



**Department of  
Civil Service**

**KATHY HOCHUL**  
Governor

**TIMOTHY R. HOGUES**  
Commissioner

July 13, 2022

Andrea Inman  
Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

Re: Audit Report 2020-S-17

Dear Ms. Inman:

The Department of Civil Service (DCS) is providing the enclosed Corrective Action Plan related to Audit Report 2020-S-17 titled New York State Health Insurance Program: Payments by CVS Health for Pharmacy Services for Ineligible Members. The Department appreciates your time and efforts in conducting this audit and has worked diligently to address the Audit Report's recommendations.

If you have additional questions or comments, please contact Leif Engstrom at [Leif.Engstrom@cs.ny.gov](mailto:Leif.Engstrom@cs.ny.gov).

Sincerely,

Daniel Yanulavich  
Director  
Employee Benefits Division

Enclosure

cc: Rebecca Corso  
Jian Paolucci  
Paul Alois

Cynthia Herubin  
Gary Czosnykowski  
Leif Engstrom

## **Corrective Action Plan for Audit 2020-S-17, titled: New York State Health Insurance Program: Payments by CVS Health for Pharmacy Services for Ineligible Members**

### **Implementation Plan:**

**OSC Recommendation (1):** Review the \$30,695,221 in improper payments to determine the cause of the error, identify responsibility, and recover payments as warranted

As was noted in the Final Audit Report, the \$30,695,221 in total findings do not reflect the net cost to the New York Health Insurance Program (NYSHIP). A large portion of that amount includes federal subsidies associated with Medicare Part D, which amount to about 40 percent of the Empire Plan's Medicare pharmacy claims. Another large portion of the total is offset by manufacturer rebates, which amount to about 26 percent of the Empire Plan's pharmacy claims in 2020. This makes it complicated to calculate the actual amount overpaid for each improper payment.

DCS is working with CVS Health to institute a procedure to recover these payments as warranted. At the end of 2021, DCS requested that CVS send letters to members who had prescription drug claims during a period when they had not paid their health insurance premium and whose coverage was cancelled. CVS is drafting a letter to this group of individuals and CVS is working with a mutual third party to develop a calculation and recovery process. For example, CVS needs to provide individuals with information on where to remit payments, how to account for and report on any funds collected, and how to credit any recoveries to the Plan. DCS is actively engaged in working with CVS to develop this process. It is hoped that once vetted, this process can be used to recover other improper payments.

As was also noted in the Final Audit Report, the improper payments were primarily a result in errors in the data sharing procedures between Civil Service and CVS Health. These errors happened in the early years of the contract and were not initially identified because during that time there was not a reconciliation process for the member eligibility data. The errors have been corrected and the ongoing monthly reconciliation process was initiated in 2019.

Implementation Date: October 2021 and ongoing

Division Responsible for Implementation: Employee Benefits

**OSC Recommendation (2):** Consider establishing formal guidelines with CVS Health that outline what constitutes reasonable efforts to recover overpayments that result from Civil Service errors.

As noted in the response to Recommendation 1, DCS is working with CVS Health to institute a procedure to recover overpayments. At the end of 2021, DCS requested that CVS send letters to members who had prescription drug claims during a period when they had not paid their health insurance premium and whose coverage was cancelled. Once this process is completed, it will inform and be the basis for the

guidelines that will outline how CVS will make a reasonable effort to recover overpayments.

Implementation Date: November 2021 and ongoing

Division Responsible for Implementation: Employee Benefits

**OSC Recommendation (3):** Continue to perform periodic reconciliations and establish or strengthen additional controls as needed, to prevent the payment of ineligible claims.

The Department agrees with this recommendation and will continue to reconcile information from the New York Benefits Eligibility and Accounting System (NYBEAS) with CVS eligibility data. The Department appreciates the acknowledgement of the success of the monthly reconciliation process that was initiated in 2019. The Department continues to implement multiple initiatives to improve the accuracy of the eligibility data. The Department looks forward to providing future updates on its efforts.

Implementation Date: Completed and ongoing

Division Responsible for Implementation: Employee Benefits

**OSC Recommendation (4):** Continue to take steps to ensure HBAs are properly informed of their responsibilities (including the importance of timely and accurate coverage updates) and monitor whether HBAs are up to date on relevant training.

The Department also agrees with this recommendation. As noted in the report, the Department is aware of the importance of training HBAs and having timely and accurate coverage updates. In recent years the Department has initiated improvements that demonstrably improved HBA training and the accuracy of the eligibility information. These improvements include, but are not limited to, sending dependent verification letters to enrollees with family coverage, and emphasizing the importance of timely enrollment transaction processing through health benefit administrator (HBA) trainings. The Department looks forward to providing future updates on its efforts.

Implementation Date: Ongoing

Division Responsible for Implementation: Employee Benefits



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Daniel Yanulavich, Director of Employee Benefits