

NYC selects Anthem for retirees' coverage — after feds sue over alleged Medicare fraud

By

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Updated



The US Justice Department is suing healthcare insurance carrier Anthem for allegedly overcharging Medicare by millions of dollars. Getty Images

The healthcare insurer that the city recently chose to provide medical coverage for 275,000 retired workers [is being sued](#) by the US Justice Department for overcharging Medicare by millions of dollars.

The Manhattan US Attorney's Office brought the civil-fraud suit against Anthem in March 2020, and the case is still pending.

But that didn't stop former Mayor Bill de Blasio from selecting Anthem for local-government retiree coverage this past fall — or now-Mayor Eric Adams from signing off on the deal last week.

The fraud suit against Anthem alleges that the company did not clean up faulty data rendered by hospitals and other medical providers in its reimbursement claims submitted to the federal Centers for Medicare and Medicaid Services.

“By ignoring its duty to delete thousands of inaccurate diagnoses, Anthem unlawfully obtained and retained from CMS [Center for Medicare Services] millions of dollars in payments under the risk adjustment payment system for Medicare Part C,” a press release accompanying the suit said.



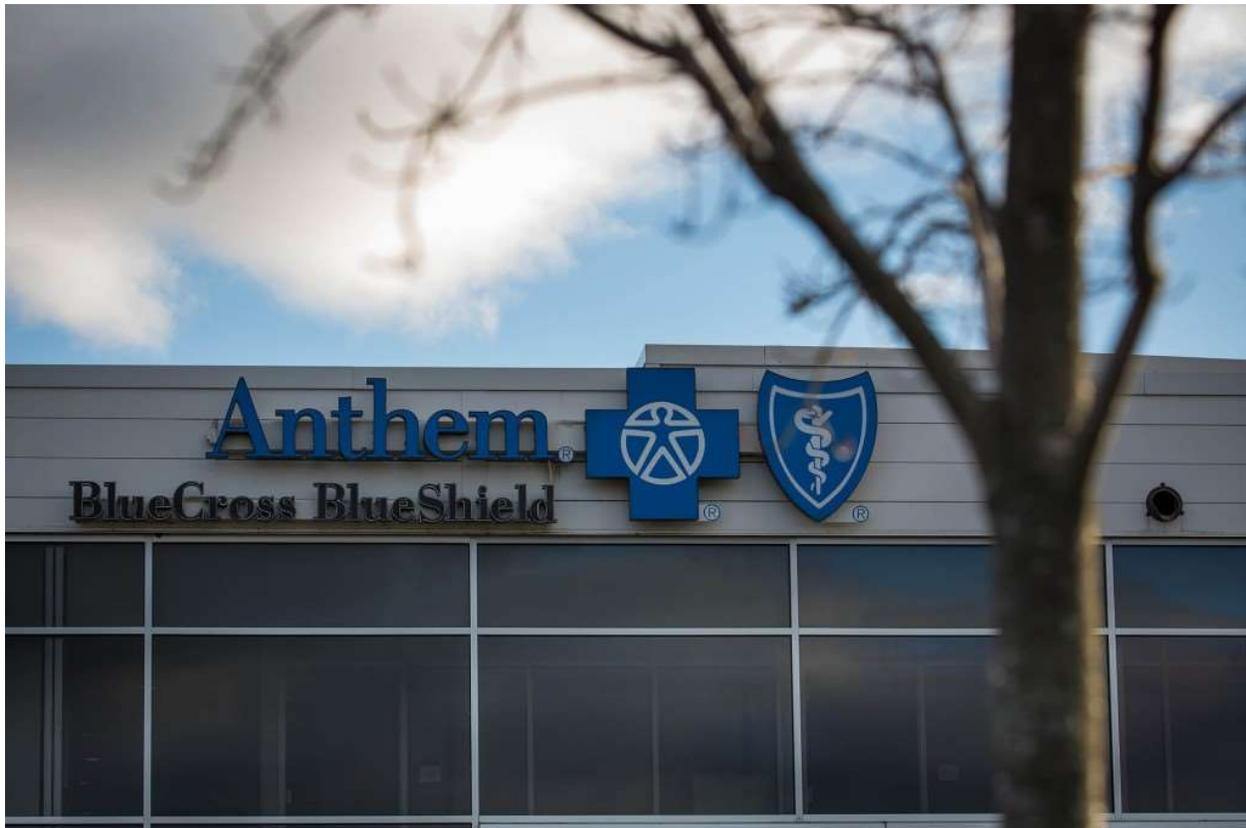
Mayor Eric Adams recently praised Anthem/Blue Cross Shield, saying it provides the best deal for city retirees. Getty Images for NYFW: The Shows

In [Mayor Adams' statement](#) last week supporting the selection of the Anthem/Blue Cross Shield and Emblem Health Alliance to run the city's Medicare Advantage Plus program, he called the deal “in the best interest of retirees and city taxpayers.”

Adams was signing off on an agreement reached by de Blasio and the Municipal Labor Council, the coalition of unions representing retired government workers.

“The NYC Medicare Advantage Plus Plan unveiled last year — the product of many months of negotiations between the city and the Municipal Labor Committee, representing more than 100 unions — will continue to offer premium-free health coverage to retirees, along with new and enhanced benefits,” Adams said.

“That is why after a careful and thorough review by my administration, I am announcing my support for this plan. I believe the new program will be in the best interest of retirees and the city’s taxpayers, who stand to save \$600 million annually.”



The civil fraud action states that Anthem “knowingly disregarded” its duty to ensure the accurate data that it submitted for hundreds of thousands of Medicare beneficiaries. Bloomberg via Getty Images

But a rival bidder, insurance [giant Aetna](#), has sued the city alleging the selection process was fixed to favor Alliance, a consortium that includes Emblem Health and Anthem/Blue Cross Blue Shield and has strong ties to union leaders, to operate the new Medicare Advantage Plus program.

A [group of retirees](#) has filed a separate lawsuit to block the implementation of the new \$34 billion, 11-year Medicare supplemental program, claiming they are being forced into a new plan that costs more for fewer benefits.

Retired city workers are eligible for Medicare, the federally run program that provides health insurance for people who reach 65 — but their union contract also calls for the Big Apple to pick up the cost of their monthly premiums for Medicare Part B, which covers outpatient care as well as other supplemental services not covered by Medicare.



Sarah Shapiro of the Cross-union Retirees Organizing Committee is hopeful that Comptroller Lander rejects this contract with Anthem. SOPA Images/LightRocket via Getty Images

Retirees who are critics of the deal with Anthem said the alleged fraud cited by the federal government needs to be looked at by the city.

“This is extremely troubling. I hope the City Council conducts an investigation into how a company that’s accused of defrauding the federal government of millions ended up with a huge contract with the city,” said Sarah Shapiro of the Cross-union Retirees Organizing Committee, a group of city workers who have been petitioning elected officials to try and get Mayor Adams to stop the plan.

“I also hope that Comptroller [Brad] Lander rejects this contract. We expected this level of incompetence from Mayor de Blasio, but it’s very disappointing that Mayor Adams is following his lead,” she said.



A group of retirees has previously filed a separate lawsuit to block the new \$34 billion, 11-year Medicare supplemental program. Bloomberg via Getty Images

City Hall and Anthem had no immediate comment.

Harry Nespoli, head of the Municipal Labor Council who negotiated and defended the Anthem deal, said he was not familiar with the lawsuit.

"It's all in the lawyers' hands," he said.