



A UnitedHealth Group Company

UnitedHealthcare Insurance Company of New York
NY051-1000 22 Corporate Woods Blvd Albany NY 12211

September 13, 2012

Mr. David Fleming
Office of State Comptroller
110 State Street, 11th Floor
Albany, NY 12236

Dear Mr. Fleming:

Enclosed is UnitedHealthcare's response to the Office of State Comptroller's follow-up audit report, 2012-F-13, on the implementation of the recommendations contained in audit report 2010-S-38, Payments for Repackaged Brand Name Drugs Dispensed under the Empire Plan.

*1. Reimburse the State for the excessive amounts (as much as \$966,751) the State paid for repackaged drugs, as identified by the audit. **Status - Not Implemented***

As we outlined in our response to the audit report dated May 19, 2011, UHC fulfilled its commitment to protect the Empire Plan's financial interests from any inflated AWP costs associated with "repackaged" drugs. Therefore, United continues to assert that it does not owe the State any monies for costs the State incurred for repackaged drugs. The Empire Plan's benefit plan design did not reject repackaged drugs nor limit the reimbursement of these drugs in any fashion, and thus allowed for the potential that repackaged drugs could be covered under the plan. The end result was that the State experienced higher drug costs for repackaged drugs than they would have had those same drugs been dispensed in their original manufactured package size notwithstanding UHC's commitment and rigor in protecting the Plan's financial interests.

*2. Review claim payments for repackaged drugs made between July 9, 2010 and October 31, 2010 and identify any excess payments. Reimburse the State for the amounts of the excess payments. **Status - Not Implemented***

As we outlined in our response to the audit report dated May 19, 2011, UHC fulfilled its commitment to protect the Empire Plan's financial interests from any inflated AWP costs associated with "repackaged" drugs. Therefore, United respectfully disagrees with the State Comptroller's assessment that there were excessive payments made between July 9, 2010 and October 31, 2010.

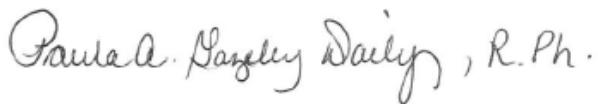
*3. Implement and maintain control processes that will sufficiently protect the State from inflated AWP costs associated with repackaged drugs. **Status - Implemented***

UHC agrees with the State of New York Office of the State Comptroller's finding that recommendation 3 has been fully implemented.

*4. Investigate the claim payments made to pharmacies A and B for repackaged drugs. Also, formally assess the policies and practices used by these pharmacies to dispense and bill for repackaged drugs. Take actions, as warranted, to remediate any improper practices that are identified. **Status - Implemented***

UHC agrees with the State of New York Office of the State Comptroller's finding that recommendation 4 has been fully implemented.

Sincerely,

A handwritten signature in black ink that reads "Paula A. Gazeley Daily, R.Ph."

Paula Gazeley Daily, R.Ph.
Strategic Client Executive, Empire Plan Rx Program