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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

January 18, 2023

Timothy R. Hogues
Commissioner
Department of Civil Service
Empire State Plaza, Building 1
Albany, NY 12239

Paula Gazeley Daily, R.Ph.
Vice President, Empire Plan
UnitedHealthcare Insurance Company of New York
13 Cornell Road, 2nd floor
Latham, NY 12110

Re: New York State Health Insurance
Program: Payments by
UnitedHealthcare for Medical/Surgical
Services for Ineligible Members
Report 2022-F-30

Dear Commissioner Hogues and Ms. Gazeley Daily:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Department of Civil Service and UnitedHealthcare Insurance Company of New York to implement the recommendations contained in our audit report, *New York State Health Insurance Program: Payments by UnitedHealthcare for Medical/Surgical Services for Ineligible Members* (Report [2020-S-34](#)).

Background, Scope, and Objective

The New York State Health Insurance Program (NYSHIP), administered by the Department of Civil Service (Civil Service), provides health insurance coverage to over 1.2 million active and retired State, local government, and school district employees, and their dependents. The Empire Plan is the primary health insurance plan for NYSHIP, covering 1.1 million members. Civil Service contracts with UnitedHealthcare Insurance Company of New York (United) to administer the Empire Plan's medical/surgical benefits.

Civil Service is responsible for maintaining the New York Benefits Eligibility and Accounting System (NYBEAS), the system of record for member enrollment and eligibility information. Eligibility information is entered into NYBEAS by a participating employer's health benefits administrator (HBA) as well as by Civil Service. If a NYBEAS disenrollment is entered after the date the change in eligibility takes effect, it is considered a retroactive disenrollment. Civil Service provides United with a daily update file of NYBEAS changes, and United also has access to NYBEAS to confirm eligibility information.

United's contracts with providers include language for the recovery of claims paid for members who are retroactively disenrolled. Typically, these contracts allow six years for recovery; however, some provider contracts limit recovery to one or two years.

Our initial audit report, issued on September 29, 2021, sought to determine whether United paid medical/surgical claims for Empire Plan members who were not eligible for coverage. Our audit covered the period January 1, 2014 through December 31, 2019. We identified \$5.7 million that was paid for medical/surgical services for ineligible members.

The objective of our follow-up was to assess the extent of implementation, as of December 14, 2022, of the three recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Civil Service and United have made significant progress in addressing the issues identified in the initial audit. United recovered about \$500,000 of the \$5.7 million in overpaid benefits we identified. Further, since the end of the initial audit period, Civil Service and United identified another \$10.9 million in claims for ineligible members, of which about \$4.9 million has been recovered. In addition, Civil Service and United have implemented quarterly reconciliations of eligibility information between NYBEAS and United's system. Of the initial report's three audit recommendations, two were implemented and one was partially implemented.

Follow-Up Observations

Recommendation 1

Review the \$5.7 million in claims paid for ineligible members identified by our audit and make recoveries, as warranted.

Status – Partially Implemented

Agency Action – United recovered about \$500,000 of the \$5.7 million identified in the initial audit. Civil Service and United determined that about \$2.3 million is not recoverable for various reasons, but mostly due to claims for members who were retroactively disenrolled that exceeded allowed recovery time frames, which ranged from one to six years depending on contracts with the providers. The remaining \$2.9 million is considered recoverable and is in the process of being reviewed or recovered. We encourage United to complete its review and recovery efforts in a timely manner.

Recommendation 2

Take steps to ensure all recoverable claims are identified and pursued for recovery to the fullest extent practicable.

Status – Implemented

Agency Action – Civil Service and United have taken several steps to identify and recover claims for ineligible members. In 2021, Civil Service initiated a detailed recovery reporting process whereby United submits reports monthly to Civil Service detailing its recovery attempts on claims for members who were retroactively disenrolled. As of September 2022, this process has resulted in Civil Service and United identifying an additional \$10.9 million in claims for ineligible members from 2020 through 2022, of

which about \$4.9 million has been recovered. We encourage United to complete its recovery efforts on the remaining \$6 million in a timely manner and to the fullest extent possible.

Additionally, in March 2021, United implemented a process to better identify changes in coverage effective dates in the daily eligibility files it receives from Civil Service. In April 2021, United also implemented a process to identify coverage gaps in the daily eligibility files. United queries potentially impacted claims, which are referred for adjustment and recovery.

Recommendation 3

Take steps to ensure eligibility information in NYBEAS and United's eligibility system is complete, accurate, and up to date, including, but not limited to, a periodic reconciliation process.

Status – Implemented

Agency Action – In April 2021, Civil Service and United initiated a quarterly reconciliation process to match their enrollment files. Since the process' inception, Civil Service reported a decline in the number of records that require reconciliation, from more than 1,300 records when the process began to 31 records in the quarter ended June 2022. In addition, United performs ad hoc quality checks on eligibility records that have been manually updated for accuracy.

Major contributors to this report were Paul Alois, Laura Brown, Arnold Blanck, and Tracy Glover.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of Civil Service and United for the courtesies and cooperation extended to our auditors during this follow-up.

Very truly yours,

Andrea Inman
Audit Director

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