Jason O'Malley
Regional Vice President, Sales
15 Plaza Drive
Latham, NY 12110
(518) 713-6190
Jason.O'Malley@anthem.com

March 25, 2024

Laura Brown, Audit Supervisor
Office of the New York State Comptroller
110 State Street
Albany, NY 12236

Re: OSC Audit 2021-S-33

Dear Ms. Brown:

We reviewed the Final Report for Audit 2021-S-33 and appreciate the opportunity to respond to your recommendations. For the remainder of this response, we will refer to Anthem Blue Cross as "Anthem," Office of the New York State Comptroller as "OSC," and New York State as "NYS."

Background: Anthem provides coverage for inpatient and outpatient hospital services which include the administration of drugs in a hospital setting.

As per industry standard, hospitals acquire drugs primarily through manufactures they have agreements with. This ensures the hospitals have adequate pharmaceutical resources for patient care in a timely manner.

Recommendation #1:

Work with Civil Service to review the remainder of the $1,736,399 ($1,580,240 + $110,613 + $45,546) in physician-administered drugs identified by the audit and make recoveries as warranted.

OSC completed a formal review of 62 claims, 17 of which were billed as no cost with a total charge of $0.01 per Centers for Medicare & Medicaid Services (CMS) guidelines and processed through the facility's local BlueCross BlueShield plan. Anthem worked with the local BlueCross BlueShield plan to initiate recoveries, and to date have recovered $107,295 for 14 claims, which has been credited back to NYS and have open recovery requests for the remaining three claims appropriately billed.

For the additional 45 claims cited as incorrectly paid for items acquired at no cost, Anthem has initiated recoveries and to date have recovered $59,682, which has been credited back to NYS.

Additionally, OSC identified approximately 3,200 claims outside of their sample where they cited a potential duplication of payment. OSC's methodology for identifying these claims was a comparison of claim data between Anthem and the Prescription Drug Program administered by CVS Caremark. A National Drug Code (NDC) was not present in the Anthem claim data, so OSC used a CMS crosswalk to determine the equivalent codes as defined through Healthcare Common Procedure Coding System (HCPCS) of the NDC in the pharmacy data. If a date of service in the pharmacy data was present 30-days prior to the hospital date of service, OSC concluded a drug was potentially paid by both Anthem and CVS Caremark.

Anthem will discuss establishing a review process with Civil Service for the 3,200 claims identified outside of OSC's audit sample to determine if duplication of payment occurred for the purpose of identifying recoveries. If Civil Service can support this effort, and the parties agree that the criteria established in fact supports a duplicate claim, Anthem will initiate recoveries where appropriate.

Recommendation #2:

Work with Civil Service to Identify physician-administered drugs paid for by both the Hospital and Prescription Drug Programs and develop a process to prevent future overpayments.

As standard practice, Anthem looks for potential duplication of payment under a member's medical and prescription drug benefits. These types of reviews are usually targeted at specific drugs and have audit concepts in place to systematically identify claims for this scenario. These types of reviews have not produced any significant findings that were not previously addressed by our internal audit process, systematically identified, or both. Anthem will need to discuss this recommendation with Civil Service and determine the practicability of developing a process similar to how the claims were identified by OSC in Recommendation #1, to identify potential duplication of payment for physician-administered drugs by leveraging the monthly data files from Anthem and CVS Caremark.

Recommendation #3:

Remind facility officials on how to properly bill for no-cost drugs (indirect approach).

Anthem follows the Center for Medicare and Medicaid Services Guideline, *Billing and Coding: Patients Supplied Donated or Free-of-Charge Drug* regarding the acquisition and billing of no cost drugs. In cases where a hospital obtains a no-cost drug from a specialty pharmacy, meaning the drug was procured and billed through the Prescription Drug Program, hospitals will typically bill for the administration of the drug only, however some facilities may bill the drug code on the claim form with the charge of $0.01.

Providers use the FB modifier to denote an item was acquired at no cost to the provider, which is not reimbursable by Anthem. On October 1, 2022, Anthem implemented a reimbursement policy to clarify the appropriate use of this modifier. This reimbursement policy instruct facility providers to bill drugs with a FB modifier when they are provided to them without cost.

OSC identified 26 claims where the facility agreed with OSC's findings, 24 of which were for out-of-area hospitals. Anthem worked directly with the facilities directly participating with Anthem,

and, when applicable, the Local BlueCross BlueShield plans to make recoveries on these claims, the majority of which are complete and have been credited back to NYS.

