



**Department of
Civil Service**

ANDREW M. CUOMO
Governor
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Commissioner

February 11, 2021

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

Re: Audit Report-2019-S-32, Issued August 21, 2020

Dear Ms. Inman:

The Department of Civil Service (DCS) is providing the attached Corrective Action Plan related to Audit Report 2019-S-32 titled “Department of Civil Service – *New York State Health Insurance Program: Payments by Empire BlueCross for Hospital Services for Ineligible Members.*” We appreciate your time and efforts in conducting this audit and have worked diligently to address the Audit Report’s recommendations.

If you have additional questions or comments, please contact Leif Engstrom at Leif.Engstrom@cs.ny.gov.

Sincerely,

James DeWan
Director
Employee Benefits Division

Attachment

cc: Lola Brabham
Rebecca Corso
Jian Paolucci
Paul Alois
Laura Brown
Leif Engstrom
Thomas Falcon

Corrective Action Plan for Audit Report 2019-S-32, titled: New York State Health Insurance Program: Payments by Empire BlueCross for Hospital Services for Ineligible Members

OSC Recommendation (1): Review the \$4.6 million (\$3.5 million + \$1.1 million) in claims paid for ineligible members and make recoveries, as warranted.

OSC Recommendation (2): To ensure NYBEAS [New York Benefits Eligibility and Accounting System] reflects accurate eligibility status, take steps including:

- a. Implementing a process that ensures timely cancellation of members who do not pay their premiums in accordance with Civil Service policy;
- b. Implementing a more frequent process for dependent eligibility verification;
- c. Establishing a framework to ensure all HBAs [Health Benefit Administrators] are thoroughly trained and are working to ensure timelier processing of changes to eligibility information;
- d. Engaging more effectively with members to ensure they promptly notify HBAs and Civil Service of changes to eligibility status; and
- e. Ensuring NYBEAS has adequate support for changes to eligibility, particularly retroactive disenrollments.

OSC Recommendation (3): To ensure Empire properly pays claims for members who have changes in eligibility, take steps including:

- a. Conducting periodic reconciliations of Empire's eligibility data to NYBEAS eligibility data; and
- b. Identifying claims paid for disenrolled members, with emphasis on retroactively disenrolled members, and monitor Empire's corresponding recoveries.

Implementation Plan:

OSC Recommendation (1): Review the \$4.6 million (\$3.5 million + \$1.1 million) in claims paid for ineligible members and make recoveries, as warranted.

The Department partially agrees with this recommendation. The Department cannot itself make recoveries because it does not have a contractual relationship with hospitals to effectuate the recoveries. Only Empire BlueCross has the contractual relationship with hospitals to effectuate these recoveries. The

Department will work with Empire BlueCross to ensure these recoveries are pursued to the greatest extent possible.

EBD will require Empire BlueCross to provide a report of total eligible recovery dollars, actual recovery dollars, and outstanding recovery dollars on a quarterly basis. EBD will ask Empire BlueCross to provide a 2020 report from Q1 through Q3 no later than November 1, 2020. This first report will also include the claims listed above.

Implementation Date: November 1, 2020

Division Responsible for Implementation: Employee Benefits

Final Response:

At the direction of EBD, effective October 12, 2020, Empire BlueCross began providing bi-weekly reporting associated with recoveries associated with OSC's audit findings.

As of January 11, 2021, Empire BlueCross has recovered approximately \$1.4 million dollars and continues to monitor the status of recoveries associated with this audit. Recoveries were not completed for approximately \$3.5 million dollars in claims where contractual and regulatory timeframes did not allow, the member had active coverage during that time period or was reinstated, the termination was the result of the amnesty period of the Dependent Eligibility Verification Audit, or other reasons.

OSC Recommendation (2)(a): To ensure NYBEAS reflects accurate eligibility status, take steps including implementing a process that ensures timely cancellation of members who do not pay their premiums in accordance with Civil Service policy.

The Department agrees with this recommendation and has already commenced implementation of an automatic cancellation process for individuals who do not make timely premium payments.

Although it was not included in the audit, the audit process has brought to the Department's attention that more should be done to publicize the premium waiver program for disabled members. The Department will investigate ways to make sure that all members who are potentially eligible and at risk of having their insurance canceled are aware of the program. The waiver application is available at: <https://www.cs.ny.gov/employee-benefits/nyship/shared/forms/ps-452.pdf>.

Implementation Date: September 2019 for automated cancellation; January 1, 2021 for completing investigation of ways to notify potentially eligible members of the waiver program.

