

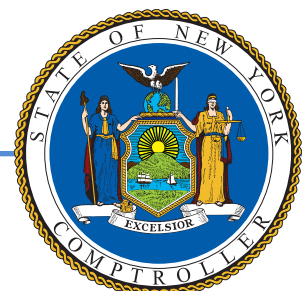
New York State Dental Insurance Program

EmblemHealth Plan, Inc.: Overpayments for Services Requiring Coordination of Benefits

Report 2022-S-27 | January 2024

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Audit Highlights

Objective

To determine whether EmblemHealth Plan, Inc. overpaid dental claims for members covered by two subscriber plans under the New York State Dental Insurance Program. The audit covered the period from January 2018 through October 2022.

About the Program

New York State provides dental insurance benefits to certain State employees and their dependents. The Department of Civil Service contracts with EmblemHealth Plan, Inc. (Emblem) to process and pay claims for services on behalf of the New York State Dental Insurance Program (Dental Program).

Coordination of benefits (COB) is a process health insurance companies use for paying health care claims when an individual is covered by more than one insurance plan. This process determines which plan pays the full benefits first (primary payer) and which plan pays remaining expenses second (secondary payer). This is necessary to prevent duplicate payment of services by the primary and secondary payers.

In circumstances when both spouses/domestic partners receive benefits under the Dental Program through their respective employers, each person is entitled to separate coverage (referred to as subscriber plans), making Emblem both the primary and secondary payer. For instance, in the case of a married couple where both individuals obtained dental coverage, because the Dental Program covers each enrollee and their qualified dependents, each spouse is covered as an enrollee under their own subscriber plan and as a dependent on their spouse's subscriber plan. With Emblem as both the primary and secondary payer for each spouse, in many instances, this may allow for no cost for the member.

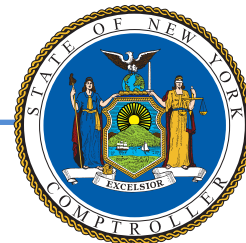
During the audit period, Emblem processed and paid approximately \$252 million in claims for covered services. Of this, approximately \$4.5 million required COB processing associated with two Dental Program subscriber plans.

Key Findings

We identified \$492,061 in overpayments for services processed with COB for the audit period, January 2018 through October 2022, because Emblem failed to correctly coordinate benefits with each member's other subscriber plan. For example, Emblem often paid the full amount for a service twice under both members' subscriber plans. The overpayments were, in part, caused by manual Emblem processing errors.

Key Recommendations

- Review the \$492,061 in COB overpayments identified and make recoveries, as warranted.
- Review controls and take corrective action to address issues causing overpayment of COB services, including lack of COB information and processor error.
- Develop an ongoing process to identify and review the appropriateness of COB claims and recover any overpayments.



**Office of the New York State Comptroller
Division of State Government Accountability**

January 8, 2024

Bonita Benson
Director, Account Management
EmblemHealth Plan, Inc.
80 Wolf Road
Albany, NY 12205

Dear Ms. Benson:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the New York State Dental Insurance Program entitled *Overpayments for Services Requiring Coordination of Benefits*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

Contents

- Glossary of Terms**..... 4
- Background**..... 5
- Audit Findings and Recommendations** 6
 - Services Incorrectly Paid Under Two Subscriber Plans..... 6
 - Recommendations..... 6
- Audit Scope, Objective, and Methodology**..... 8
- Statutory Requirements**..... 9
 - Authority..... 9
 - Reporting Requirements..... 9
- Contributors to Report**..... 10

Glossary of Terms

Term	Description	Identifier
Emblem	EmblemHealth Plan, Inc. (formerly Group Health Inc.)	<i>Auditee</i>
Allowed Amount	The maximum amount Emblem will pay for a covered dental service	<i>Key Term</i>
Billed Amount	The amount charged by the provider for the cost of services rendered	<i>Key Term</i>
COB	Coordination of benefits	<i>Key Term</i>
Dental Program	New York State Dental Insurance Program	<i>Program</i>
Primary Payer	The insurance plan that pays the full benefits first	<i>Key Term</i>
Secondary Payer	The insurance plan that pays the remaining expenses second	<i>Key Term</i>
Subscriber Plan	Coverage under the Dental Program	<i>Key Term</i>
Subscribing Employee	The person (policyholder) to whom the Dental Plan Certificate of Insurance is issued	<i>Key Term</i>

Background

New York State provides dental insurance benefits to certain State employees and their dependents. The Department of Civil Service contracts with EmblemHealth Plan, Inc. (Emblem), formerly Group Health Inc., to process and pay claims for services on behalf of the New York State Dental Insurance Program (Dental Program). Covered dental services include, but are not limited to, routine dental cleaning, X-rays, tooth extractions, and restorative services (including crowns, dentures, and bridges). Emblem establishes the maximum amount paid for a particular service (allowed amount) and will pay the lesser of the amount charged by the provider (billed amount) or the allowed amount.

Coordination of benefits (COB) is a process health insurance companies use for paying health care claims when an individual is covered by more than one insurance plan. This process determines which plan pays the full benefits first (primary payer) and which plan pays remaining expenses second (secondary payer). This is necessary to prevent duplicate payment of services by the primary and secondary payers.

