



TO: Personnel Audit and Hiring Committee of the Los Angeles City Council	DATE October 5, 2026
REFERENCE: Dependent Audit of LAwell Program for Fiscal Year 2025-26	COUNCIL FILE 26-0024
SUBJECT: Report back regarding status and results of the Dependent Eligibility Verification (DEV) Audit	

RECOMMENDATION:

That the committee receives and notes this report providing results of the DEV audit.

DISCUSSION:

In response to a recommendation made by the Joint Labor-Management Benefits Committee (JL-MBC) and a concurrent recommendation from City Council for the City's budget, the Personnel Department performed a verification of all covered dependents of employees actively enrolled in the LAwell Civilian Employee Benefits Program. The below provides a summarized narrative overview of the audit actions with further details in **Attachment A**.

Overview

The DEV audit was jointly performed by the Personnel Department's Employee Benefits Division (EBD) staff and a contracted vendor (Secova). This team reviewed legal documentation supporting the dependent relationship to LAwell Program eligible employees. In total, over 29,000 dependents were audited.

Document Submission Process

Employees had an open opportunity from October to December of 2025 to voluntarily submit dependent documents. In March/April of 2026 a review of all dependent documents received/held electronically from 2020 - 2025 was performed by the contracted vendor. In late April 2026, all employees with dependents subject to the audit received a notice informing them to "begin gathering documents" and to wait for a subsequent notice with further instruction. A Single-Sign On connection was also created for ease of access to the vendor system for employees with City employee Gmail accounts. All employees were encouraged to register in the vendor's system to set their communication preferences and receive real-time updates. Roughly 10,000 dependents were successfully verified in the first phase and required no further action.

In early June 2026, notices of required actions were sent to all employees whose dependents were not verified in the first phase of the audit. This included any dependent for whom supporting documentation was provided prior to 2020 and any dependent whose documents were received after 2020 but deemed as not acceptable. The audit and notifications were separated into two groups based on the dependent relationship type listed in the LAwell system. Group 1 consisted of approximately 17,000 dependents labeled as Spouse, Child, and/or Step Child. This group was required to submit documents to the contracted vendor system. Group 2 consisted of approximately 1,500 dependents labeled as Domestic Partner, Child of Domestic Partner, and various other legal custody arrangements. This second group was required to submit documents directly to EBD.

In both audit groups, all employees were given a July deadline, either July 3rd or July 9th, to submit their documents which provided approximately four (4) weeks for employees to comply. An extension of roughly

two (2) additional weeks, to either July 16th or July 21st, was provided to all employees who had not responded by the original deadline.

DEV Audit Timeline- Focus on Deadlines	
10/01/25 – Initial DEV Audit announcement and open option for document submission 12/31/25 – Open submission portal closes. April/May 2026 – General announcement and targeted letters of audit about to commence	
Phase 2 – Group 1: Secova Audit Timeline	Phase 2 - Group 2: EBD Audit Timeline
06/03/26 - Group1 Audit Starts 07/03/26 - Original Deadline 07/06/26 - First Deadline Extension 07/16/26 - Last Deadline Extension 07/21/26 - Deadline for Corrected Docs and to request a further extension 08/10/26 - Deadline for Corrections	06/08/26 - Group 2 Audit Starts 07/09/26 - Original Deadline 07/16/26 - Disabled Dep Original Deadline 07/21/26 - Last Deadline Extension, Deadline for Corrected Docs and to request further extension 08/12/26 - Deadline for Same Name Dependents 08/24/26 - Deadline for EBD Corrections

Dependent Removal

The Los Angeles Administrative Code, Section 4.310.1, provides authority to remove dependents through a verification when either: a) no response is received by the deadline; or, b) the dependent is determined to be ineligible.

