

The New York State Health Insurance Program 2023-S-042 Final Rebate Audit Response Dated July 2025

Regarding:

Office of the State Controller
Final Audit Report

Dated March 2025



INTRODUCTION

The Office of the State Controller (OSC) performed an audit on behalf of The New York State Health Insurance Program (NYSHIP), a client of CVS Caremark®. The OSC was retained to determine the financial accuracy of rebates invoiced during the period of January 1, 2019 through December 31, 2022.

CVS Caremark has reviewed and researched the findings reported by The OSC to determine whether, in our view, there are outstanding financial liabilities owed to our client and/or opportunities for process improvement. Below is our response to the findings reported by The OSC.

FINDINGS

There were 2 (two) recommendations within The OSC's report.

OSC Recommendation 1:

Review the \$1,160,286 in drug rebate revenue identified as due to Civil Service, and remit as warranted.

CVS Caremark Response:

CVS Caremark disagrees with the OSC's total impact amount of \$1,160,286 as a result of 14 (fourteen) findings. However, in an effort to show good faith, CVS Caremark agrees to a total impact of \$80,122.55 as a result of agreement with 3 (three) findings. At the close of the audit a Service Warranty will be issued to the client for \$80,122.55. No further action is required.

OSC Recommendation 2:

Take corrective steps to ensure all of the Empire Plan's rebate-eligible drug utilization is invoiced, collected from the drug manufacturer, and remitted in a timely manner to Civil Service.

CVS Caremark Response:

CVS Caremark has controls in place to ensure rebates are invoiced, collected, and remitted to clients in a timely manner. No further action is required.

SUMMARY

It is our view that we are in compliance with the contract and plan design. There are no material financial discrepancies related to the findings.

Upon confirmation from The New York State Health Insurance Program that the results are accepted, and the audit can be closed, a credit will be issued to your invoice for the total Service Warranty amount of \$80,122.55. This payment represents a remittance for the previously stated findings pursuant to rebates reviewed by The OSC covering dates of service from January 1, 2019 through December 31, 2022. By closing the audit, The New York State Health Insurance Program agrees that CVS Caremark has no further liability with respect to rebates invoiced by

CVS Caremark, and related services, for the period from January 1, 2019 through December 31, 2022 and will not be subject to any further audits for this time period by or on behalf of The New York State Health Insurance Program.

State Comptroller's Comment: The Office of the State Comptroller (OSC) conducts independent audits pursuant to its constitutional and statutory authority. CVS Caremark cannot unilaterally restrict OSC's ability to audit. On September 3, 2025, CVS Caremark granted OSC permission to post the response on OSC's website.