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March 1, 2000

Mr. Kevin M. McClune
Audit Director
New York State
Office of the State Comptroller
A.E. Smith State Office Building
Albany, New York 12236

Re: New York State Health Insurance Program Coordination of Medicare Coverage – 1998 Claims

Dear Mr. McClune:

Thank you for the opportunity to respond to Audit Report 99-S-14 addressing the Coordination of Medicare Coverage for claims processed in 1998. We have reviewed your recommendations, and our response is indicated below.

> *Review the questionable claims identified by our audit. Recover costs for Medicare-eligible claims from the appropriate parties and remit the recoveries to the Plan.*

Empire Blue Cross and Blue Shield is actively pursing reimbursement on all improper payments. Thus far, $923,451 in claim payment errors have been recovered and credited to the New York State Account. As additional recoveries are made, the New York State Account will be credited.

> *Continue working with the Department to develop a comprehensive system of procedures and internal controls to ensure all Medicare-eligible claims are processed appropriately.*

The Department of Civil Service (Department) is responsible for ensuring that all appropriate changes to an enrollee's status are entered in a timely manner on the New York State enrollment system. Additionally, the Department has recently taken over the duty of maintaining the New York State enrollment file from Empire Blue Cross and Blue Shield.

Empire Blue Cross and Blue Shield has been working with the Department in order to facilitate the Department's periodic matching capabilities with the Health Care Financing Administration (HCFA). Information obtained from the HCFA match can be used by the Department to update Medicare-eligible data on the New York State enrollment system, and will be particularly helpful in identifying Medicare-eligible individuals that are under 65 years of age. Historically, this demographic has comprised the majority of your audit findings. The Empire Plan carriers, including Empire, will then be able to more accurately ensure Medicare-eligible claims are processed appropriately based on enrollment information provided by the Department.

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We look forward to continuing our joint effort with the Department to continually refine current controls, as well as develop new controls to ensure that each enrollee's Medicare eligibility is accurately reported.

I want to take this opportunity to thank you and your staff for the courtesy provided throughout the course of this audit. Please feel free to contact me with any questions at 367-6147.

Sincerely,

Josephine Hargis
Assistant Vice President

JH:ch

cc: Charles Conaway, Division of the Budget
Ethel Graber, Empire Blue Cross and Blue Shield
George Sinnott, Department of Civil Service
Dr. Michael A. Stocker, Empire Blue Cross and Blue Shield