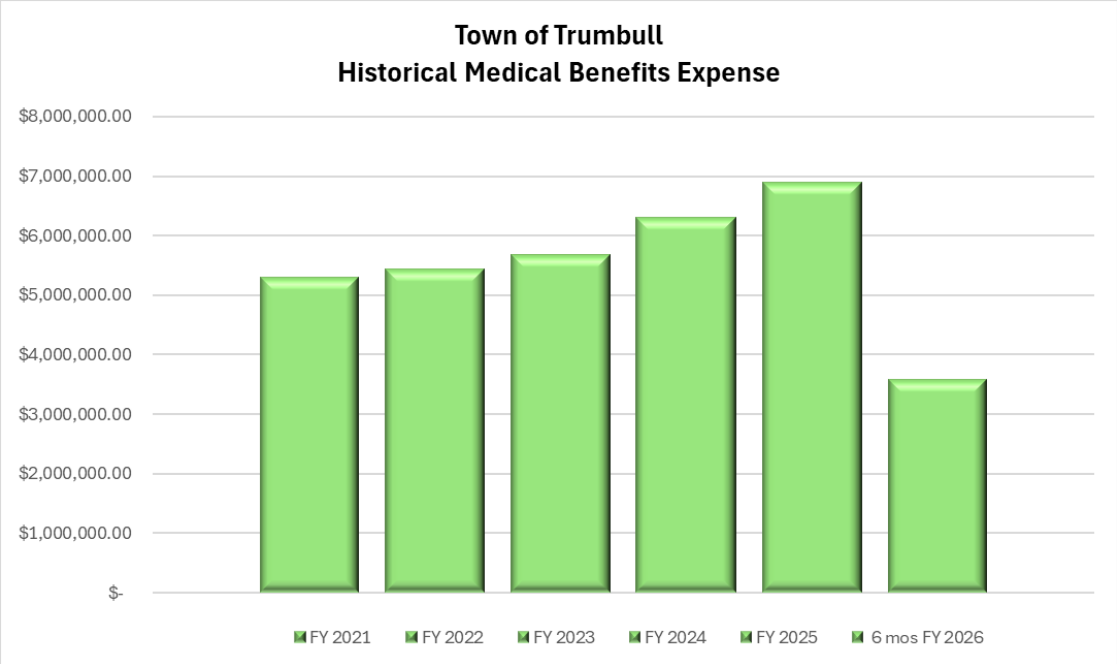
HR receives the Benefit providers' monthly billing, verifies premiums and participant eligibility, approves the amount to be paid and submits the invoices to Finance for payment processing. The Town and participant employees share the cost of the health benefits (see **Appendix A** for an overview of maximum contributions toward medical and dental benefits per bargaining unit). Employee payroll contributions are deducted each pay period.

HR administers and collects premiums for the Retired Town employees' (excluding PD) optional MedicareRx/Advantage plan aged 65 and over. The monthly premium is paid 100% by the retiree and billing is reconciled and processed by Finance.

When the Town's healthcare covered participants join the CT Partnership Plan, the state's **Health Enhancement Program (HEP)** is included. HEP encourages covered employees to get preventive care screenings, routine wellness visits, and chronic disease education and counseling. If they do not remain compliant with the specific HEP requirements initially provided to them, they no longer get to keep the financial incentives of the HEP program and their premium is penalized $100/mth paid by the employee via payroll contribution. The Healthcare Benefit provider notifies the participant and HR of their HEP compliance status.

In recent years the Town has paid over $6 million annually in Medical Benefit expenses (**Table 2**) funded by the Town's general fund.

Table 2 – Medical Benefits Expense



Fiscal Year	Net Actual	Expense % Increase from Prior Year
FY 2021	$ 5,289,475.96	5.47%
FY 2022	5,426,438.64	2.59%
FY 2023	5,677,616.08	4.63%
FY 2024	6,298,584.25	10.94%
FY 2025	6,886,991.51	9.34%
6 mos FY 2026	3,575,692.44	3.84% Est

Source: Munis Financial System

The Finance department performs the reconciliation of the employee medical benefit payroll contributions, and the healthcare provider invoice payments made to ensure payments made are in accordance with the various healthcare provider contractual rates. The Healthcare provider retroactively adds/terminates participants upon the change notification from the Town's HR department. HR verifies changes are reflected in the following healthcare provider's monthly billing.

