

Date: June 19, 2024
To: Board of Retirement
From: Doris L. Rentschler, Executive Director
Subject: Member Status Confirmation Project Update

Recommended Action:

Receive and file. No action required.

Fiscal and Financial Impacts:

None.

Strategic Plan Importance and Risk Assessment:

The Member Status Confirmation relates to two Strategic Goals. This is one tool that MCERA staff uses to help protect the long-term health of the plan by ensuring only eligible retirees and beneficiaries are receiving retirement benefits, and to strengthen risk oversight by monitoring and managing current and emerging risks.

Background and Discussion:

In October 2023, the Board directed staff to implement a Member Status Confirmation Process. Consistent with that direction in December 2023, MCERA sent the first round of Member Status Confirmation notices to benefit recipients over age 84 and those living outside the U.S. Project updates were included in several Administrative Reports. Due to the new nature of the status confirmation practice, I wanted to review MCERA's process with the Board and confirm the process to suspend benefits. If a member cannot be located, suspension of benefits is necessary to help minimize instances of potential fraud. In the future, after repeated attempts to contact the member, MCERA will suspend benefit without notifying the Board in advance.

Since most benefits are paid through the use of direct deposit without mailing a deposit advice, MCERA rarely has contact with members by mail. Maintaining correct mailing and physical addresses is more difficult than in the past. It is the member's responsibility to ensure that MCERA has a current and correct mailing address.

As part of the status confirmation process, MCERA makes numerous efforts to locate members who did not respond. While the member would be inconvenienced by the suspension of benefits, all back benefits will be paid upon locating the member. MCERA must take reasonable steps to ensure benefits are paid only to our members and beneficiaries, and if we cannot verify the member is receiving benefits, payment should stop until the member is located.

MCERA sent one-hundred twenty-eight (128) first notices, twenty-four (24) second notices and only six (6) final notices were sent. Two individuals completed the process when they initiated contract

with the office and did not receive notices. In total, MCERA received responses from 129 of 130 members surveyed. After almost 6 months of trying, MCERA was finally able to obtain new contact information regarding the one outstanding response.

The lack of contact/response from the member was quite concerning since the member is 87 years old, retired in 2009, had last contact with MCERA in 2010, and their phone number was disconnected. Luckily staff was able to locate a friend of the member who advised us that the member is living in a care home in Lake County. MCERA is working to complete the status confirmation process for this member.

Below is a summary of the search requirements for non-responsive members after mail has been returned as undeliverable, as outlined in the Member Status Confirmation Staff Policy:

- Attempt contact by phone and/or email.
- Review the member's file for names and contact information of relatives and beneficiaries who may help us locate the member.
- Perform an address location search using LifeStatus360.
- Perform an internet search for a funeral notice, obituary, or reported death.
- Complete an internet search for addresses, phone numbers, and email addresses of the member and/or relatives/known contacts of the member.

If MCERA staff are unsuccessful in contacting the member after taking all reasonable measures to locate the member, benefit payments will be suspended until MCERA is contacted and confirms the member's status. Upon confirmation of the member's status, MCERA will resume benefit payments and any back benefits will be issued during MCERA's normal monthly benefit processing schedule.

In an instance of suspected or known fraud, MCERA will notify law enforcement. MCERA will attempt to recoup overpaid benefits in accordance with the Error Correction Policy. Such efforts could include recouping from the estate of the member or any individual who accepted, used, or benefited from such overpaid benefits.