

THOMAS P. DINAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

January 3, 2024

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

David Westervelt
RVP, Sales/Account Management
Carelon Behavioral Health
200 State Street
Boston, MA 02109

Re: New York State Health Insurance
Program: Payments by Beacon
Health Options for Mental Health and
Substance Abuse Services for
Ineligible Members
Report 2023-F-30

Dear Commissioner Hogues and Mr. Westervelt:

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 Carelon Behavioral Health (formerly Beacon Health Options) to implement the recommendations contained in our initial audit report, *New York State Health Insurance Program: Payments by Beacon Health Options for Mental Health and Substance Abuse Services for Ineligible Members* (Report [2021-S-18](#)).

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 Carelon Behavioral Health (Carelon), formerly Beacon Health Options, to administer the mental health and substance use (MHSU) program for the Empire Plan.

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 Carelon with a daily update file of NYBEAS changes, and Carelon also has access to NYBEAS to confirm eligibility information.

The objective of our initial audit, issued on May 13, 2022, was to determine whether Carelon paid MHSU claims for Empire Plan members who were not eligible for coverage. The audit covered the period January 2015 through December 2020. We identified \$3.21 million in overpayments for services, which resulted primarily from retroactive disenrollments.

The objective of our follow-up was to assess the extent of implementation, as of November 1, 2023, of the four recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Civil Service and Carelon have made significant progress in addressing the issues identified in the initial audit. Carelon recovered nearly \$726,000 of the \$3.21 million in overpaid claims we identified. In addition, Civil Service and Carelon have implemented quarterly reconciliations of eligibility information between NYBEAS and Carelon's system to help ensure claims are paid only for eligible members. Civil Service continues to provide training programs to remind HBAs of their responsibilities. Of the initial report's four audit recommendations, three were implemented and one was partially implemented.

Follow-Up Observations

To Civil Service and Beacon:

Recommendation 1

Review the \$3.21 million in ineligible payments and ensure appropriate recoveries are made.

Status – Partially Implemented

Agency Action – As of September 20, 2023, Carelon had recovered about \$726,000 of the \$3.21 million identified in the initial audit. The remaining \$2.5 million has a low likelihood of recovery because these payments were made to members who are no longer enrolled in the Empire Plan or providers who may not frequently bill the Empire Plan. Specifically, Carelon officials stated they typically use offsets against future payments to recoup provider overpayments; however, when providers bill infrequently, the likelihood of collection is low. We encourage Carelon to timely complete their recovery efforts on the remaining overpayments to the fullest extent possible.

Recommendation 2

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

Status – Implemented

Agency Action – According to Carelon officials, implementation of the quarterly reconciliation process has significantly reduced the number of discrepancies between Carelon's eligibility system and NYBEAS, thereby reducing the number of claims paid for ineligible members. As part of this process, Carelon flags member profiles identified as discrepant so no payment is made until the enrollment files are reconciled, and reviews recent claim transactions for those members.

Civil Service monitors recoveries through recovery reports provided monthly by Carelon. Additionally, Civil Service is working on a project that was scheduled for implementation in December 2023 that will allow Civil Service to independently identify ineligible claim issues before they become significant. Civil Service plans to incorporate this information into Carelon's ineligible claim recovery processes, when warranted, to ensure all improper payments are being reported and recovered as appropriate.

Recommendation 3

Take steps to ensure eligibility information is complete, accurate, and up to date, including but not limited to continuing to perform periodic reconciliations and improving the reconciliation process.

Status – Implemented

Agency Action – In October 2021, Civil Service and Carelon 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 7,500 records when the process began to about 120 records in the quarter ended June 2023. In addition, Carelon flags member profiles identified as discrepant so no payment is made until the enrollment files are reconciled, and reviews recent claim transactions for those members.

To Civil Service:

Recommendation 4

Continue to take steps to ensure HBAs are properly informed of their responsibilities (including the importance of the timeliness and accuracy of coverage updates) and continue to monitor whether HBAs are up to date on relevant training.

Status – Implemented

Agency Action – The Civil Service Employee Benefits Division continues to provide HBAs with a series of webinars throughout the year, which includes administrative and technical guidance, benefit rules overview, HBA responsibilities (including timeliness and accuracy of enrollment information), and available resources for HBAs. Civil Service maintains attendance records for these trainings.

Major contributors to this report were Paul Alois, Laurie Burns, Arnold Blanck, and Phway Sandi San.

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

Very truly yours,

Andrea Inman
Audit Director

cc: Daniel Yanulavich, Department of Civil Service
Rebecca Corso, Department of Civil Service
Katelyn Wilder, Department of Civil Service
Leif Engstrom, Department of Civil Service
Jian Paolucci, Department of Civil Service
Sandra Schleicher, Department of Civil Service
Lisa Geren, Department of Civil Service
Eugene Sarfoh, Department of Civil Service
Joseph Martucci, Department of Civil Service
Theresa Flannagan, Department of Civil Service
James DeWan, Division of Budget
Matthew Schultz, Division of Budget
Michael Dynysiuk, Division of Budget
Michael Wagner, Carelon Behavioral Health
Sara Delurey, Carelon Behavioral Health