

Employee Benefits Leakage · Priimal Assure

5% of organisational revenue: estimated annual loss to occupational fraud, including payroll and benefits fraud, in a typical organisation (ACFE Occupational Fraud 2024: A Report to the Nations)

What is employee benefits leakage?

Employee benefits leakage covers a spectrum from administrative error to deliberate fraud. Ghost employees are fictitious individuals on payroll records who receive salaries and benefits without performing work. Deceased claimants are individuals whose deaths were not recorded in time, allowing payments to continue. Ineligible dependants are former spouses, overage children, or others who remain on health, life, or pension plans after no longer qualifying. Double dipping occurs when the same individual receives duplicate benefits from two plans. Deliberate benefit fraud involves misrepresentation of eligibility, medical condition, or employment status. Most of these losses do not require sophisticated deception: they persist because payroll records, benefits administration systems, and HR records were never designed to be systematically cross-referenced.

The financial reality

The ACFE Occupational Fraud 2024: A Report to the Nations, drawing on 1,921 cases from 138 countries, estimates that a typical organisation loses 5% of its annual revenue to occupational fraud, with payroll and benefits fraud consistently among the most common categories. Published dependant eligibility audits consistently find between 3% and 8% of enrolled dependants ineligible under plan rules (Businessolver, WEX, and actuarial consultancy findings). For an employer administering benefits to 5,000 employees with an estimated annual benefits spend of EUR 15 million, a 7% leakage rate implies an annual financial exposure of approximately EUR 1.05 million. At an illustrative 50% recovery rate, the recoverable annual value would be approximately EUR 525,000. Annual audits catch leakage that has already accumulated; the gap between audit cycles is where new leakage originates.

Dominant loss typologies

- **Ghost employees on active payroll:** Fictitious employee records, often created or maintained by payroll or HR staff with system access, draw salaries and benefits for non-existent individuals.
- **Deceased claimants still receiving benefits:** Death records are not consistently matched to payroll and benefits systems, allowing payments to continue sometimes for extended periods.
- **Ineligible dependants on health or life plans:** Former spouses following divorce, children who have exceeded the age limit, and other dependants who no longer qualify remain enrolled because plan eligibility is not continuously monitored.
- **Double dipping across benefit plans:** The same individual receives duplicate health, dental, or disability benefits from two employer plans or an employer plan and a government programme.
- **Benefit misrepresentation:** Employees or dependants falsely claim eligibility for enhanced coverage or disability status, exploiting the gap between self-reported eligibility and systematic verification.
- **Internal payroll fraud:** HR or payroll administrators with system access create fictitious employees, suppress terminations, or manipulate pay rates in organisations with weak segregation of duties.

The audit cycle problem

The fundamental limitation of annual or biennial dependant eligibility audits and payroll reviews is structural: they are point-in-time exercises while leakage originates continuously. Every day that employees join, leave, marry, divorce, or reach age thresholds creates potential eligibility changes that may not be reflected in plan records until the next scheduled review. A 2023 analysis by Businessolver found that health plan ineligibility rates average approximately 6.8% of enrolled dependants at the time of a formal eligibility audit, representing accumulated leakage since the prior review. The interval between reviews is where the leakage clock runs.

Priimal Assure: A Vantage product

Priimal Assure is an AI-scoring and case management platform for employee benefits integrity. Benefits administrators upload their existing employee records, dependant files, and payroll data. Vantage scores every record and returns a prioritised case queue flagging records that show indicators of possible ghost employees, deceased claimants, ineligible dependants, and double-dipping, for human review. Available under Core Value: pay a share of documented recovered value only, capped at the equivalent flat-rate subscription price. Nothing recovered, nothing owed. To learn more, visit priimal.com or contact connect@priimal.com.

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