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July 1, 2025

Andrea Inman, Audit Director
Office of the New York State Comptroller
110 State Street
Albany, NY 12236

Re: OSC Follow-up Audit 2024-F-34 Physician-Administered Drugs (Follow Up to 2021-S-33)

Dear Ms. Inman:

We reviewed the final report for Audit 2024-F-34 for Physician-Administered Drugs (Follow Up to Report 2021-S-33) 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," CVS Caremark as "CVS", and New York State as "NYS".

Background: Anthem administers the Hospital program, and CVS administers the Prescription Drug Program for Empire Plan Members. Anthem provides coverage for inpatient and outpatient services which include the administration of drugs in a hospital setting.

In accordance with industry standard, hospitals acquire drugs primarily through manufactures they have agreements with. This ensures the hospitals have adequate pharmaceutical resources for patient care in a timely manner.

Recommendation #1

Work with Civil Service to review the remainder of the \$1,736,399 (\$1,580,240 + \$110,613 + \$45,546) in physician-administered drugs identified by the audit and make recoveries, as warranted.

Status – Partially Implemented

Civil Service worked with Anthem, CVS, and Merative, the Plan's Decision Support Services vendor, to establish a process for reviewing the claims cited for this recommendation. Merative completed a preliminary analysis of these claims for Civil Service to review against OSC's audit data to validate claims where a overlapping payments were potentially made. Civil service will share the results of this review with Anthem and CVS upon completion.

Anthem will review Civil Service's findings, and issue recoveries where appropriate and where contractual and regulatory timeframes allow.

Recommendation #2

Work with Civil Service to identify physician administered drugs paid for by both the Hospital and Prescription Drug Programs and develop a process to prevent future overpayments.

Status – Partially Implemented

Civil Service worked with Anthem, CVS, and Merative, the Plan's Decision Support Services vendor, to establish a process to identify claims where a potential overlapping payment occurred. Merative developed a query between the Anthem and CVS data to identify claims potentially paid by both carriers. Civil Service has committed to reviewing the results of this query bi-annually to start, and depending on the results may increase or decrease the frequency depending upon the results.

Anthem will review Civil Service's findings, and issue recoveries where appropriate and where contractual and regulatory timeframes allow.

Recommendation #3

Remind facility officials on how to properly bill for no-cost drugs (indirect approach)

Status – Partially Implemented

On October 1, 2022, Anthem implemented a new reimbursement policy stipulating that drugs obtained at no cost to the provider be billed with Modifier FB. This was communicated to providers in Anthem's Provider Newsletter on June 30, 2022. Anthem reminded providers of this reimbursement policy in their Provider Newsletter on July 1, 2025.

We have also had discussions with our in-network facilities during routine meetings to address this recommendation and recommendation #7.

Recommendation #4

Fix claims processing controls to ensure claims for no-cost drugs billed in accordance with guidelines are correctly paid.

Status – Implemented

We appreciate OSC's acknowledgement that Anthem fulfilled this recommendation. In March of this year Anthem implemented system enhancements to ensure that services billed with an FB modifier, or a total charge of \$0.01 are not reimbursed.

Recommendation #5

Review the remainder of the \$1,040,111 (\$795,099 + \$245,012) in improperly paid physician-administered drugs identified and make recoveries, as warranted.

Status – Partially Implemented

Anthem issued recoveries for claims where the facility and Anthem agreed with OSC's findings. As of first quarter 2025, we have recovered \$617,864.47 and will continue to provide an update on remaining recoveries in OSC's quarterly report.

Recommendation #6

Review claims billed for physician-administered drugs in excess of allowed limits to recover overpayments and make necessary changes to the claims processing system to prevent future improper payments.

Status – Implemented

Anthem appreciate OSC's acknowledgement that Anthem fulfilled this recommendation. Anthem has a pre and post-pay process in place to systematically identify Outpatient Facility Claims where Medically Unlikely Units (MUE) have been billed. In December 2024, an enhancement was made to this process to systematically identify all drug codes. Therefore, we will no longer have an exclusion list and will systematically identify all drugs with MUE.

Recommendation #7

Remind facility officials of proper billing and documentation requirements regarding physician-administered drugs.

Status – Not Implemented

Anthem disagrees with OSC's status for this recommendation and contends that the actions taken to address Recommendation #3 also address Recommendation #7. While the Provider Newsletter article hadn't been published during OSC's fieldwork for this audit, discussions have been initiated with our in-network facilities and proof was provided to OSC prior to the release of this report.

State Comptroller's Comment – While Anthem officials disagreed with the status of this recommendation, their response acknowledges that the Provider Newsletter article had not been published at the time of our follow-up.

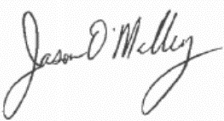
Our billing and documentation requirements for drugs are available in our online Provider Manual. The manual is routinely reviewed and updated (as needed) to ensure our providers have access to the most up-to-date information.

All hospitals are required to include the following when billing a physician administered drug:

- Applicable HCPCS/CPT Codes
- Number of units
- National Drug Code (NDC) for each drug item billed
- Unit of measure qualifier
- NDC units dispensed

Anthem continues to take OSC's audit recommendations seriously and thank you for the courtesy extended throughout the audit process.

Sincerely,



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

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