Sec. 4.310.1. Employee and Dependent Eligibility Verification and Waiver Provision

- (a) *The Personnel Department shall verify eligibility for any dependent enrolled in the employee benefits program and require employees to provide required documentation to establish dependent eligibility. Ineligible employees and dependents shall be terminated from employee benefits effective the date of ineligibility as determined by the Personnel Department.*
- (b) *The Personnel Department shall administer on behalf of the City of Los Angeles, a dependent eligibility verification program, as authorized by the City Council, for employees and dependents enrolled in employee benefits programs.*
- (c) *Upon finding by the Personnel Department during the designated dependent eligibility verification program period that an employee or employee dependents are ineligible to enroll in the employee benefits program or not entitled to a City premium subsidy, the Personnel Department shall terminate the ineligible employee or ineligible dependent from the employee benefits plan effective prospectively as established by the Personnel Department.*
- (d) *Employees who fail to submit the dependent eligibility verification program required documentation for a dependent(s) by the verification deadline established by the Personnel Department shall be considered as ineligible dependents and terminated from the employee benefits plan effective prospectively as established by the Personnel Department.*

(e) *Employees who have ineligible dependent(s) removed from the employee benefits plan pursuant to Sections 4.310.1(c) and (d) shall be granted a waiver from collection of overpayment of City premium subsidy and any claims costs associated with covering an ineligible dependent(s). The waiver shall not apply to employees or dependents who received benefits coverage or City premium subsidies based on fraud or intentional misrepresentation of material fact.*

Employees who failed to provide any response by the extended deadline triggered discontinuance of dependent medical coverage for non-responsiveness pursuant to LAAC 4.310.1 (d). This included 818 dependents for which no response was provided by the July 16th / July 21st deadline and 159 dependents for which employees responded that they declined to provide dependent documents and preferred to have their dependent removed (e.g., voluntarily discontinuance).

Any employee who responded by the extended deadline (July 16th/July 21st), but whose documents were not approved as submitted, were given a correction extension of three-to-four (3-4) weeks (to August 10th or August 24th) to provide acceptable documents. Employees who failed to provide acceptable documents for their dependents through the correction window deadline resulted in their dependents being deemed ineligible pursuant to LAAC 4.310.1 (c) and removed from coverage. This included 345 dependents.

Dependent Removal Counts	SECOVA Audit (Group 1 = Spouse & Child)	EBD Audit (Group 2 = Domestic Partner, Legal Guardianship & all other types)	TOTAL
No Response	574	244	818
Voluntary Drop	151	8	159
Ineligible Incomplete	251	94	345
	976	346	1,322

In total, 1,322 dependents were removed directly due to verification action, representing a 4.5% reduction of the dependent population. Employees who terminated employment, became benefits ineligible, or who had life events occur (e.g., divorce, death, gain outside coverage, etc.) resulting in the removal of dependents through the regular course of benefit actions are not included in these statistics. All 1,322 dependents removed from coverage as a result of the DEV audit were offered a COBRA continuation notice. The LAwell Program maintains a record of the ineligibility status as an eligible event for them to alternatively also seek coverage through the Healthcare Marketplace ([CoveredCA.com](https://www.coveredca.com)).

Employee Appeal

An opportunity to appeal the final removal action taken pursuant to the applicable LAAC authority was afforded to any employee who disagreed with the result of their dependent removal. Through their appeal submission, employees were required to provide a clear argument with supporting evidence that disputed their reason for dependent removal; i.e., provide proof that they were responsive before the deadline or had a strong justification for their inability to meet the deadline such as being medically incapacitated for the entire duration of the verification period.

Financial Savings

The removal of dependents resulted in potential premium savings in approximately 76% of the dependent removal situations. In the other situations, the dependent removal did not change the coverage tier (e.g., family level coverage stayed as family level coverage with resulting dependents) and no change in cost was realized. Based on the 1,322 dependents removed from coverage the following potential savings could be realized monthly from September 2026 through December 2026.