Division Responsible for Implementation: Employee Benefits

Final Response:

All versions of the October 2020 *Empire Plan Reports* included an article highlighting the waiver of premium program that is available to enrollees. EBD is also working with the Office of Information Technology Services (ITS) to automatically generate a letter to PA [participating agency] and PE [participating employer] enrollees when a Leave of Absence transaction is processed in NYBEAS. The letter will inform enrollees of the Waiver of Premium program. This is expected to be fully implemented during the first quarter of 2021. A similar letter is already sent to State employees enrolled in NYSHIP [New York State Health Insurance Program] when a Leave of Absence transaction is processed on their record in NYBEAS.

OSC Recommendation 2(b): To ensure NYBEAS reflects accurate eligibility status, take steps including implementing a more frequent process for dependent eligibility verification.

The Department is exploring ways to implement this initiative.

Implementation Date: March 1, 2021

Division Responsible for Implementation: Employee Benefits

Final Response:

Beginning in early 2021, EBD will send a communication to all enrollees with family coverage directing that any ineligible dependents must be removed in a timely manner. It will also remind enrollees that failing to do so may result in them being liable for any claims incurred by such dependents(s) as early as the date of their ineligibility.

In addition, the State Fiscal Year 2021-22 Executive Budget proposed that the Department of Civil Service conduct a DEVA [dependent eligibility verification audit]. The Department has begun discussions on the timeline of this initiative.

OSC Recommendation 2(c): To ensure NYBEAS reflects accurate eligibility status, take steps including establishing a framework to ensure all HBAs are thoroughly trained and are working to ensure timelier processing of changes to eligibility information.

As noted in the Response Letter, EBD will investigate opportunities to implement training requirements and tracking for HBAs. This effort will explore following the model of the Department's successful Civil Service Institute. Training requirements are unlikely to be enforceable because HBAs are not employees of the Department and, in many instances, are not employees of the State.

The Department already has a robust outreach effort to HBAs, including efforts such as its May 2019 two-day training session for State agency HBAs, Fall 2019 webinar for Participating Agencies and its publication of more than 40 different HBA memos in 2019. These outreach efforts will continue. The Department will continue to explore all suggestions from OSC on how to improve the efficacy of the Department's outreach efforts.

The Department will also implement a process for HBAs to annually attest that they are aware of their responsibilities as an HBA and are familiar with the resources available to assist them in their duties.

EBD is also actively working on a process to ensure we have the most up to date list of NYBEAS Users and that they understand their role and responsibility with having access to this system. EBD has prepared a document that we anticipate NYBEAS users will attest to on a yearly basis to continue their access.

Implementation Date: January 1, 2022

Division Responsible for Implementation: Employee Benefits

Final Response:

In December 2020, EBD conducted a series of training sessions for the approximately 1,300 NYSHIP health benefits administrators (HBAs). Similar trainings have been held in past years, but attendance was mandatory for all HBAs for the 2020 training. In total, five sessions were held over the course of one week. All HBAs were expected to attend one of the live sessions or view a recording of the training, which was posted online shortly after the event.

During the trainings, EBD presented critical information about NYSHIP and conveyed the expectations EBD has for its HBAs, including the responsibility to ensure accurate enrollment information in NYBEAS. The HBAs were able to ask questions of the presenters, who provided HBAs with responses in real time. Additionally, EBD published a Q&A document which addressed in writing all questions posed during the training. These webinars, which were already being conducted annually, will be mandatory moving forward.

EBD also published an HBA memo in Fall 2020 titled "Health Benefit Administrator Responsibilities," in which EBD conveyed expectations for HBAs. Among other things, the memo emphasized the importance of secure information handling and timely updates to enrollee records. HBAs were required to sign and return a statement acknowledging that they understood their responsibilities as an HBA. EBD is currently following up with HBAs who did not complete the required form. EBD is also exploring the possibility of providing trainings on specific topics related to NYBEAS and NYSHIP throughout the calendar year.

EBD has also implemented a process to email HBA Memos to HBAs when they are published using a mailing list that HBAs can subscribe to on the Department's website.

Finally, the Director of EBD sent a letter to 14 Participating Agencies that had conducted retroactive transactions during 2020 and requested completion of a Corrective Action Plan by January 29, 2021. The Corrective Action Plan was required to include the completed acknowledgement of the HBA's roles and responsibilities referenced above, a narrative describing the steps the agency will take to ensure timely completion of NYBEAS transactions, the frequency that the agency runs NYBEAS reconciliation reports to ensure accuracy, and a communications plan to the agency's enrollees to remind them of the importance of timely notifying HBAs of changes to dependent eligibility.

