

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

May 21, 2025

Paula Gazeley Daily, R.Ph.  
Vice President, Empire Plan  
UnitedHealthcare Insurance Company of New York  
13 Cornell Road  
Latham, NY 12110

Re: UnitedHealthcare Insurance Company  
of New York – Overpayments for  
Physician-Administered Drugs  
Report 2024-F-35

Dear Ms. Gazeley Daily:

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 UnitedHealthcare Insurance Company of New York to implement the recommendations contained in our initial audit report, *New York State Health Insurance Program: UnitedHealthcare Insurance Company of New York – Overpayments for Physician-Administered Drugs* (Report [2021-S-32](#)).

**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 about 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, providing over 1 million members with four types of health insurance coverage: prescription drug, medical/surgical, hospital, and mental health and substance abuse coverage.

Civil Service contracts with UnitedHealthcare Insurance Company of New York (United) to administer the Medical/Surgical Program of the Empire Plan and to process and pay claims submitted by health care providers. Medical/surgical benefits cover a range of services, including physician-administered drugs, which are also covered under the Empire Plan's separate Prescription Drug Program. A physician-administered drug is a drug (other than a vaccine) that is administered by a health care provider in a physician's office or other outpatient clinical setting.

The objective of our initial audit, issued on September 13, 2023, was to determine whether United appropriately reimbursed physician-administered drugs. The audit covered the period from January 2017 through December 2021. We identified over \$5.5 million in actual and

potential overpayments for physician-administered drugs: \$4,019,329 was paid under both the Medical/Surgical and Prescription Drug Programs; \$1,194,719 was paid in excess of provider-contracted rates; \$179,190 was paid in excess of maximum allowable dosage limits; and \$143,299 in duplicate United payments were made.

The objective of our follow-up was to assess the extent of implementation, as of March 18, 2025, of the eight recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

United officials made some progress in addressing the problems we identified in the initial audit. United recovered about \$501,000 of the overpaid claims and was taking steps to make more recoveries. We analyzed more recent claims to evaluate if the causes of the overpayments identified in the original audit were still occurring and, while we found some improvement had been made, there had not been a significant decrease in the level of overpayments when the Medical/Surgical and Prescription Drug Programs both made payments for the same physician-administered drugs or when providers billed incorrectly for no-cost drugs. United officials stated they were working with Civil Service to develop a process to prevent overpayments on claims where both the Medical/Surgical and Prescription Drug Programs made payments. Of the initial report's eight audit recommendations, one was implemented, six were partially implemented, and one was not implemented.

### **Follow-Up Observations**

#### **Recommendation 1**

*Review the \$4,019,329 in physician-administered drugs that were paid for by both the Medical/Surgical and Prescription Drug Programs and make recoveries, as warranted, giving priority to collecting the remaining \$169,641 in provider-acknowledged refunds due.*

Status – Partially Implemented

Agency Action – United reviewed the over \$4 million in overpaid claims identified in the initial audit. United was able to recover about \$419,000, which included a majority of the \$169,641 in provider-acknowledged refunds. United officials determined \$1.4 million was no longer recoverable due to recovery time frame limitations in provider contracts. Further, United officials stated that based on the age of the claims and inability to access the payment information from the Prescription Drug Program carrier, United will no longer be pursuing the remaining overpayments. OSC encourages United to work with Civil Service to assist with the Prescription Drug Program payment information and continue recovery efforts for the remaining \$2.2 million recoverable claim overpayments.

#### **Recommendation 2**

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

Status – Partially Implemented

Agency Action – According to United officials, they are working with Civil Service to develop a process to identify and prevent incorrect payments made by both programs for the same physician-administered drugs. However, United believes its contribution to this process may be limited by its lack of access to Prescription Drug Program information. We observed that even though United and Civil Service have started to take steps to develop a process to prevent future overpayments, there has been no significant change to the level of overpayments. Since the initial audit, we identified \$2.5 million in potential overpayments between January 2022 through June 2024 where United paid claims that also appear to have been paid by the Prescription Drug Program. We, therefore, encourage officials to promptly finalize implementation of this recommendation.

### **Recommendation 3**

*Establish a policy/guidance for billing no-cost drugs and educate providers on how to properly document and bill for no-cost drugs (indirect approach).*

Status – Not Implemented

Agency Action – United officials did not establish a policy/guidance for billing no-cost drugs, nor did they educate all providers on how to properly document and bill for no-cost drugs. However, United officials stated they did reach out to the eight sampled providers from the initial audit and educated them on properly billing no-cost drugs.

### **Recommendation 4**

*Ensure the eight sampled providers correct the billing flaws that caused their improper payments.*

Status – Partially Implemented

Agency Action – While United did reach out to the eight providers and instruct them on how to properly bill for no-cost drugs, the providers continued to bill incorrectly. Between January 2022 and June 2024, we found seven of the eight providers continued to incorrectly bill for no-cost drugs, totaling \$1.2 million in potentially inappropriate payments. United officials stated that, in the first quarter of 2025, they will begin auditing the providers' claim submissions to verify their accuracy.

### **Recommendation 5**

*Recover the remaining \$1,194,354 (\$1,194,719 - \$365) in overpayments, as warranted.*

Status – Partially Implemented

Agency Action – United officials recovered over \$55,000 in overpayments that occurred because providers were reimbursed in excess of their contracted rates. United officials also determined \$1.1 million was no longer recoverable due to time frame limitations. Going forward, we encourage United to investigate and recover overpaid claims in a timely manner prior to recovery time frame limits.

### **Recommendation 6**

*Develop a process for monitoring general service code claims to ensure payments are in accordance with provider contracted rates.*

Status – Implemented

Agency Action – United developed a process for monitoring general service code claims. United officials also provided additional guidance to claim processors directing them to apply the participating provider's contracted default rate for covered general and unlisted drug codes when the Empire Plan is the primary payer.

### **Recommendation 7**

*Recover the remaining \$172,062 (\$179,190 - \$7,128) in overpayments for drugs in excess of dosing allowances, as warranted.*

Status – Partially Implemented

Agency Action – United reviewed the medical records of the claims identified in the initial audit and found over \$142,000 of the \$172,062 was paid correctly because the medical records supported the units billed. United officials stated the remaining claims, totaling about \$30,000, were identified as overpayments and are still being pursued for recovery. However, time frame limitations may limit United's ability to recover some portions of these payments.

### **Recommendation 8**

*Recover the remaining \$98,964 (\$143,299 - \$44,335) in duplicate payments, as warranted.*

Status – Partially Implemented

Agency Action – United officials stated they recovered over \$27,266 of the \$98,964 where providers received multiple payments for the same service. United officials stated the remaining overpaid claims have a low likelihood of recovery due to the age and out-of-network status of the claims and, therefore, United does not intend to pursue recovery.

Major contributors to this report were Paul Alois, Arnold Blanck, Rachelle Goodine, and Peter Manley.

United officials are requested, but not required, to provide information about any actions planned to address the unresolved issues discussed in this follow-up within 30 days of the report's issuance. We thank the management and staff of United for the courtesy and cooperation extended to our auditors during this follow-up.

Very truly yours,

Andrea Inman  
Audit Director

cc: Timothy R. Hagues, Department of Civil Service  
Rebecca Corso, Department of Civil Service  
Daniel Yanulavich, 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  
Allison Golden, UnitedHealthcare  
Mark Newman, UnitedHealthcare  
Benjamin Bergen, UnitedHealthcare