

State Employees' Insurance Board

AGREED-UPON PROCEDURES

August 1, 2016



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Board of Directors
State Employees' Insurance Board

We have performed the procedures, as described in the supplement to this report, which were agreed to by the State Employees' Insurance Board's (SEIB) management, solely to assist you with respect to evaluating SEIB's compliance with its requirements to obtain acceptable documentation for all dependents enrolled in the State Employee Health Insurance Plan on or after January 1, 1996 and enrolled as of August 1, 2016. SEIB's management is responsible for SEIB's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the supplement to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the State Employees' Insurance Board and its management and is not intended to be and should not be used by anyone other than those specified parties.

Carr, Riggs & Ingram, L.L.C.

Montgomery, Alabama
February 17, 2017



Supplementary Information

State Employees' Insurance Board
Supplement to Report on Applying Agreed-Upon Procedures
August 1, 2016

Procedures

Results/Findings

A. We requested a database of all dependents of state employees enrolled after January 1, 1996 and enrolled as of August 1, 2016.

Management provided a database of 28,983 dependents enrolled on or after January 1, 1996 and enrolled as of August 1, 2016. The database also included dependents that had been continuously enrolled since before January 1, 1996, but had been cancelled and reenrolled during the period since January 1, 1996 through August 1, 2016.

B. We selected a statistical sample of dependents from the database obtained above using a confidence level of 98%, a tolerable deviation of 5%, and an expected deviation of 2%.

We generated a random sample of 237 dependents. Based on the parameters selected, if no more than 5 deviations are observed in a sample of size 237, you can be at least 98% confident that the population deviation rate is not more than 1.99%. See results described below.

C. For the sample selected, we verified that acceptable documentation was maintained or not required. Acceptable documentation was defined as follows:

We noted no instances where a dependent did not have continuous enrollment prior to January 1, 1996 or appropriate documentation if added between January 1, 1996 and before August 1, 2016.

Dependent spouse

Marriage certificate

Dependent child

Official birth certificate

Court decree

Paternity document

Hospital record

Souvenir birth certificate

National Medical Support Notice

Conclusion

Considering zero deviations in a sample of 237 dependents, you can be 98% confident that the population deviation rate is no more than 1.99%.

See independent accountants' report on applying agreed upon procedures.