



UnitedHealthcare Insurance Company of New York
22 Corporate Woods Blvd., 5th Floor, Albany, NY 12211

July 9, 2013

Mr. Brian Mason
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12204

RE: 2011-S-50 (United Healthcare, Compensation and Benefit Cost for the Empire Plan)

Dear Mr. Mason:

This letter will respond to the Office of the State Comptroller ("OSC") Audit 2011-S-50, which focused on Compensation and Benefit Costs for the Empire Plan for 2008 to 2010..

We offer the following comments regarding your findings and recommendations:

1. For no less than six years, maintain the source and summary data (including the Chargeback Reports and Workforce Management System data) to support charges for the compensation and benefits of the claims and call center staff who administer the Empire Plan's medical / surgical program.

UHC's primary source of compensation charged to the Empire Medical Plan is fed to the General Ledger through UHG's Time and Attendance System. Employee level detailed data for Empire dedicated Claim and Call staff was provided for the full audit period from this system.

The following source documentation supporting general ledger adjustments to compensation charged to the Plan will be archived for 6 years:

- *An electronic snapshot of IEX data (Workforce planning) capturing Empire dedicated call agents assisting other business or other call agents assisting Empire on a monthly basis.*
 - *Monthly chargeback reports*
2. Develop a standardized process to track and account for time worked by claims center staff, particularly for those employees who are assigned multiple contracts and / or programs.

UHC's standard process to track and account for time is the UHG Time and Attendance System. On those few occasions when Empire dedicated staff assist with non-Empire business or a non-Empire employee assists with Empire work, time is summarized through a Chargeback Report for purposes of making an adjusting entry to the General Ledger which flows through to the Plan. Going forward, the chargeback process will be for Empire Claim Supervisors to document time worked by an Empire Claim agent on non-Empire business the day following the event on a Shared Excel worksheet. Daily entries will be used to create the monthly Chargeback report and daily entry documentation will be archived.

3. Charge bonuses for claims staff as direct costs to the Plan.

Claim staff bonuses paid to Empire dedicated staff will now be included as direct costs to the Plan in Section IIE within the Claims Compensation and Benefit line of the Annual Financial Statement.

4. Formally review the allocations of the claims staff bonuses charged to the Plan during our audit period, and if the allocations are materially different from the \$276,178 in documented bonus costs, adjust future claims to the Plan as warranted.

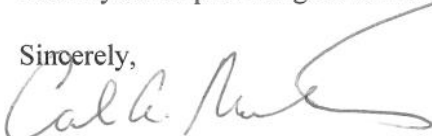
Bonuses charged to the Plan for the audit period were based on corporate methodology and were consistent across our book of business. As noted in response #3, this methodology has been changed going forward.

5. Credit the State for the incorrect charge to the Plan.

The \$75 was credited to NYS in the 2012 Financial Statement and is included in the Audit Adjustment line (4) of Section IIA.

Thank you for providing us with the opportunity to review and respond to OSC's audit findings.

Sincerely,



Carl A. Mattson
Vice President
Empire Plan

Cc: Steven Burdick - UHC
Thomas Coy - UHC
Robert Dubois - DCS
Richard Maloney - UHC