Opportunities for Improvement

During the audit, IA identified certain areas for improvement. The audit was not designed or intended to be a detailed study of every transaction, procedure, or relevant system. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

Observations

The Office of Internal Audit interviewed the Town's HR Manager and HR Generalist to obtain an understanding of the Department's current health benefit services and processes. New and current employees receive their healthcare benefit information upon hire, during open enrollment, or when experiencing a qualifying event (changes to health benefit coverage). The current Health Benefit enrollment application is a time-consuming manual process.

The Town's employee intranet also contains various Civil Service policies and Health Benefit open enrollment information and forms accessible to all employees. IA reviewed the uploaded information on the Civil Service intranet page to ensure current information is posted and readily accessible to Town employees.

Observation #1: Departmental Health Benefits Policy & Procedures are not documented, and the Employee Benefit application/forms are not updated on the intranet– the information on the employee intranet contained outdated FY 2024 open enrollment information and plan rates, not FY 2025.

Recommendation:

- A Human Resource Policy and Procedures Manual should be updated, and/or documented, and accessible to HR staff to ensure the Health Benefit process is a structured and efficient operation, providing guidance and clarification of HR staff, Town Employee, and Department Manager's responsibilities and authorizations related to Health Benefits processes.
- The Town's employee intranet should be updated annually to reflect the current fiscal year's Health Benefit open enrollment information and applicable enrollment forms.

Management Response: The HR department concurs with the need for a Human Resources Policy Manual. HR has begun to implement new departmental processes and works diligently with Department Managers regarding their HR services or needs. Although Department staff resources are limited and creating an HR Policy Manual will be a time-consuming task, the HR staff will begin to document the HR Policy Manual as time permits.

Observation #2: The Town's Employee Benefit application process is an inefficient and time-consuming manual process.

Recommendation:
The Department should consider an automated **Employee Self-Service type module** accessible to Town employees upon hire and during the annual open enrollment period to complete their Health Benefit application and/or make changes to their coverage during open enrollment or qualifying event to improve efficiency and avoid delays in coverage.

Management Response: HR agrees an employee self-service type module would improve the current paper application manual process. HR staff will research systems and related costs for a self-service type module.

The HR Generalist receives and processes the Active employee Health Benefit enrollment application/change forms, or Personnel Action Form (PAF) for terminated employees, and updates the information on the Healthcare providers system and submits a copy to the Town's payroll department. Copies are maintained in the HR department's employee file in a locked office/cabinet. Terminated employee records are filed in the Town's archives following the Town's and State of Connecticut's archive retention policy.

IA reviewed a sample of 25 Active employee files for completeness, accuracy, and timeliness. IA verified that the sampled employees' health benefit selection application, appropriate dependent support docs, and a signed HR medical deduction authorization form was evident in their files. IA verified the benefit coverage effective date, applicable premium, and employee contribution amount agreed to the Healthcare provider's monthly billing. **No discrepancies were noted**.

IA reviewed a sample of 15 Inactive/termed employees to ensure the appropriate PAF/Term form & support docs were evident. Additionally, IA verified the insurance cancellation notice was evident and verified the effective term date on the health providers monthly billing agreed to the employee records. As a result,

- 1 employee file was missing a copy of the insurance company notification
- 1 employee was missing the PAF with the employee termination support documents
- 1 employee termination information/file was not found

Observation #3: Inactive Employee files were missing a PAF and/or other support documentation, and an inactive employee file was missing and not found in the HR archives.

Management Response: HR department has updated its filing processes and now completes a new hire and Termination checklist to ensure the appropriate department notifications, support docs, PAF, and insurance application copies are obtained and filed accordingly. The HR department staff continue to improve existing processes and develop new procedures.

IA reviewed the optional MedicareRx/Advantage benefit billing for the period covering July 1, 2025 to November 30, 2025 for accuracy, completeness and timeliness.

Of the 5 months' MedicareRx bills reviewed IA noted that 2 months billed were paid incorrectly for a total of $1,686.20. IA noted:

- 1 month's retroactive billed amount of $337.24 was missed and not paid.
- 1 month's charge for 3 retirees totaling $1,348.96 was missed and not paid.

Observation #4: The Town's MedicareRx provider invoice amounts paid did not agree with the amount billed in 2 separate months.

Recommendation: Verification and reconciliation should be reviewed by a second person to ensure the accuracy of the authorized payment amount sent to Finance for processing.

