



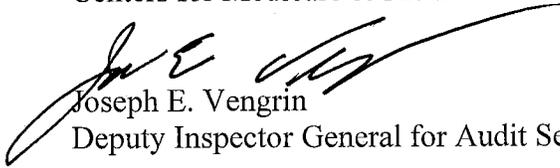
DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

**JUL 17 2009**

**TO:** Charlene Frizzera  
Acting Administrator  
Centers for Medicare & Medicaid Services

**FROM:**   
Joseph E. Vengrin  
Deputy Inspector General for Audit Services

**SUBJECT:** Review of New Jersey's Compliance With the "Reimbursement of State Costs for Provision of Part D Drugs" Medicare Demonstration Project Requirements (A-02-08-01007)

Attached is an advance copy of our final report on New Jersey's compliance with the "Reimbursement of State Costs for Provision of Part D Drugs" Medicare demonstration project requirements. We will issue this report to the New Jersey Department of Human Services (DHS) within 5 business days.

On February 14, 2006, New Jersey submitted its "Section 402 Demonstration Application" (Medicare demonstration application) to the Centers for Medicare & Medicaid Services (CMS). By submitting its Medicare demonstration application, New Jersey agreed to pay for full-benefit dually eligible beneficiaries' drug claims overseen by DHS. DHS's participation in the demonstration project covered drug claims with dates of service from January 1 through March 31, 2006, and related administrative costs from January 1 through June 30, 2006.

CMS reimbursed DHS a total of \$79,200,390 for Medicare demonstration project costs. DHS included \$79,012,142 of this amount on its Medicaid Forms CMS-64. DHS officials stated that they planned to adjust the Forms CMS-64 after receiving reimbursement through the demonstration project.

Our objectives were to determine whether DHS (1) complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries and (2) claimed drug and administrative costs to both the Medicaid program and the Medicare demonstration project.

DHS complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries. However, DHS claimed some drug and administrative costs to both the Medicaid program and the Medicare demonstration project. Of the \$79,012,142 that DHS was reimbursed through the Medicare demonstration project and that

it included on its Medicaid Forms CMS-64, DHS accurately adjusted its Forms CMS-64 to reflect \$67,760,577 (\$33,880,289 Federal share) for some drug costs. However, DHS did not adjust its Forms CMS-64 to reflect \$11,251,565 (\$5,752,077 Federal share) for additional demonstration project costs. According to DHS officials, DHS did not adjust its Forms CMS-64 to account for some of its drug costs and most of its administrative costs paid through the Medicare demonstration project because of a clerical oversight.

We recommend that DHS refund \$5,752,077 to the Federal Government for improper Medicaid drug claim payments (\$5,175,985) and administrative cost payments (\$576,092). We are not making any procedural recommendations because the demonstration project has ended.

In its comments on our draft report, DHS said that it would adjust its expenditure reports in accordance with our recommendation.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact George M. Reeb, Assistant Inspector General for the Centers for Medicare & Medicaid Audits, at (410) 786-7104 or through email at [George.Reeb@oig.hhs.gov](mailto:George.Reeb@oig.hhs.gov) or James P. Edert, Regional Inspector General for Audit Services, Region II, at (212) 264-4620 or through email at [James.Edert@oig.hhs.gov](mailto:James.Edert@oig.hhs.gov). Please refer to report number A-02-08-01007.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office Of Inspector General  
Office Of Audit Services

JUL 21 2009

Region II  
Jacob K. Javits Federal Building  
28 Federal Plaza  
New York, NY 10278

Report Number: A-02-08-01007

Jennifer Velez, Esq.  
Commissioner  
New Jersey Department of Human Services  
222 South Warren Street  
P.O. Box 700  
Trenton, New Jersey 06825-0700

Dear Ms. Velez:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of New Jersey's Compliance With the 'Reimbursement of State Costs for Provision of Part D Drugs' Medicare Demonstration Project Requirements." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, OIG reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Richard Schlitt, Audit Manager, at (212) 264-4817 or through email at [Richard.Schlitt@oig.hhs.gov](mailto:Richard.Schlitt@oig.hhs.gov). Please refer to report number A-02-08-01007 in all correspondence.

