

## Report in Brief

Date: June 2020

Report No. A-02-17-01018

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why **OIG** Did This Audit

New Jersey pays managed care organizations (MCOs) to make managed long-term services and supports (MLTSS) available to Medicaid beneficiaries in home and community-based settings. Recent **OIG** audits of Medicaid home and community-based and managed long-term-care services identified significant vulnerabilities. Therefore, we decided to audit payments in New Jersey for the provision of similar Medicaid services.

Our objective was to determine whether New Jersey ensured that its MCOs complied with Federal and State requirements for beneficiaries enrolled in its Medicaid MLTSS program.

### How **OIG** Did This Audit

Our audit covered 305,539 monthly capitation payments made to 5 MCOs during calendar year (CY) 2016 for beneficiaries enrolled in the MLTSS program who resided in home and community-based settings and for which New Jersey claimed Medicaid reimbursement totaling \$1 billion (\$521 million Federal share). We reviewed a random sample of 100 payments and consulted with a Centers for Medicare & Medicaid Services physician to determine whether the beneficiaries received adequate service planning and care management.

## New Jersey Did Not Ensure That Its Managed Care Organizations Adequately Assessed and Covered Medicaid Beneficiaries' Needs for Long-Term Services and Supports

### What **OIG** Found

New Jersey did not ensure that its MCOs complied with certain Federal and State requirements for beneficiaries enrolled in its Medicaid MLTSS program. For 68 of the 100 monthly capitation payments in our random sample, MCOs did not comply with the requirements to adequately assess and cover the associated beneficiaries' needs for long-term services and supports. Specifically, MCOs did not comply with requirements for (1) providing adequate service planning and care management to the beneficiaries and (2) conducting and documenting assessments; and developing, reviewing, and updating beneficiaries' care plans. These deficiencies occurred because New Jersey did not adequately monitor MCOs for compliance with certain Federal and State requirements.

MCOs' failure to meet contract requirements for adequately assessing and covering beneficiaries' needs for long-term services and supports could have resulted in beneficiaries not getting the services that they needed and may have put their health and safety at risk. On the basis of our sample results, we estimated that New Jersey made monthly payments totaling approximately \$386 million (Federal share) to MCOs that did not comply with certain Federal and State requirements.

### What **OIG** Recommends and New Jersey Comments

We recommend that New Jersey improve its monitoring and follow-up activities to ensure that its MCOs comply with Federal and State requirements detailed in its contracts with the MCOs; and take actions, including imposing corrective action plans, fines, or other financial disincentives on MCOs, to address the MCOs' noncompliance affecting \$721 million (\$386 million Federal share) in capitation payments in CY 2016 and ensure future compliance with contract requirements.

New Jersey partially concurred with our recommendations and described steps it has taken or plans to take to improve its oversight of its Medicaid MLTSS program. We maintain that our recommendations are valid. We recognize New Jersey's efforts to improve its monitoring of the MLTSS program; however, we determined that New Jersey's monitoring during our audit period was not adequate.