Management Response: HR staff recognized the oversight and had reconciled the billing amounts in December 2025. As of January 2026, the MedicareRx billing has been paid up to date and is current.

Corrective Action Taken: IA has verified that the HR staff have implemented steps to review their billing authorization process. IA pulled the December 2025 and January 2026 bills and confirmed the MedicareRx is current and paid to date.

IA reviewed a list of Non-Compliant HEP employees enrolled in the Town's CT Partnership Benefits plan. During the Fall of 2025, Finance discovered the payroll code for the non-compliant HEP penalty fee was not active in the system, therefore not withholding the penalty fee each pay period. As a result, IA noted:

- There are currently 23 non-compliant HEP participants paying a penalty of $100/mth.
- The amount per pay period for each non-compliant HEP participant is $23.

Observation #5: The CT- Health Enhancement Program (HEP) Non-Compliant employee premium fees were not activated in the payroll system in timely manner and reconciliation is still pending for an undetermined amount owed to the Town.

Recommendation: Finance must complete a reconciliation of the Non-compliant HEP premiums paid to determine the exact amount that was not deducted and recovered from the employee. Additionally, Finance should work with HR staff to implement steps to recoup the outstanding amount from non-compliant HEP employees.

Management Response: Prior to Covid, HR provided Finance a monthly worksheet they maintained based from their billing reconciliation from the provider, of anyone out of compliance, with a running total – this ensured a tighter reconciliation of HEP balances between benefits and payroll. Due to Covid and several staff turnovers in both Finance and HR areas, this practice is no longer in place and payroll is maintaining a log for deduction purposes which contributes to possible issues when the new plan year penalties are instituted. As a corrective action, Finance will look into a better reconciliation process to prevent delays in HEP premiums being charged/recovered from participants. This would also prevent frustration on the part of an employee who becomes compliant but still sees a deduction taken because there was a lag in implementing the fee.

Appendix

Appendix A - **Employee Medical Premium Contribution Rates**

Town of Trumbull
Insurance Premiums by Group Steve Calculation
07/01/25 to 06/30/26

Employee Weekly Contribution

Bargaining Group			Medical Premium			Dental Premium			Vision Premium		
		EE %	Single	+1	Family	Single	+1	Family	Single	+1	Family
FM	Fire Marshall	18.00%	57.37	121.59	148.35	2.16	4.20	6.84	0.32	0.60	0.98
HWSV	Highway Supervisors	18.00%	57.37	121.59	148.35	2.16	4.20	6.84	0.32	0.60	0.98
MATH	Mathas	18.50%	58.96	124.97	152.47	2.22	4.31	7.03	0.33	0.62	1.01
NUR	Nurses * 44 Pays	17.25%	64.98	137.71	168.02	2.45	4.75	7.75	0.37	0.68	1.11
NA	Non-Union	17.75%	56.57	119.90	146.29	2.13	4.14	6.75	0.32	0.59	0.97
HWPK	Public Works	17.00%	54.18	114.84	140.11	2.04	3.96	6.46	0.31	0.57	0.92
MT	Mate	17.50%	55.78	118.22	144.23	2.10	4.08	6.65	0.32	0.58	0.95
PD	Police	16.50%	52.59	111.46	135.99	1.98	3.85	6.27	0.30	0.55	0.90

Appendix B – **Medical Benefit Rates @ 7/1/25**

Medical/Pharmacy Rates Effective 7/1/25			
Employee Status	**Tier**	**w/HEP**	**w/o HEP**
Active	Employee Only	$1,381.13	$1,481.13
	Employee + 1	$2,927.24	$3,027.24
	Employee + Family	$3,571.45	$3,671.45
Pre-65 Retiree	Employee Only	$1,696.12	$1,796.12
	Employee + 1	$3,617.87	$3,717.87
	Employee + Family	$4,418.58	$4,518.58
Post-65 Retiree (Non-Medicare)	Employee Only	$2,997.88	$3,097.88
	Employee + 1	$6,483.50	$6,583.50
	Employee + Family	$7,935.88	$8,035.88

Dental Rates Effective 7/1/25 Option 2	
Employee Only	$52.02
Employee + 1	$101.02
Employee + Family	$164.74

Dental Rates Effective 7/1/25 DHMO	
Employee Only	$23.65
Employee + 1	$52.03
Employee + Family	$63.85

Vision Rates Effective 7/1/25	
Employee Only	$7.80
Employee + 1	$14.45
Employee + Family	$23.56