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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 13, 2025

James V. McDonald, M.D., M.P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Reducing Medicaid Costs for
Recipients Who Are Eligible for
Medicare
Report 2025-F-8

Dear Dr. McDonald:

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 the Department of Health (DOH) to implement the recommendations contained in our initial audit report, *Medicaid Program – Reducing Medicaid Costs for Recipients Who Are Eligible for Medicare* (Report [2021-S-16](#)).

Background, Scope, and Objective

DOH administers the State's Medicaid program. Individuals who are eligible or appear eligible for Medicare are required to apply for Medicare as a condition of receiving Medicaid. When Medicaid recipients are also enrolled in Medicare, Medicare becomes the primary payer and Medicaid the secondary. As a secondary payer, rather than pay for the medical service itself, Medicaid can pay a recipient's Medicare premiums, deductibles, and coinsurance amounts, which allows for a significant cost avoidance for the Medicaid program. Local Departments of Social Services (Local Districts) are required to identify Medicaid recipients who are at least 65 years of age, or will be turning age 65 within a 3-month time frame, and have them apply for Medicare. Recipients who fail to comply with the requirement will have their Medicaid eligibility denied or discontinued following timely notice.

The Social Security Administration (SSA) determines Medicare eligibility and enrolls individuals. SSA also administers the Supplemental Security Income (SSI) program, a federal cash benefit to assist low-income individuals. In New York, all SSI recipients are eligible to receive Medicaid. When SSA receives an SSI application for someone who is 65 years of age, it also checks the individual's Medicare eligibility and enrolls eligible individuals.

The requirement to apply for Medicare as a condition of Medicaid eligibility had been temporarily suspended by the Centers for Medicare & Medicaid Services in response to the COVID-19 public health emergency. The State was required to restart this process and issue Medicaid redetermination notices for Medicaid renewals effective July 2023 and complete the renewals by December 2025.

The objective of our initial audit, issued on September 14, 2023, was to determine whether DOH took sufficient steps to control the Medicaid costs of recipients who were eligible for Medicare based on age but were not enrolled in Medicare. The audit covered the period from July 2016 through June 2021. We found DOH had not taken sufficient steps to effectively control the Medicaid costs of recipients who appeared eligible for Medicare based on their age. For the audit period, we identified 13,318 Medicaid recipients who appeared eligible for Medicare based on age but were not enrolled in Medicare. Medicaid could have potentially saved \$294.4 million on behalf of these recipients for clinic, inpatient, and practitioner claims that could have been covered by Medicare as the primary payer. Although DOH issued guidance to Local Districts regarding the requirement for Medicaid recipients reaching age 65 to apply for Medicare, we found DOH did not ensure Local Districts complied. Also, DOH did not require Local Districts to have Medicaid recipients with SSI apply for Medicare because, according to DOH officials, SSA already performed Medicare eligibility checks. However, according to SSA officials, a recipient may not receive Medicare if, for example, the individual provides SSA insufficient information.

The objective of our follow-up was to assess the extent of implementation, as of June 17, 2025, of the three recommendations included in the initial audit report.

Summary Conclusions and Status of Audit Recommendations

DOH officials made little progress in addressing the problems identified in the initial audit report, and additional actions are needed. At the time of our follow-up, DOH had not fully resumed the requirement for individuals over 65 to provide proof of Medicare application. Additionally, DOH officials had not worked with Local Districts to develop and implement new procedures to ensure recipient information on file is correct and all recipients are asked to apply for Medicare. Since the initial audit, we determined Medicaid could have potentially saved \$190.3 million on behalf of 17,818 recipients for clinic, inpatient, and practitioner claims that could have been covered by Medicare as the primary payer if they were enrolled in Medicare when they first became eligible at age 65. Of the initial report's three audit recommendations, one was implemented, one was partially implemented, and one was not implemented.

Follow-Up Observations

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.

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 for not applying for Medicare, DOH can still take action to increase the likelihood these recipients apply for Medicare.

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.

Major contributors to this report were Thomas Sunkel, Aissata Niangadou, and Chibuzo Obioha.

DOH 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 DOH for the courtesies and cooperation extended to our auditors during this follow-up.

Sincerely,

Christopher Morris
Audit Director

cc: Melissa Fiore, Department of Health
Frank T. Walsh, Jr., Office of the Medicaid Inspector General