



## Department of Health

**KATHY HOCHUL**  
Governor

**MARY T. BASSETT, M.D., M.P.H.**  
Commissioner

**KRISTIN M. PROUD**  
Acting Executive Deputy Commissioner

December 2, 2021

Andrea Inman  
Audit Director  
Division of State Government Accountability  
NYS Office of the State Comptroller  
110 State Street, 11th Floor  
Albany, New York 12236

Dear Ms. Inman:

Pursuant to the provisions of Section 170 of New York State Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2020-S-65 entitled, "Department of Health: Medicaid Program - Cost Saving Opportunities on Payments of Medicare Part C Claims."

Please feel free to contact the Office of Governmental and External Affairs at (518) 473-1124 with any questions.

Sincerely,

Kristin M. Proud  
Acting Executive Deputy Commissioner

Enclosure

cc: Ms. Chun

**Department of Health Comments on the  
Office of the State Comptroller's  
Final Audit Report 2020-S-65 entitled, "Medicaid Program - Cost  
Saving Opportunities on Payments of Medicare Part C Claims"**

---

The following are the responses from the New York State Department of Health (Department) to Final Audit Report 2020-S-65 entitled, "Medicaid Program - Cost Saving Opportunities on Payments of Medicare Part C Claims" by the Office of the State Comptroller (OSC).

**Recommendation #1:**

Formally re-evaluate the existing Medicaid methodology for processing and paying Medicare Part C cost-sharing liabilities (including the necessity of exemptions to payment limitations for ambulance, psychology, and inpatient services), and engage other stakeholders, as appropriate.

**Response #1:**

Section 367-a of the New York State Social Services Law (SSL) directs the Department to reimburse 85% of the patient responsibility for individuals that have both Medicaid and Medicare Part C coverage. SSL 367-a also directs the Department to reimburse ambulance and psychology providers full Medicare Part C patient responsibility amounts. OSC did not identify any overpayments made by the Department and the Department is in full compliance with SSL.

**State Comptroller's Comment** – We understand that the reimbursement methodology is contained in the Social Services Law. However, as this audit report points out, there is an opportunity for significant cost savings to the State. The Department, as the agency responsible for administering New York State's Medicaid program, should take all appropriate action to contain the costs of this program. We urge the Department to take steps to implement the recommendation contained in this report.

Furthermore, the audit objective was to determine only whether Medicaid cost savings can be achieved by modifying the reimbursement methodology for Medicare Part C cost-sharing claims in accordance with federal requirements. As shown in the report, significant cost savings would occur. The audit report did not comment on whether or not overpayments occurred, nor was it intended to.