MEDICAL PLAN CHANGE	POTENTIAL 2026 MONTHLY CITY SUBSIDY SAVINGS
Employee + SP/DP >>> Employee Only	175,803.08
Employee + Child >>> Employee Only	87,289.88
Employee + Family >>> Employee Only	106,765.56
Employee + Family >>> Employee + Child	108,731.22
Employee + Family >>> Employee + SP/DP	15,459.10
TOTAL MONTHLY SAVINGS	\$ 494,048.84

The figures above are preliminary and subject to change. However, should the dependent removal projection remain unchanged, the estimated savings noted above should apply to each remaining month of the calendar year, September through December, or a total of approximately \$1.98 million in City savings for the remainder of 2026.

Since any employee with a removed dependent can add their dependent back through Open Enrollment as long as they provide acceptable government-issued documentation, it is expected that a percentage of the non-response and incomplete dependent removals will restore their dependents for medical coverage. If we assumed that percentage to be around 50%, then **the full Fiscal Year 26-27 savings for a 10-month change application (Sept 2026-June 2027), assuming no medical provider changes under the new 2027 medical plan premiums, to somewhere between \$3.5 and \$5.1 Million, less the contractual cost.** For purposes of this report, the contractual cost is expected to be roughly around \$207,000, which would only slightly impact the estimated savings amount.

It should be further noted that this premium savings projection is still a point-in-time projection. As changes to employment and family status are constant, many different factors can occur which may completely alter the overall financial projections and the realized City costs for Fiscal Year 2026-27 and beyond.

Observations

EBD staff encountered a much larger quantity and variety of foreign-issued dependent documents than anticipated. For a foreign-issued document to be recognized as legally binding and enforceable in the United States, the document must be validated for its legality in the country of issuance and then the document must be determined to be legally acceptable and enforceable under federal and/or state law. Additionally, if the document is not in English, it must be translated by a certificated third party, typically

with notarization. Review of these foreign-issued documents was not something that could be handled by the contracted vendor and took EBD staff considerable time to complete review..

Additionally, EBD staff experienced a somewhat large percentage of employees who had previously filed the City's Domestic Partnership Affidavit had subsequently married their Domestic Partner but never reported their marriage to the LAwell Program, despite the requirement to report their marriage being an attestation which they signed on the Domestic Partnership Affidavit. As this labeled difference resulted in a difference in the audit process (EBD audited instead of vendor system audited) many of these employees cited confusion and/or frustration as to why the LAwell Program did not have their spouse listed as spouse. As a result of this experience and to reduce future member confusion, the LAwell Program has transitioned to an annual attestation process for any affidavit-related benefit declaration. Starting with this year's Open Enrollment, all employees who receive Cash-In-Lieu or who have filed their Domestic Partner with the City using the City's affidavit will be required to re-submit an attestation to retain their benefits.

Potential Changes for Future Audits

It is a best practice for benefit plans to fully verify their dependent population every three to five years. There are multiple ways which plans can approach this from staggered sets of groups on a rolling basis, to all employees at once, which is the approach the City implemented. In any approach, EBD staff are looking towards self-built tools and applications instead of using an outside vendor.

Employee Benefits Division
Personnel Department

Dependent Eligibility Verification (DEV) Audit

Results from the DEV on the LAwell Civilian Employee Benefits Program
(October 2025 – August 2026)



Audit Communication Timeline

Dependent Eligibility Verification (DEV) Audit Execution (Oct 2025 – Aug 2026)

□ OCTOBER 2025 — AUDIT INTRODUCTION & INITIAL ANNOUNCEMENT

Audit information introduced in the Open Enrollment Guidebook (pages 2, 3, 17), launched via email blast, and published on the official website.

□ APRIL 27 & MAY 7, 2026 — DEV LAUNCH ANNOUNCEMENT: “GATHER YOUR DOCUMENTS”

Secova sent official announcement letters including Action and Non-Action notices (Apr 27). EBD sent audit requirements & documentation guidelines (May 7).

