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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

July 20, 2023

Paula Gazeley Daily  
Vice President, Empire Plan  
UnitedHealthcare Insurance Company of New York  
13 Cornell Road  
Latham, NY 12110

Re: UnitedHealthcare Insurance Company  
of New York: Improper Payments for  
Acupuncture and Acupuncture-Related  
Services  
Report 2023-F-14

Dear 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 UnitedHealthcare Insurance Company of New York to implement the recommendations contained in our initial audit report, *UnitedHealthcare Insurance Company of New York: Improper Payments for Acupuncture and Acupuncture-Related Services* (Report [2020-S-7](#)).

**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. Medical/surgical benefits cover a range of services, including acupuncture. Acupuncture is sometimes provided in conjunction with other services, such as heat therapy, massage therapy, and services involving evaluating and managing patient health, collectively referred to as acupuncture-related services.

We issued our initial audit report on October 27, 2021. The audit objective was to determine whether United appropriately reimbursed acupuncture and acupuncture-related services. The audit covered the period January 1, 2015 through December 31, 2019. We identified \$7.3 million in actual and potential overpayments for services not supported by provider documentation and for duplicate payments.

The objective of our follow-up was to assess the extent of implementation, as of June 28, 2023, of the four recommendations included in our initial audit report.

## **Summary Conclusions and Status of Audit Recommendations**

United made minimal progress in addressing the issues identified in the initial audit. At the time of our follow-up, United had recovered only \$14,281. Further, United was not able to provide evidence of additional control enhancements designed to prevent duplicate payments. Of the initial report's four recommendations, one was implemented, two were partially implemented, and one was not implemented.

### **Follow-Up Observations**

#### **Recommendation 1**

*Review the \$210,068 in overpayments identified by the sample and make recoveries, as warranted. Take steps toward the recovery of overpayments pertaining to the \$7,010,427 in projected overpayments.*

Status – Partially Implemented

Agency Action – The initial audit identified \$210,068 in overpayments from a random sample of 836 services, from 10 providers, that were not supported by appropriate documentation. Based on a projection of the sample to the audit population for the 10 providers, we estimated United made overpayments of \$7,010,427. United officials reviewed the overpayments and considered about \$6.1 million of it recoverable. However, United had made minimal contact with the providers since the initial recovery letters were sent to the providers. United typically uses offsets against future claim submissions to recover funds due from providers. According to United officials, two providers accounted for over \$6 million (99%) of the \$6.1 million in recoverable overpayments. Although United placed both providers on pre-payment review, recovery through offsets against their future claims appears unlikely since neither provider has submitted new claims in over a year. United officials determined that the remaining \$915,000 (of the \$7 million) was either no longer a finding (they received supporting documentation), dollar amounts were too low to pursue, or they chose to pursue the overpayments from the sample and not the projected amounts.

In total, United recovered \$1,339. We encourage United to timely complete their recovery efforts on the remaining overpayments to the fullest extent possible.

#### **Recommendation 2**

*Review the \$302,368 (\$205,102 + \$97,266) in duplicate payments identified by our audit and recover overpayments, as warranted, and continue the recovery process for the \$18,663 in duplicate payments already reviewed.*

Status – Partially Implemented

Agency Action – United officials reviewed the \$302,368 in duplicate payments identified in our initial audit and determined about \$268,000 was not recoverable, primarily due to the age of the claims. United collected \$12,942 of the remaining recoverable claims. In addition, United officials provided an example of an overpayment letter they sent to recover the \$18,663 in duplicate payments that United reviewed and confirmed during the initial audit. We encourage United to timely complete their recovery efforts on the remaining recoverable duplicate payments to the fullest extent possible.

### **Recommendation 3**

*Enhance controls designed to prevent duplicate payments for the same service.*

Status – Not Implemented

Agency Action – United did not provide evidence of enhancements to controls designed to prevent duplicate payments made for the same service. In their response to our initial audit, United officials stated that they had addressed prevention of duplicate payments via enhanced internal processing guidelines and communication to staff regarding the correct handling of duplicate submissions. However, they were unable to provide documentation of any such guidelines or communication. Officials stated that supervisors discuss duplicate payments made with each processor individually, but there is no formal tracking of these interactions.

### **Recommendation 4**

*Continue to monitor and place acupuncture providers on pre-payment review, as warranted.*

Status – Implemented

Agency Action – United monitors providers for irregular billing patterns and places them on pre-payment review as needed. We were able to verify through the first quarter of 2023 that United continues this practice.

Major contributors to this report were Paul Alois, Laurie Burns, Kristen Garabedian, and Steven Cody.

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 United for the courtesies and cooperation extended to our auditors during this follow-up.

Very truly yours,

Andrea Inman  
Audit Director

cc: Timothy Hogue, Department of Civil Service  
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