In circumstances when both spouses/domestic partners receive benefits under the Dental Program through their respective employers, each person is entitled to separate coverage (referred to as subscriber plans), making Emblem both the primary and secondary payer. For instance, in the case of a married couple where both individuals obtained dental coverage, because the Dental Program covers each enrollee and their qualified dependents, each spouse is covered as an enrollee under their own subscriber plan and as a dependent on their spouse's subscriber plan. With Emblem as both the primary and secondary payer for each spouse, in many instances, this may allow for no cost for the member.

During the audit period, January 2018 through October 2022, Emblem processed and paid approximately \$252 million in claims for covered services. Of this, approximately \$4.5 million required COB processing associated with two Dental Program subscriber plans.

Audit Findings and Recommendations

We identified \$492,061 in overpayments for services processed under two Dental Program subscriber plans during the audit period.

Services Incorrectly Paid Under Two Subscriber Plans

For claims processed under two subscriber plans, Emblem's COB payment methodology determines which plan pays first. For example, when the subscribing employee (the policyholder) receives a dental service, their subscriber plan pays first as primary, and their spouse/domestic partner's subscriber plan pays secondary. Emblem considers additional factors, such as the month and day of the subscribing employee's birthday, a custody arrangement, or a court decree, to determine which subscriber plan pays first on claims for dependent children.

Emblem's payment for claims processed with COB varies depending on provider network status. For members receiving services from a participating provider (those contracted with Emblem), total payment under both subscriber plans should not exceed the allowed amount for the service. For members receiving services from a non-participating provider (those not contracted with Emblem), payments under each subscriber plan should be the allowed amount, not to exceed the billed amount (with the patient responsible for the remainder of the billed amount).

To determine whether Emblem made overpayments for services requiring COB, we analyzed claim data for the audit period, January 2018 through October 2022, and identified inappropriate payments (on the secondary claim payments) of \$492,061 for 7,909 services. For example, Emblem paid \$1,100 to a contracted provider (\$550 under the primary plan and \$550 under the secondary plan) for a service for which the allowed amount was only \$550, resulting in an overpayment of \$550. Emblem officials stated that, despite system edits in place to identify the claim as requiring COB, the claim was paid incorrectly due to a manual processing error (paying the claim a second time as primary). Emblem officials reviewed a limited number of the exception claims and, for some, Emblem also stated they were not paid correctly because there was no COB information on file for the subscriber.

In response to our findings, Emblem officials stated that, as a result of our audit, they started a review of claims for services requiring COB not included in our audit scope. In addition, Emblem officials stated that staff have been retrained and procedures have been enhanced to ensure payments are made in accordance with COB guidelines.

Recommendations

1. Review the \$492,061 in COB overpayments identified by our audit and make recoveries, as warranted.
2. Review controls and take corrective action to address issues causing overpayment of COB services, including lack of COB information and processor error.

-
3. Develop an ongoing process to identify and review the appropriateness of COB claims and recover any overpayments.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether Emblem overpaid dental claims for members covered by two subscriber plans under the Dental Program. The audit covered the period from January 2018 through October 2022.

To accomplish our objective and assess related internal controls, we interviewed Emblem officials and reviewed Emblem policies and procedures, as well as the New York State Dental Plan Certificate of Insurance.

We analyzed Emblem claim data to identify services paid for members covered under two subscriber plans to determine whether they were paid in accordance with Emblem's COB rules. Emblem paid approximately \$4.5 million for 40,933 services requiring COB, approximately \$2 million of which was paid under the second subscriber plan (high-risk population) for these services. From the high-risk population, we identified \$445,096 in overpayments for services requiring COB. We provided Emblem with claim details for the overpayments and, based on Emblem's response to our report of preliminary observations, we updated our analysis to reach our final overpayment amount of \$492,061 for 7,909 services.

We obtained Dental Program claim payment data from Emblem and assessed the reliability of that data by comparing the total paid amounts to Emblem's Statement of Experience reports and having Emblem officials review a sample of our exception claims and confirm that they were processed incorrectly. We determined that the claim payment data from Emblem's claim processing system was sufficiently reliable for the purposes of this report.

Statutory Requirements

Authority

The audit was performed 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 conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of Emblem's oversight and administration of dental services requiring coordination of benefits.

Reporting Requirements

We provided a preliminary report of our audit observations to Emblem officials for their review and comment. Their comments were considered in preparing this report.

Within 180 days after the final release of this report, we request that Emblem officials report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Contributors to Report

Executive Team

Andrea C. Miller - *Executive Deputy Comptroller*

Tina Kim - *Deputy Comptroller*

Stephen C. Lynch - *Assistant Comptroller*

Audit Team

Andrea Inman - *Audit Director*

Paul Alois - *Audit Manager*

Laura Brown - *Audit Supervisor*

Laurie Burns - *Audit Supervisor*

Devisha Gujjar - *Examiner-in-Charge*

Rachelle Goodine - *Senior Examiner*

Phway Sandi San - *Staff Examiner*

Andrea Majot - *Senior Editor*

Contact Information

(518) 474-3271

StateGovernmentAccountability@osc.ny.gov

Office of the New York State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

