



An Anthem Company

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February 4, 2021

Mr. Paul Alois, Audit Manager  
Office of the New York State Comptroller  
110 State Street  
Albany, NY 12236

Re: OSC Audit 2019-S-32

Dear Mr. Alois:

We reviewed the draft final report for Audit 2019-S-32 and appreciate the opportunity to respond to your recommendations. For the remainder of this response, we will refer to Empire BlueCross as "Empire" and the Office of the New York State Comptroller as "OSC".

### Background

The New York State Department of Civil Service (DCS) transmits an eligibility file to Empire on a daily basis (excluding holidays and weekends). Empire processes an average of 2,000 transactions on each eligibility file. During the scope of OSC's audit period, January 1, 2014 through December 31, 2018, Empire processed approximately 2,000,000 eligibility transactions and over 8,000,000 claims, a majority of which processed systematically. For comparison, OSC identified potential findings with 1,498 claims paid for ineligible members during this period which is a testament to both the accuracy of our eligibility processing workflows and the effectiveness of our ongoing recovery efforts when retroactive enrollment transactions are received.

*Recommendation #1: Take corrective steps to ensure eligibility information used to process claims is complete and accurate based on the daily update files from Civil Service and that it reconciles with current NYBEAS information.*

Empire administers the Empire Plan Hospital Program which includes approximately 1.1 million members and the majority of transactions on the daily eligibility file are handled systematically. Empire has extremely effective controls and processes in place related to the handling of the daily eligibility file from DCS as a result of continual process improvements and a diligent review of the daily transactional file.

Our Eligibility and Billing team (E&B) consists of a team of four (4) dedicated resources with an average of 20-years' experience processing transactions associated with Empire Plan enrollment and are proficient in interpreting the information available in NYBEAS. When a transaction is not

systematically processed, the E&B team manually processes the transaction to mirror eligibility information on NYBEAS.

Our E&B team prepares weekly a report of potentially recoverable claims associated with retroactive termination transactions and shares this information with our Recovery team for comparison against their weekly query specific to retroactive terminations. Simultaneously, the Recovery team identifies claims paid for ineligible members through a weekly data mining process. Recoveries are initiated where appropriate and as contractual and regulatory timeframes allow. In 2020, Empire successfully recovered \$1,863,335.30 through this process and the recovered dollars were credited back to DCS via their claims activity.

Additionally, Empire and DCS completed a full eligibility reconciliation during the fourth quarter of 2020. Approximately 2,400 members ineligible for benefits were identified through this process, and their eligibility was updated accordingly. Approximately \$3.2 million in potentially recoverable claims have been added to E&B's weekly report and shared with our Recovery team. Any dollars recovered associated with this activity will be credited back to DCS via their claims activity. Empire and DCS are working together to establish a process to conduct eligibility reconciliation reviews more frequently and are planning another review in February 2021.

As indicated, Empire continues to review the processes in place specific to the retroactive termination of coverage for Empire Plan members to identify opportunities for the improvement. In addition to the controls mentioned above, a daily peer-to-peer review process of the E&B team was implemented. Following our review of the oversights that occurred during the recovery process, examiners are required to verify all transactions are completed successfully against the database where these transactions are housed. Lastly, Empire completed a comprehensive review of the eligibility processing workflows and identified a report missing from the inventory of reports manually reviewed by our E&B team. This report is now included in their inventory of reports and reviewed as part of the standard eligibility verification process.

The controls outlined above should mitigate the risk of manual oversight and minimize the opportunity for processing errors going forward.

*Recommendation #2: Take corrective steps to identify all claims paid for ineligible members and make recoveries where appropriate.*

In our response to OSC's Draft Final Report, Empire advised we were attempting recoveries on 760 claims where Empire agreed with OSC's findings. As of January 2021, Empire has recovered \$1,411,460.66, which includes claims identified prior to and during the audit. Empire credited completed recoveries back to DCS via their claims activity.

It is uncertain if any additional recoveries will occur because the audit period spans back in excess of six (6) years and we are limited by contractual and regulatory timeframes. Empire will continue to provide a status of the recoveries to OSC on a quarterly basis.

Empire has extremely effective controls and processes in place related to the handling of the daily eligibility file from DCS. As outlined in our response to Recommendation #1, our E&B and Recovery teams have comprehensive processes in place to identify claims potentially paid for ineligible members. Recoveries are initiated where appropriate and as contractual and regulatory

timeframes allow, and when successful the dollars are credited back to DCS via their claims activity.

We trust the measures and improvements outlined in this response will meet with your approval and will mitigate the risk of eligibility and recovery related errors going forward. We take OSC's recommendations very seriously and are committed to continually improve the service we provide to the State of New York.

We appreciate the ongoing partnership we have with your office and thank you for the courtesy extended throughout the audit process.

Sincerely,

A handwritten signature in black ink, reading "Jason O'Malley". The signature is written in a cursive style with a large, looped "J" and "M".

Jason O'Malley  
Regional Vice President, Sales  
Empire BlueCross

Cc: Ms. Angela Blessing, Empire BlueCross  
Ms. Janna Liberty, Empire BlueCross