Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

New Jersey Significantly Improved Its Oversight of Medicaid Adult Partial Care Services Except for Those Provided Using Telehealth During the COVID-19 Public Health Emergency

Why OIG Did This Audit

During a prior audit of Medicaid adult partial care services, we found that New Jersey claimed Medicaid reimbursement for services that did not comply with Federal and State requirements. We recommended that New Jersey refund $94.8 million in Federal Medicaid funds, issue guidance to partial care providers, and improve its monitoring of providers. We performed this audit to determine if New Jersey improved its program oversight and implemented our prior audit recommendations. We included telehealth service performed during COVID-19.

Our objectives were to determine whether New Jersey adequately implemented the recommendations made in our prior audit report and ensured Medicaid adult partial care services complied with Federal and State requirements.

How OIG Did This Audit

Our audit covered $61.3 million in Federal Medicaid reimbursement for 1,378,671 adult partial care claims, that were paid from January 1, 2019, through December 31, 2020. We reviewed a stratified random sample of 100 claims to determine if claims for these services complied with Federal and State requirements.

For each sampled claim, we reviewed service documentation obtained from providers.

What OIG Found

New Jersey adequately implemented the procedural recommendations made in our prior report; however, New Jersey has not refunded our recommended disallowance of $94.8 million in Federal Medicaid funds.

Of the 100 claims in our sample, 56 claims complied with Federal and State requirements, but 44 claims did not. Most of the deficiencies we identified occurred because New Jersey misapplied Federal telehealth flexibilities by issuing guidance not approved by CMS that changed the rate for telehealth services. Based on our sample results, we estimated that New Jersey was improperly reimbursed at least $18.8 million in Federal Medicaid funds for adult partial care services that did not meet Federal and State requirements.

What OIG Recommends and New Jersey Comments

We recommend that New Jersey work with CMS to refund the recommended disallowance of $94.8 million from our prior audit, refund to the Federal Government $18.8 million associated with deficiencies identified in the current audit, and provide training or guidance to address noncompliance issues it identifies during site visits to ensure Medicaid enrollees receive required services with the necessary amount of care.

New Jersey disagreed with our monetary recommendations; however, it agreed with our recommendation that it provide training or guidance to providers. Regarding the current audit, New Jersey stated that reviewing telehealth claims was not part of the audit's objectives and that it did not need a Medicaid State plan amendment for the temporary per diem payment for telehealth services. For in-person services, New Jersey stated that providers maintained proper plans of care and daily documentation to support services provided.

After reviewing New Jersey's comments, we maintain that our findings and recommendations are valid. Our objective did not exclude telehealth claims. Also, New Jersey's Medicaid State plan amendment for the COVID-19 Public Health Emergency stated that the rate for telehealth claims would be the same as in-person services. Regarding in-person claims, we maintain that providers did not include services within plans of care or did not support the number of services claimed.

The full report can be found on the OIG website.