New York State Comptroller
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New York State Health Insurance Program

Anthem Blue Cross – Coordination of Benefits With Medicare (Follow-Up)

July 2026 | Report 2025-F-25
Prepared by the Division of State Government Accountability

Contents

Authority

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 Anthem Blue Cross to implement the recommendations contained in our initial audit report, *Anthem Blue Cross – Coordination of Benefits With Medicare* (Report 2023-S-30).

Background, Objective, and Scope

The New York State Health Insurance Program (NYSHIP), administered by the Department of Civil Service (Civil Service), is one of the nation's largest public sector health insurance programs. NYSHIP covers about 1.2 million active and retired State, participating local government, and school district employees, and their dependents. The Empire Plan is the primary health benefits plan for NYSHIP, serving over 1 million members.

Anthem Blue Cross (Anthem) administers the Hospital Program of the Empire Plan, which includes coverage for inpatient and outpatient services provided by a hospital, skilled nursing facility, or hospice. Many enrollees and their dependents have other insurance coverage in addition to the Empire Plan, such as Medicare, the federal health insurance program for people age 65 and older and for those under age 65 with certain disabilities. Civil Service maintains eligibility and enrollment records for NYSHIP members and provides daily update files of changes to Anthem. The Centers for Medicare & Medicaid Services (CMS) maintains eligibility and enrollment records for Medicare-enrolled individuals and provides monthly update files to Anthem.

Coordination of benefits is a process health insurance companies use for paying health care claims when people are covered by more than one insurance plan. Medicare typically pays claims as primary for enrollees who are age 65 and older and retired and, in most cases, the Empire Plan pays secondary.

The objective of our initial audit, issued on August 19, 2024, was to determine whether Anthem coordinated benefits to properly pay claims for Empire Plan members with Medicare coverage. The audit covered the period from January 2020 through June 2023. The initial audit reviewed eligibility records for retired members age 65 or older and found that Anthem improperly paid $5,259,416 because benefits were not properly coordinated. For example, Anthem's eligibility system was not always updated timely with members' Medicare-related information. Additionally, weaknesses in Anthem's and Civil Service's reconciliation of member enrollment data prevented opportunities for recovery.

The objective of our follow-up was to assess the extent of the implementation, as of January 15, 2026, of the four recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Anthem has made progress in addressing the issues we identified in the initial audit. For example, Anthem has recovered and refunded $1,100,908 in overpayments to New York State and has provided training to examiners on the proper processing of claims for Medicare-primary members. Anthem officials also stated that they are working with Civil Service officials to enhance the current eligibility data reconciliation process. Of the initial report's four audit recommendations, one was implemented, and three were partially implemented.

Follow-Up Observations

Recommendation 1 – Review the $5,259,416 in claims identified in this report as improperly paid and recover overpayments, as warranted.

Status – Partially Implemented

Agency Action – As of December 2025, Anthem had recovered and refunded $1,100,908 of the improper payments identified in the initial audit to New York State through claims adjustments or invoice credits. Anthem officials stated they were in the process of recovering another $2,085,797. For the remaining $2,072,711, Anthem considers the claims unrecoverable due to factors such as the claims being beyond the contractual time frames for recovery and the member not having Medicare as their primary coverage.

Recommendation 2 – Work with Civil Service to enhance the current eligibility data reconciliation process to include reconciliation of members' Medicare eligibility and enrollment status, including retirement dates, held harmless status, and Medicare-primacy dates.

Status – Partially Implemented

Agency Action – Anthem officials indicated they have reached out to Civil Service officials to begin discussions on enhancing the eligibility data reconciliation process to address the issues we identified in the initial report. We encourage Anthem to continue this collaboration to ensure accurate payment for services provided to Empire Plan members who have Medicare coverage.

Recommendation 3 – Review existing controls, including the monthly query, to ensure all payment adjustments are identified and refund requests are made and pursued timely.

Status – Partially Implemented

Agency Action – Anthem officials stated that they continuously review coordination of benefit controls to recover or prevent inappropriate payments. However, officials did not provide supporting documentation of their reviews or of changes made to existing controls, stating that the information is considered confidential and proprietary and cannot be shared.

Recommendation 4 – Take steps to ensure Anthem claim examiners are thoroughly trained on the proper processing of claims for Medicare-primary members.

Status – Implemented

Agency Action – According to Anthem officials, the examiners dedicated to handling coordination of benefit claim adjustments have completed additional training on processing such claims involving Medicare, including training on how to process Medicare claims both electronically and manually.

Reporting Requirements

Anthem Blue Cross 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 Anthem Blue Cross for the courtesies and cooperation extended to our auditors during this follow-up.

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