Recommendation #4:

Fix claim processing-related controls to ensure claims for no-cost drugs billed in accordance with guidelines are correctly paid.

Anthem has a reimbursement policy in place advising providers that modifier "FB" should be billed in conjunction with devices, supplies, or drugs obtained at no cost. We are also completing a review of our claim processing systems to ensure claims billed with either an FB modifier or at $0.01 are processing correctly.

Anthem has a pre- payment concept in place to systematically identify and capture claim lines with a charge greater than $0.01 billed with an "FB" to ensure overpayments are not made prior to payment being issued to the provider and a post-payment concept in place that captures claims billed with an FB modifier and payment greater than our recovery threshold of $30.

Recommendation #5:

Review the remainder of the $1,040,111 ($795,099 + $245,012) in properly paid physician administered drugs identified and make recoveries, as warranted.

OSC cited a total of $823,891 in findings associated with documentation they deemed insufficient. Anthem disagrees with OSC's methodology of categorizing claim reimbursement when a hospital is unable to provide documentation, or documentation OSC deems insufficient as an audit finding. The audit timeframe spanned back six (6) years, with the majority of the dates of service in 2020 and 2021when hospital resources were strained due to the COVID-19 national Public Health Emergency which began on January 31, 2020

OSC also cited $245,012 in findings associated with incorrect units billed by the hospital where the provider billed a drug in excess of allowed units, or the provider billed units in excess of what was used. To date, Anthem has recovered payment on five of the eight claims, and have credited $70,698 back to NYS. Anthem is attempting recoveries on the remaining three claims, where the provider and Anthem agree with OSC's findings.

As of March 1, 2024, Anthem has recovered a total of $418,135.54 throughout the course of the audit. Anthem will continue to pursue recoveries where contractual and regulatory timeframes allow and report them to OSC in their Quarterly Audit Recovery Report.

Recommendation #6:

Review claims billed for physician-administered drugs in excess of allowed limits to recover overpayments and make necessary changes to the claims processing system to prevent future improper overpayments.

Any drugs administered in a hospital setting, are covered, and reimbursed based on medical necessity and can vary by patient. Submitted claims are reviewed against CMS and FDA Guidelines in addition to our Medical Policy. When a claim exceeds the daily recommended

threshold, and the individual claim line exceeds our dollar threshold; medical records are requested and reviewed. These thresholds apply to approximately 600 drugs.

Anthem completes a monthly data pull which includes all hospital claims billed with drug codes.. Using data science, Anthem identifies claims matching audit concepts; a manual review of the data is also performed to ensure all overpayments due to billing and payment errors are captured. This audit concept includes claims where maximum units were exceeded. When a claim does not match this, it is reviewed by a pharmacist and assigned to an auditor for research and recovery where warranted. This audit concept is reviewed quarterly and if necessary criteria is updated.

Beginning with claims processed on and after February 17, 2024, we enhanced our claim edit process for outpatient facility claims to apply the Medicare National Correct Coding Initiative (NCCI) Medically Unlikely Units Edits (MUEs). NCCI edits are guidelines developed by CMS, to promote national correct coding based on industry standards for current coding practices. These edits provide an opportunity to shift post payment reviews to pre-payment for outpatient facility claims. These edits will cause claims to deny where frequency limits tied to MUE's when correct coding guidelines are not followed.

In addition to our existing pre and post payment edits, we are in the process of determining additional opportunities to systematically identify facility claims where units exceed units based on CMS, FDA, and our Medical Policy.

Recommendation #7:

Remind facility officials of proper billing and documentation requirements regarding physician-administered drugs.

Our Provider Manual is publicly available online and outlines the requirements for billing. The manual is routinely reviewed and updated (as needed) to ensure our providers have access to the most up-to-date information.

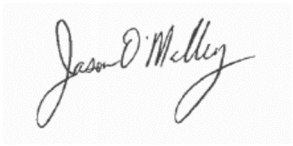
All hospitals are required to include the following when billing a physician administered drug:

- Applicable HCPCS/CPT Codes
- Number of units
- National Drug Code (NDC) for each drug item billed
- Unit of measure qualifier
- NDC units dispensed

Anthem continues to take OSC's recommendations very seriously and have comprehensive processes in place to ensure that physician administered drugs are reimbursed per the terms of our agreements with the hospitals.

We appreciate the ongoing partnership we have with your office and thank you for the courtesy extended throughout the audit process.

Sincerely,



Jason O'Malley
Regional Vice President, Sales
Anthem Blue Cross

Cc: Angela Blessing, Anthem Blue Cross
Janna Burns, Anthem Blue Cross