Sincerely,

James P. Edert  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

Mr. Jonathan Blum  
Acting Director  
Center for Drug and Health Plan Choice  
Centers for Medicare & Medicaid Services  
200 Independence Avenue SW.  
314-G, HHH Building  
Washington, DC 20201

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF NEW JERSEY'S  
COMPLIANCE WITH THE  
"REIMBURSEMENT OF STATE  
COSTS FOR PROVISION OF  
PART D DRUGS" MEDICARE  
DEMONSTRATION PROJECT  
REQUIREMENTS**



Daniel R. Levinson  
Inspector General

July 2009  
A-02-08-01007

# ***Office of Inspector General***

<http://oig.hhs.gov>

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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# *Notices*

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Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act.

## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Title I of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 amended Title XVIII of the Social Security Act (the Act) by establishing Medicare Part D. Medicare Part D provides optional prescription drug coverage for individuals who are entitled to Medicare Part A or enrolled in Medicare Part B. The Centers for Medicare & Medicaid Services (CMS), which administers Medicare, contracts with private prescription drug plans and Medicare Advantage plans to offer prescription drug benefits to eligible individuals.

Full-benefit dually eligible beneficiaries are eligible for benefits under both Medicare and Medicaid. Pursuant to Title I, section 103(c), of the MMA and upon the implementation of Medicare Part D on January 1, 2006, prescription drug coverage for these beneficiaries was transferred from Medicaid to Medicare Part D. Despite CMS's efforts to ensure a smooth transition to Medicare Part D, some full-benefit dually eligible beneficiaries did not enroll in or were not assigned to a Part D plan. As a result, some States paid for these beneficiaries' Medicare Part D drugs during the transition period.

To reimburse States for drug costs and related administrative costs incurred during the transition period, CMS implemented the "Reimbursement of State Costs for Provision of Part D Drugs" Medicare demonstration project pursuant to section 402(a)(1)(A) of the Social Security Amendments of 1967 (codified at 42 U.S.C. § 1395b-1(a)(1)(A) and expressly made applicable to Part D in § 1860D-42(b)). On February 14, 2006, New Jersey submitted its "Section 402 Demonstration Application" (Medicare demonstration application) to CMS. By submitting its Medicare demonstration application, New Jersey agreed to pay for full-benefit dually eligible beneficiaries' drug claims overseen by the Department of Human Services (DHS). DHS's participation in the demonstration project covered drug claims with dates of service from January 1 through March 31, 2006, and related administrative costs from January 1 through June 30, 2006.

CMS reimbursed DHS a total of \$79,200,390 for Medicare demonstration project costs. DHS included \$79,012,142 of this amount on its Medicaid Forms CMS-64. DHS officials stated that they planned to adjust the Forms CMS-64 after receiving reimbursement through the demonstration project.

### **OBJECTIVES**

Our objectives were to determine whether DHS (1) complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries and (2) claimed drug and administrative costs to both the Medicaid program and the Medicare demonstration project.

## **SUMMARY OF FINDINGS**

DHS complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries. For example, DHS ensured that claims were for covered Part D drugs and for drug costs incurred during the demonstration project's effective dates.

However, DHS claimed some drug and administrative costs to both the Medicaid program and the Medicare demonstration project. Of the \$79,012,142 that DHS was reimbursed through the Medicare demonstration project and that it included on its Medicaid Forms CMS-64, DHS accurately adjusted its Forms CMS-64 to reflect \$67,760,577 (\$33,880,289 Federal share) for some drug costs. However, DHS did not adjust its Forms CMS-64 to reflect \$11,251,565 (\$5,752,077 Federal share) for additional demonstration project costs. According to DHS officials, DHS did not adjust its Forms CMS-64 to account for some of its drug costs and most of its administrative costs paid through the Medicare demonstration project because of a clerical oversight.

## **RECOMMENDATION**

We recommend that DHS refund \$5,752,077 to the Federal Government for improper Medicaid drug claim payments (\$5,175,985) and administrative cost payments (\$576,092). We are not making any procedural recommendations because the demonstration project has ended.

## **DEPARTMENT OF HUMAN SERVICES COMMENTS**

In its comments on our draft report, DHS said that it would adjust its expenditure reports in accordance with our recommendation. DHS's comments are included as the Appendix.

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## INTRODUCTION

### BACKGROUND

#### Medicare Part D Prescription Drug Benefit

Title I of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 amended Title XVIII of the Social Security Act (the Act) by establishing Medicare Part D. Medicare Part D provides optional prescription drug coverage for individuals who are entitled to Medicare Part A or enrolled in Medicare Part B. The Centers for Medicare & Medicaid Services (CMS), which administers Medicare, contracts with private prescription drug plans and Medicare Advantage plans to offer prescription drug benefits to eligible individuals.

