



Department of Health

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Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

October 6, 2025

Christopher Morris, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Christopher Morris:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-Up Audit Report, 2025-F-8 entitled, "Medicaid Program – Reducing Medicaid Costs for Recipients Who Are Eligible for Medicare."

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in dark ink that reads "Johanne E. Morne".

Johanne E. Morne, M.S.
Executive Deputy Commissioner

Enclosure

cc: Frank Walsh
Amir Bassiri
Jacqueline McGovern
Amber Gentile
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**Department of Health Comments on the
Office of the State Comptroller's
Follow-Up Audit Report 2025-F-8 entitled,
Medicaid Program – Reducing Medicaid Costs for Recipients
Who Are Eligible for Medicare**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Follow-Up Audit Report 2025-F-8 entitled, "Medicaid Program – Reducing Medicaid Costs for Recipients Who Are Eligible for Medicare."

Audit Recommendation Responses:

Recommendation #1

Follow up with the identified recipients who appeared eligible for Medicare, including those with SSI, and ensure they apply for Medicare, as appropriate.

Status – Partially Implemented

Agency Action – The initial audit identified 13,318 Medicaid recipients who appeared eligible for Medicare based on age but were not enrolled in Medicare. At the time of our follow-up, 2,648 of the 13,318 recipients were enrolled in Medicare. According to DOH officials, the State had not fully resumed the requirement for individuals over 65 to provide proof of Medicare application (once the temporary suspension due to COVID-19 ended). DOH officials stated that, as of July 2023, Local Districts outside of New York City resumed the requirements for ensuring Medicaid recipients applied for Medicare and, as of May 2025, the Human Resources Administration (the Local District for New York City) resumed these requirements. Additionally, at the time of our follow-up, the Medicare application requirements had not been fully resumed for recipients enrolled through the NY State of Health, the State's online health plan marketplace.

Response #1

The requirement to apply for Medicare is in place throughout New York State. Medicaid coverage is terminated for recipients who fail to provide proof that they have applied for Medicare.

The automated process (Over 65 Medicaid Age Out) that required New York State of Health consumers turning 65 to apply for Medicare was paused during the Covid-19 Public Health Emergency. Reimplementation of the automated process remains on hold during a transition to the new Medicaid Eligibility and Client Management system. While on hold, the Department implemented a manual process was put in place in August 2025 which sends a notice to New York State of Health Medicaid recipients who are age 65 or older requiring them to submit proof that they have applied for Medicare within 30 days after which those who have not provided proof of having applied for Medicare will have their Medicaid coverage terminated.

Recommendation #2

Work with Local Districts to develop and implement procedures to ensure that information on file is correct and all recipients, including those with SSI, are asked to apply for Medicare when they appear eligible.

Status – Not Implemented

Agency Action – During the initial audit, we sampled 111 Medicaid recipients without SSI who appeared to be eligible for but were not enrolled in Medicare between July 2016 to December 2019. We determined that, for 84 recipients (76%), Local Districts lacked evidence that these recipients applied for Medicare. We found these Medicare non-enrollments were largely due to Local Districts' lack of administrative oversight or error, such as incorrect or missing documentation, leading the Local Districts to not ask the recipients to apply for Medicare or submit proof of a Medicare application. At the time of our follow-up, DOH had not developed or implemented any new procedures to ensure recipient information on file was correct and that all recipients were asked to apply for Medicaid. Accordingly, since our initial audit, we identified a significant number of recipients who appeared to be eligible for Medicare based on age and citizenship status but were not enrolled in Medicare. For the period July 2021 through March 2025, Medicaid could have potentially saved \$190.3 million on behalf of 17,818 recipients (including \$46.4 million for 2,714 recipients with SSI) for clinic, inpatient, and practitioner claims that could have been covered by Medicare as the primary payer if the recipients were enrolled in Medicare when they first became eligible at age 65. (Note: while application for Medicare was not a condition of Medicaid enrollment during the COVID-19 public health emergency, one Local District we spoke to during the initial audit still offered recipients the opportunity to apply for Medicare.) We strongly encourage DOH to work with Local Districts to develop and implement procedures to ensure all recipients are asked to apply for Medicare when they appear eligible. Although DOH officials have stated they cannot remove recipients with SSI from not applying for Medicare, DOH can still take action to increase the likelihood these recipients apply for Medicare.

Response #2

The Department previously issued 17 ADM-01 instructing Local Districts that Medicaid recipients age 65 years and over must apply for Medicare. The Department also issued GIS 23 MA-03 notifying Local Districts that the requirement to apply for Medicare was reinstated following the end of the Covid-19 Public Health Emergency. The Department continues to communicate with Local Districts about this requirement.

The Department will also implement a new oversight process that will take a sample of Medicaid recipients from the monthly Medicare Warning Reports (that identify Medicaid recipients turning 65 who are required to apply for Medicare) to track the outcome of their cases. Staff will determine if the sample Medicaid recipients obtained Medicare and will follow up with Local Districts when we identify cases that may have been handled incorrectly.

Regarding the \$190.3 million in potential savings identified in the follow up, it is unclear if additional State costs related to the Medicare Savings Program were incorporated into OSC's analysis. These additional costs include the State share Medicare Part A and Part B premium payments, state phased-down contributions, and Medicare coinsurance for individuals who are enrolled in the Qualified Medicare Beneficiary level of Medicare Savings Program. If these additional costs were not included in the analysis, factoring them in could significantly reduce the potential savings OSC identified.

State Comptroller's Comment 1 – The methodology used to identify the \$190.3 million in potential savings was the same as described in the original audit report. We reduced the potential savings by removing costs that Medicaid could be responsible for, including coinsurance, deductibles, and Medicare premiums that could be paid through the Medicare Buy-in program.

Finally, the Department previously provided evidence that our existing processes are effective. OSC provided the Department with a sample of 20 Medicaid recipients in June 2025 and asked that we review the identified Medicaid recipients and provide the resolution of their cases. The Department's Third-Party Health Insurance staff received this sample file on June 2, 2025, and sent our response and supporting documentation on June 16, 2025, showing that only 3 of the 20 sample Medicaid recipients (15%) had Medicaid coverage without Medicare at that time. The Department also provided supporting documentation for these three Medicaid recipients (letters from Social Security Administration) indicating that two did not qualify for Medicare, and the third did not have enough work credits to qualify for free Medicare Part A.

State Comptroller's Comment 2 – At the conclusion of our initial audit, we provided DOH with the population of Medicaid members we identified who appeared to be eligible for Medicare based on age. We recommended DOH follow up with these members to ensure they apply for Medicare. It is inappropriate for DOH to use the results of a review of a sample of these members' current status as evidence that its existing processes are effective to ensure all members are asked to apply for Medicare when they appear eligible—especially as our follow-up found that DOH had not developed or implemented any new procedures to address this recommendation.

Recommendation #3

Evaluate the cost-benefit of developing and implementing processes to periodically identify recipients with SSI who appear eligible for Medicare and refer them to SSA for Medicare eligibility determinations.

Status – Implemented

Agency Action – DOH analyzed the cost-benefit of assisting SSI recipients with enrolling in Medicare and determined that it was not cost-effective.

Response #3

The Department agrees with the status of this recommendation.