□ JUNE 2026 — DEV PACKETS DISPATCHED

Secova mailed Audit Verification Packets (Jun 3). EBD emailed official DEV Audit launch announcements (Jun 5), issued Special Audit Verification Packets (Jun 8), and sent document submission reminders (Jun 16). Other targeted notices were sent.

□ JULY 2026 — NOTICES, DEADLINES & REMOVAL WARNINGS

Secova mailed Pending Termination Final Notices (Jul 6) with a Jul 16 response deadline. EBD issued Final Notices (Jul 9-10) with a Jul 21 deadline, provided correction opportunities extensions for those with incomplete/rejected submissions, and confirmed those who made no response by the extended July deadlines.

□ AUGUST 2026 — DEPENDENT REMOVALS & FINAL AUDIT CONCLUDED

Correction window closes on August 10 for Secova (Group 1) and on Aug 24 for EBD (Group2). Notices issued for Dependent Removals for non-responders under LAAC 4.310.1(d) and for Dependent Removals of those without acceptable documents under LAAC 4.310.1(c).



Communication & Access Framework

Ensuring all members were informed and provided seamless resource access

DEV Webpage & Guidelines

The primary hub for information was established at keepinglawell.com/devaudit.

This central portal hosted critical resources including:

- Formal document verification guidelines (<https://keepinglawell.com/documents/library/dev-audit-documentation-verification-guidelines.pdf>)
- Portal Access Guide (<https://keepinglawell.com/documents/library/dev-audit-secova-portal-guide.pdf>)
- Comprehensive Frequently Asked Questions (FAQ) section
- Detailed timeline of all audit activities and communications

Direct Mail & Email Outreach

In addition to the website, direct outreach was conducted in multiple ways to reach every member.

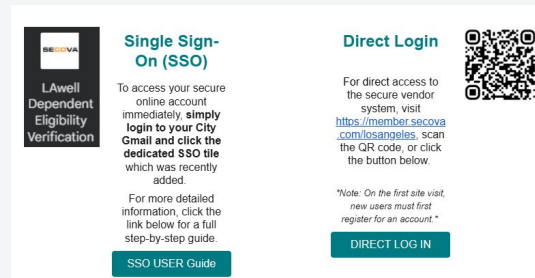
Direct Mail: Targeted and general letters were physically mailed directly to all applicable members.

Electronic Mail: Many electronic communications were sent directly to members' Workday-listed email addresses.

Text Messaging via Vendor Platform: Anyone who registered on their account on the Secova platform could add their phone number to receive text message updates about their audit status and required actions.

City Gmail SSO Access Tile

City employees who have a City Gmail account could access via a dedicated **Single Sign On (SSO) tile** integrated through their official City Gmail account. Employees without City Gmail credentials could direct login to their accounts.



Single Sign-On (SSO)

To access your secure online account immediately, **simply login to your City Gmail and click the dedicated SSO tile** which was recently added.

For more detailed information, click the link below for a full step-by-step guide.

[SSO USER Guide](#)

Direct Login

For direct access to the secure vendor system, visit <https://member.secova.com/losangeles>, scan the QR code, or click the button below.

[DIRECT LOGIN](#)

Note: On the first site visit, new users must first register for an account.



DEV Audit Process Phasing

Two-Phase Verification Structure for Over 29,000 Dependents

Phase 1: Internal Audit

Scope: ~10,000 Dependents Reviewed & Approved

Consisted of an internal audit of all documents submitted electronically within the last five (5) years.

Inclusive of documents submitted through the voluntary document submission period between October and December 2025.

During this initial phase, roughly 10,000 dependents were successfully reviewed and approved without requiring further action from employees.

Phase 2: External & Specialized Audit

Scope: Dependents >5 Years Old or Unresolved in Phase 1

Involved requesting documentation for all dependents reported or submitted more than five (5) years ago, as well as any dependent who did not pass Phase 1. Phase 2 was divided into two specific parts based on dependent type:

Group 1: SECOVA Managed (~17,000 Dependents)

Covered Spouse, Child, and Step-Child dependents.