#### Full-Benefit Dually Eligible Beneficiaries

Full-benefit dually eligible beneficiaries are eligible for benefits under both Medicare and Medicaid. Pursuant to Title I, section 103(c), of the MMA and upon the implementation of Medicare Part D on January 1, 2006, prescription drug coverage for these beneficiaries was transferred from Medicaid to Medicare Part D. CMS took numerous actions to ensure that full-benefit dually eligible beneficiaries continued to receive medications during the transition to Medicare Part D. For example, if a beneficiary did not choose a prescription drug plan by December 31, 2005, CMS randomly assigned the beneficiary to a plan. In addition, to facilitate enrollment of dually eligible beneficiaries at the point of sale, CMS implemented a new eligibility inquiry process for pharmacies to verify Part D plan assignments and employed contractors.

Despite CMS's efforts to ensure a smooth transition to Medicare Part D, some full-benefit dually eligible beneficiaries did not enroll in or were not assigned to a Part D plan. As a result, some States paid for these beneficiaries' Medicare Part D drugs during the transition period.

#### Medicare Part D Demonstration Project

To reimburse States for drug costs and related administrative costs incurred during the transition period, CMS implemented the "Reimbursement of State Costs for Provision of Part D Drugs" Medicare demonstration project pursuant to section 402(a)(1)(A) of the Social Security Amendments of 1967 (codified at 42 U.S.C. § 1395b-1(a)(1)(A) and expressly made applicable to Part D in § 1860D-42(b)). The demonstration project permitted Medicare to fully reimburse States for full-benefit dually eligible beneficiaries' Part D drugs to the extent that the costs were not recoverable from a Medicare Part D plan.<sup>1</sup>

To participate in the demonstration project and receive reimbursement for their incurred costs, States were required to submit a signed "Section 402 Demonstration Application" (Medicare demonstration application) to CMS. By submitting Medicare demonstration applications, States agreed to (1) require pharmacies to bill the Part D plan before relying on State payment (i.e., the

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<sup>1</sup>In addition, the demonstration project provided payments to States for low-income subsidy-entitled beneficiaries' (partial-benefit dually eligible beneficiaries) Part D drugs and for certain administrative costs.

State was the payer of last resort); (2) provide specific information to CMS on Part D drug claims and administrative costs; (3) ensure that claims submitted were for covered Part D drugs; (4) separate demonstration project claims from those payable under other programs; (5) submit claims only for drug costs (not including beneficiary cost sharing) and administrative costs incurred during the demonstration project's effective dates; (6) report to CMS the number of claims, beneficiaries, and expenditures on a timely basis; and (7) ensure that Medicare funding was not used as State Medicaid matching funds (State Medicaid Director Letter No. 06-001 (Feb. 2, 2006); CMS, Section 402 Demonstration Application Template: Reimbursement of State Costs for Provision of Part D Drugs).

CMS required States to submit demonstration project claims directly to its contractor, Public Consulting Group, which determined whether the claims were eligible for reimbursement. CMS then reimbursed States for eligible claims.

### **New Jersey's Participation in the Medicare Part D Demonstration Project**

On February 14, 2006, New Jersey, through two of its agencies, the Department of Human Services (DHS) and the Department of Health and Senior Services (DHSS), submitted its Medicare demonstration application to CMS. New Jersey agreed to pay for full-benefit dually eligible beneficiaries' drug claims (overseen by DHS) and for partial-benefit Part D enrollees entitled to assistance from New Jersey's State Pharmaceutical Assistance Programs (SPAP) (overseen by DHSS).<sup>2</sup> DHS's participation in the demonstration project covered drug claims with dates of service from January 1 through March 31, 2006, and related administrative costs from January 1 through June 30, 2006.

DHS processed drug claims for full-benefit dually eligible beneficiaries through its Medicaid point-of-sale system and claimed the amounts on its Forms CMS-64, "Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program," which CMS subsequently reimbursed at New Jersey's Federal medical assistance percentage (FMAP).<sup>3</sup> DHS officials stated that they planned to adjust the Forms CMS-64 after receiving reimbursement through the demonstration project. CMS officials were aware that some States had submitted demonstration project costs previously claimed on the Forms CMS-64 and orally advised the States to appropriately adjust their Forms CMS-64 to remove claims paid by Medicare.

DHS submitted demonstration project claims for drug costs and administrative costs incurred on behalf of full-benefit dually eligible beneficiaries to the Public Consulting Group and subsequently received reimbursement from CMS totaling \$79,200,390.

