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February 14, 2025

Laurie Burns, Audit Supervisor  
Office of the New York State Comptroller  
110 State Street  
Albany, NY 12236

Re: OSC Audit 2023-S-30

Dear Ms. Burns:

We reviewed the Final Report for Audit 2023-S-30 and appreciate the opportunity to respond to your recommendations. For the remainder of this response, we will refer to Anthem Blue Cross as "Anthem", Office of the New York State Comptroller as "OSC", and New York State as "NYS".

**Background:** The NYS Department of Civil Service (DCS) transmits a daily eligibility file to Anthem (excluding holidays and weekends), and Centers for Medicare & Medicaid Services (CMS) transmits a monthly file of updates to Anthem for the purpose of updating our eligibility and coordination of benefit (COB) records as it relates to Medicare eligibility. Anthem also receives a quarterly reconciliation file from DCS for the purpose of ensuring our eligibility records match NYBEAS. The quarterly reconciliation process does not include updates such as retirement status, Medicare COB, or Hold-Harmless.

Anthem processes an average of 1,000 eligibility transactions on each eligibility file. During the scope of OSC's audit period, January 2020 through June 2023 Anthem processed approximately 1,000,000 eligibility transactions, and over 5,000,000 claims with a total payment of approximately \$12,000,000,000. For comparison, OSC identified potential findings with 158 individual members and 241 claims, which represents 0.01% of NYS members and 0.004% of claims processed by Anthem. This demonstrates the accuracy of our eligibility processing workflows and the effectiveness of our claim processes.

**Recommendation #1**

*Review the \$5,259,416 in claims identified in this report as improperly paid and recover overpayments, as warranted.*

As of fourth quarter 2024, Anthem has recovered \$2,015,516.42 for all the claims tied to this recommendation, which has been credited back to NYS. Anthem will provide OSC with a list of claims that have been recovered and are outstanding with this response.

OSC identified 241 claims where a potential overpayment was identified by OSC and categorized their findings as follows:

- Incorrect COB Information
- Failure to Identify Claims for Processing
- Timeliness of Retroactive NYBEAS Updates
- Incorrect Member Data
- Inconsistencies Between Anthem's Claim and Eligibility Systems
- Incorrect Hold Harmless State

#### Incorrect COB Information

Anthem processes eligibility and COB updates from the daily DCS and monthly CMS files; and most updates occur systematically. Any failures are compared against NYBEAS and CMS databases by a specialist proficient in processing Empire Plan enrollment.

Anthem's COB specialists use various tools to make primacy decisions and update records. The company participates in the CAQH COB Smart process with other health plans like Cigna and Aetna, sharing enrollment data to identify overlapping coverage. CAQH provides this information to health plans for record updates. Anthem also collaborates with CMS and uses their online software to verify Medicare eligibility and effective dates.

Members can update their COB online through the Hospital Program's custom microsite. Any hard copy information received by mail is manually imaged, indexed into a workflow tool with the receipt date, and processed by dedicated specialists.

Anthem will review internal controls and processes to ensure COB records on both legacy and new platforms align with NYBEAS and CMS records.

#### Failure to Identify Claims for Reprocessing

Anthem's COB queries identify claims paid out of turn where a member had primary coverage with another payor. Monthly queries search the entire claims processing system to find potential overpayments. When a member's profile is updated, relevant claims are reviewed for possible recovery, adhering to regulatory and contractual guidelines. A sample of claims is reviewed each month to verify overpayments, and providers are notified and are given at least 60 days to dispute, submit primary COB information, or refund the overpayment. If unresolved after 60 days, claims are submitted for recovery.

Anthem will review the specifications of our monthly COB queries to identify opportunities for improvement to mitigate the risk of potentially overpaid claims not being identified following a COB or eligibility update.



### Timeliness NYBEAS Updates

Anthem reviewed the 78 claims cited by OSC in this category. We agreed with their findings for 20 claims; however, this represents a very small portion given the overall number of NYBEAS transactions and retroactive claim recoveries processed by Anthem annually.