OSC Recommendation (2)(d): To ensure NYBEAS reflects accurate eligibility status, take steps including engaging more effectively with members to ensure they promptly notify HBAs and Civil Service of changes to eligibility status

The Department agrees with this recommendation. The Department will highlight to members the importance of promptly notifying HBAs of dependent eligibility changes in its upcoming publications.

Empire Plan Reports periodically mention the need to keep enrollment records up to date. EBD will make this language more forceful and include it annually as opposed to periodically. The next round of Reports is scheduled to be mailed in October 2020.

EBD will also include reminders in the Choices guides and enhance language in the General Information Book, both of which are scheduled to be published by the end of the year.

EBD will also post language on NYSHIP Online as soon as possible.

Implementation Date: December 31, 2020

Division Responsible for Implementation: Employee Benefits

Final Response:

All versions of the October 2020 *Empire Plan Reports* and November 2020 *HMO Reports* included an article emphasizing the importance of keeping their enrollment record up to date and the consequences of not doing so. In addition, the 2021 *Health Insurance Choices* publications for NY/PE Active employees and NY/PE Retirees as well as the 2021 *General Information Book* for the NY Active group also included strengthened language regarding this requirement.

Information on this topic was also posted to NYSHIP Online.

OSC Recommendation (2)(e): To ensure NYBEAS reflects accurate eligibility status, take steps including ensuring NYBEAS has adequate support for changes to eligibility, particularly retroactive disenrollments.

The Department agrees with this recommendation. As a part of the development of a new Human Resources Management System, the Department will work to include information that supplements the action and reason codes currently included in NYBEAS.

Implementation Date: Ongoing as part of HRMS implementation.

Division Responsible for Implementation: Employee Benefits

Final Response:

EBD is continuing its efforts in this area. Since the publication of the audit, EBD has worked to ensure the interfaces NYBEAS maintains with other systems, including the New York State Electronic Personnel System (NYSTEP) and the payroll system managed by OSC, PayServ, are as efficient as possible. EBD is also continuing its work to minimize retroactive NYBEAS transactions by reviewing failed PayServ transactions as quickly as possible.

OSC Recommendation 3(a): To ensure Empire properly pays claims for members who have changes in eligibility, take steps including conducting periodic reconciliations of Empire's eligibility data to NYBEAS eligibility data.

The Department agrees with this recommendation. The Department has scheduled its initial reconciliation with Empire Blue Cross for August 2020.

EBD and BlueCross initially planned for a July implementation, but BlueCross is changing its secure file transfer method which resulted in a delay. ITS sent BlueCross a reconciliation file on August 24, 2020. BlueCross is targeting completion of a reconciliation report by August 31, 2020. If there are numerous discrepancies (i.e., in the thousands of members), EBD plans to conduct reconciliations on a monthly basis until discrepancies are reduced. At that point, quarterly reconciliations should suffice.

Implementation Date: Ongoing with first monthly reconciliation completed by the end of August 2020.

Division Responsible for Implementation: Employee Benefits

Final Response:

EBD and Empire BlueCross successfully completed reconciliation process in the fourth quarter of 2020. Since there were minimal discrepancies, reconciliation review will occur on a quarterly basis going forward unless there is a need to conduct the process more frequently. EBD is scheduled to initiate the next reconciliation review in February 2021.

OSC Recommendation 3(b): To ensure Empire properly pays claims for members who have changes in eligibility, take steps including identifying claims paid for disenrolled members, with emphasis on retroactively disenrolled members, and monitor Empire's corresponding recoveries.

The Department agrees and will work with Empire BlueCross to establish a process to identify claims paid for disenrolled members and pursue their timely recovery.

EBD will require Empire BlueCross to provide a report of total eligible recovery dollars, actual recovery dollars, and outstanding recovery dollars on a quarterly basis. We will ask Empire BlueCross to provide a 2020 report from Q1 through Q3 no later than November 1, 2020.

Implementation Date: November 1, 2020

Division Responsible for Implementation: Employee Benefits

Final Response:

At the direction of EBD, effective October 12, 2020, Empire BlueCross began providing bi-weekly reporting associated with retroactively disenrolled members. The Department is monitoring these reports and will continue to work with Empire BlueCross to ensure recoveries are pursued to the greatest extent possible.



James DeWan, Director of Employee Benefits

February 11, 2021