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<sup>2</sup>The SPAP-enrolled beneficiaries included Medicare Part D low-income beneficiaries and non-low-income beneficiaries enrolled in New Jersey's Senior Gold and Pharmaceutical Assistance to the Aged and Disabled medical assistance programs.

<sup>3</sup>The FMAP determines the Federal share of the Medicaid program. During our audit period (January 1 through March 31, 2006), the FMAP for drug claims in New Jersey was 50 percent. During this same period, the FMAP for administrative costs ranged from 50 to 100 percent.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

Our objectives were to determine whether DHS (1) complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries and (2) claimed drug and administrative costs to both the Medicaid program and the Medicare demonstration project.

### **Scope**

The audit covered DHS's 1,537,943 drug claims for full-benefit dually eligible beneficiaries submitted under the Medicare Part D demonstration project from January 1 through March 31, 2006. We did not review DHS's drug claims for partial-benefit dually eligible beneficiaries, nor did we determine whether pharmacies attempted to bill beneficiaries' Part D plans before relying on State payment.

The audit also covered DHS's Medicare demonstration project drug costs for the period January 1 through March 31, 2006, and administrative costs for the period January 1 through June 30, 2006, claimed on the Forms CMS-64. CMS reimbursed DHS a total of \$79,200,390 for these Medicare demonstration project costs. DHS included \$79,012,142 of this amount on its Medicaid Forms CMS-64.<sup>4</sup> We did not review whether DHS complied with demonstration project requirements for administrative costs. We reviewed only those internal controls necessary to achieve our objectives.

We performed fieldwork at DHS's offices in Trenton, New Jersey, from April through September 2008.

### **Methodology**

To accomplish our objectives, we:

- reviewed applicable laws, regulations, and guidance;
- interviewed DHS officials to (1) obtain an understanding of their process for identifying and submitting full-benefit dually eligible beneficiary claims under the demonstration project and (2) determine whether they separated demonstration project claims from those payable under other programs;
- obtained from CMS a database of 1,537,943 drug claims for full-benefit dually eligible beneficiaries paid to DHS under the demonstration project for the period January 1 through March 31, 2006;

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<sup>4</sup>The remaining \$188,248 comprised drug claims and administrative costs paid to DHS only through the Medicare program.

- reviewed documentation from DHS identifying the administrative costs that CMS paid to the State under the demonstration project for the period January 1 through June 30, 2006;
- reconciled the total dollar amount of drug claims that DHS reported on its Forms CMS-64 to its computerized claim-processing system for calendar year 2006;
- reviewed a judgmentally selected sample of 30 drug claims paid to DHS under the demonstration project to determine whether (1) the dates of service were during the demonstration project's effective dates, (2) the drugs were covered by Medicare Part D, and (3) any cost-sharing amounts (copayments) on the part of the beneficiary were not included in the claim;
- reviewed a judgmentally selected sample of 30 beneficiaries whose drug claims were paid under the demonstration project to determine whether these beneficiaries were dually eligible; and
- reviewed guidance issued by DHS to the pharmacies, including guidance requiring them to submit Part D-eligible drug claims to Part D plans before billing DHS.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **FINDINGS AND RECOMMENDATION**

DHS complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries. However, DHS claimed some drug and administrative costs to both the Medicaid program and the Medicare demonstration project.

### **DEMONSTRATION PROJECT DRUG CLAIMS**

DHS complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries. Specifically, DHS (1) provided specific information to CMS on Part D drug claims; (2) ensured that claims submitted were for covered Part D drugs; (3) separated demonstration project claims from those payable under other programs; (4) submitted claims only for drug costs incurred during the demonstration project's effective dates; and (5) reported to CMS the number of claims, beneficiaries, and expenditures on a timely basis.

## **DEMONSTRATION PROJECT DRUG AND ADMINISTRATIVE COSTS**

Pursuant to Office of Management and Budget Circular A-87, “Cost Principles for State, Local, and Indian Tribal Governments,” Att. A, §§ C.2.a and C.3.a (2 CFR, pt. 225, App. A, §§ C.2.a and C.3.a), costs submitted under a Federal award must be reasonable and allocable to the Federal award.