Anthem sought recovery on 16 of these 20 claims but was unable to pursue recovery on the remaining four due to Medicare's timely filing limit of 12 months from the date of service.

Of the remaining 58 claims in this category, recovery has been completed for 16, with dollars credited back to NYS. Anthem disagrees with OSC's findings on the remaining 42 claims.

### Incorrect Member Data

Anthem is notified of retroactive eligibility or COB updates through the daily eligibility file from DCS or the monthly file from CMS, and processes transactions on behalf of the Empire Plan. OSC's findings for members with incorrect eligibility or COB were associated with 25 claims. While Anthem cannot guarantee 100% accuracy in COB and eligibility records, we will review current processes to identify opportunities for improvement and seek recovery on the claims where Anthem and OSC are in agreement.

### Inconsistencies Between Anthem's Claim and Eligibility Systems

Anthem collaborated directly with DCS to assess whether the members identified by OSC as having incorrect Hold Harmless status were valid for the claims in question. Upon completing the review, we found that the Hold Harmless statuses loaded into our eligibility system were accurate for half of the identified claims.

For the remaining claims with incorrect Hold Harmless status, we have updated our records accordingly and pursued recovery where appropriate.

### **Recommendation #2**

*Work with Civil Service to enhance the current eligibility data reconciliation process to include reconciliation of member's Medicare Eligibility and enrollment status, including retirement dates, held harmless status, and Medicare primacy dates.*

As mentioned above, Anthem has established processes to ensure that our eligibility and COB records are updated in a timely manner, including verification against the NYBEAS and CMS databases.

Anthem will work with DCS to address OSC's recommendation of enhancing our quarterly reconciliation process to include COB updates, such as Medicare, Hold Harmless, and Retirement statuses.

### **Recommendation #3**

*Review existing controls, including monthly query, to ensure all payment adjustments are identified and refund requests are made and pursued timely.*



Anthem has 33 separate COB query concepts in place to prevent claims from paying inappropriately or to identify potentially overpaid claims; 12 of which are tied to Medicare claim reimbursement. The queries cast a wide net and identify all claims that fall within a member's effective dates of their primary policy, where Anthem paid as primary. A sample of these claims is validated to determine if an overpayment occurred, and where applicable a series of notifications are sent to the provider notifying them of the overpayment. Providers are given 60-days to dispute with proof of COB accuracy, or to return the overpayment. If the provider does not respond, Anthem will pursue recovery.

Anthem will review the COB controls in place to identify opportunities for improvement.

#### **Recommendation #4**

*Take steps to ensure Anthem claim examiners are thoroughly trained on the proper processing of Medicare Claims.*

The majority of our claims for Medicare members process systematically and payments are issued for only the balance remaining after Medicare. When applicable, Anthem has claim edits in place that provide our examiners direction to verify eligibility and COB in place to ensure accurate processing and payment. Medicare claims are routinely reviewed for accuracy and when applicable examiners are provided corrective action.

Also, examiners have access resources for processing Medicare COB claims, and our training department has taken additional steps in making sure our examiners are able to obtain the most information during the new hire training by separating out the COB/Medicare process as an additional upskill training that occurs after the processors are fully trained on primary claim processing.

We hope this response outlines that Anthem has thorough processes in place related to ensuring our eligibility and COB records are correct and related claims are handled accurately. Anthem continues to take OSC's audit recommendations seriously and are committed to continually improve the service we provide to the State of New York.

We appreciate the ongoing partnership we have with your office and thank you for the courtesy extended throughout this audit.

Sincerely,

A handwritten signature in black ink that reads "Jason O'Malley". The signature is written in a cursive, flowing style.

Jason O'Malley  
Regional Vice President, Sales  
Anthem Blue Cross

Cc: Angela Blessing, Anthem Blue Cross  
Janna Burns, Anthem Blue Cross