Group 2: EBD Internal Managed (~1,500 Dependents)

Focused on Domestic Partner, Child of Domestic Partner, and all legal dependent statuses (such as adoption and legal guardianship).



DEV Audit Dependent Removals

Final audit outcomes categorized by removal reason and auditing group

818

No Response

Removals due to non-response during the audit timeline.

Group 1 (SECOVA): 574 | Group 2 (EBD): 244

159

Voluntary Removal

Dependents voluntarily requested for removal by employees.

Group 1 (SECOVA): 151 | Group 2 (EBD): 8

345

Ineligible / Incomplete

Documentation was either incomplete or failed eligibility requirements.

Group 1 (SECOVA): 251 | Group 2 (EBD): 94

1,322

Total Dependent Removals

Cumulative total across all categories and audit groups.

Group 1 Total: 976 | Group 2 Total: 346

Audit Group Breakdown Reference

Group 1 (SECOVA): Covers Spouse & Child Dependents | Group 2 (EBD): Covers Domestic Partner, Legal Guardianship & All Other Types

Ineligible Dependent Removal Savings

2026 Monthly Subsidy Reductions & FY 26-27 Financial Projections

Total 2026 Monthly Subsidy Savings

\$494,048.84

Direct monthly savings generated across all medical plan tier shifts.

2026 Monthly City Subsidy Savings by Medical Plan Change

Initial Coverage Tier	New Coverage Tier	Monthly Savings
Employee + SP/DP	Employee Only	\$175,803.08
Employee + Family	Employee + Child	\$108,731.22
Employee + Family	Employee Only	\$106,765.56
Employee + Child	Employee Only	\$87,289.88
Employee + Family	Employee + SP/DP	\$15,459.10

Total Monthly Savings **\$494,048.84**

Projected FY 26-27 Net Impact over 10-Months (Sept 2026 - June 2027)

\$3.5M – \$5.1M

The Projected Net Impact range of savings from the removal of 1,322 dependents is based on 50% of Open Enrollment applicants re-enrolling their dependents (\$3.5M) to 0% re-enrolling their dependents (\$5.1M) (minus the \$207,000 estimated contractual audit costs.)

Fiscal Year Assumptions: Projections assume no medical provider changes under new 2027 plan premiums. Contractual audit execution costs are estimated at ~\$207,000, creating minimal net reduction to overall projected savings.

APPENDIX



Governance History & Timeline

Continuous JLMBC oversight and execution of the Dependent Eligibility Verification Audit

October 03, 2024 | [JLMBC Report 24-33](#)

JLMBC directed staff to develop a plan and timeline to execute a DEV Audit at regular frequency.

May 1, 2025 | [JLMBC Report 25-19](#)

JLMBC approved the release of an RFP for DEV Services.

August 8 & 21, 2025 | RAMP Opportunity ID 223666

DEV RFP released to vendor community on RAMPLA.org with a Sept 18 deadline. Pre-proposal conference held August 21.

September 18, 2025 | RFP Responses

Three proposals received from Part D Advisors, Secova, Inc., and TELUS Health (US) Ltd.

December 4, 2025 | [JLMBC Report 25-24](#)

JLMBC approved recommendation to select Secova, Inc. as the DEV Audit vendor.

March 5, 2026 | [Committee Report 26-06](#)

Report on updated timeline and communication plan; notice of official launch to begin execution in April 2026.

April 2, 2026 | [Committee Report 26-11](#)

Provided updates detailing the communication plan and execution timeline.

June 4, 2026 | [Committee Report 26-15](#)

Status update on communications, participant responses, SSO integration, and dedicated microsite.

August 6, 2026 | [Committee Report 26-20](#)

Reported on document submission deadlines, initial dependent removals, and correction extensions.

September 3, 2026 | [Committee Report 26-24](#)

Reported on final audit results