Of the \$79,012,142 that DHS was reimbursed through the Medicare demonstration project and that it included on its Medicaid Forms CMS-64, DHS accurately adjusted its Forms CMS-64 to reflect \$67,760,577 (\$33,880,289 Federal share) for some drug costs. However, DHS did not adjust its Forms CMS-64 to reflect \$11,251,565 (\$5,752,077 Federal share) for additional demonstration project costs. Specifically, DHS did not adjust its Forms CMS-64 to reflect \$10,351,971 (\$5,175,985 Federal share) for drug costs and \$899,594 (\$576,092 Federal share) for administrative costs.

According to DHS officials, DHS did not adjust its Forms CMS-64 to account for some of its drug costs and most of its administrative costs paid through the Medicare demonstration project because of a clerical oversight. The officials stated that DHS would not adjust its Forms CMS-64 to correct the oversight until DHS received our draft report.

## **RECOMMENDATION**

We recommend that DHS refund \$5,752,077 to the Federal Government for improper Medicaid drug claim payments (\$5,175,985) and administrative cost payments (\$576,092). We are not making any procedural recommendations because the demonstration project has ended.

## **DEPARTMENT OF HUMAN SERVICES COMMENTS**

In its comments on our draft report, DHS said that it would adjust its expenditure reports in accordance with our recommendation. DHS’s comments are included as the Appendix.

# **APPENDIX**

**State of New Jersey**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

PO Box 712

TRENTON NJ 08625-0712

TELEPHONE 1-800-356-1561

May 29, 2009

JON S. CORZINE  
*Governor*JENNIFER VELEZ  
*Commissioner*JOHN R. GUHL  
*Director*

James P. Edert  
Regional Inspector General for Audit Services  
Department of Health and Human Services  
Office of Inspector General  
Office of Audit Services  
Region II  
Jacob K. Javits Federal Building – Room 3900  
New York, NY 10278

**Report Number A-02-08-01007**

Dear Mr. Edert:

This is in response to your correspondence of March 18, 2009 concerning the Department of Health and Human Services, Office of the Inspector General's (OIG) draft audit report entitled "Report of New Jersey's Compliance With the 'Reimbursement of Part D Drugs' Medicare Demonstration Project Requirements." Your letter provides an opportunity to comment on the draft audit report.

The objectives of this review were to determine whether DHS (1) complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries and (2) claimed drug and administrative costs to both the Medicaid program and the Medicare demonstration project.

The draft report indicates that the New Jersey Department of Human Services (DHS) complied with certain provisions of the Medicare demonstration application when claiming drug costs for full-benefit dually eligible beneficiaries. For example, DHS ensured that claims were for covered Part D drugs incurred during the demonstration project's effective dates.

However, DHS claimed the costs for these beneficiaries to both the Medicare demonstration project and the Medicaid program via the CMS-64 form and had accurately adjusted the form for the initial reimbursement from CMS but, did not adjust the form to account for additional reimbursements made for some drug costs and most of the administrative costs paid through the demonstration because of a clerical oversight.

Following is the recommendation contained in the draft report and our response:

CMS recommended that DHS refund \$5,752,077 to the Federal Government for improper Medicaid drug claim payments (\$5,175,985) and administrative cost payments (\$576,092).

James P. Edert  
May 29, 2009  
Page 2

- The Section 402 Demonstration for Reimbursement of State Costs for Provision of Part D Drugs covered beneficiaries serviced under both the Medicaid and the State Pharmacy Assistance (SPAP/State Funded) Programs. In New Jersey, these programs are operated under the auspice of the Department of Human Services (DHS) and the Department of Health and Senior Services (DHSS) which established two payees; these circumstances assisted in the clerical oversight that occurred.
- DHS had outstanding claims in the amount of \$10,351,971 to be reimbursed from the demonstration. DHS received confirmation from our Department of Treasury regarding Medicare demonstration reimbursement from CMS in the amount of \$5,350,556. Through the OIG audit, it was clarified that of this amount, \$4,324,668 was for Medicaid claims (included on the CMS expenditure reports) and \$1,025,897 was for administrative reimbursement (of which \$899,591 was included on the CMS expenditure reports as administrative costs). It was also determined that overpayments were made by CMS to DHSS that should have been paid to DHS for the balance of the Medicaid claims (which were also included on the CMS expenditure reports). Therefore, the state will make an adjustment on line 9. D. Other Collection in the amount of \$11,251,565 (\$5,752,077 FFP) to reflect the receipt of these Part D reimbursements and to be consistent with the previous adjustment made for the \$67,760,577 reimbursement credited in the QE 6/06, CMS expenditure report.
- It is the understanding of the State that the focus of this audit was solely on the Medicaid operations, costs and compliance with the demonstration. However, it should be noted that the State believes an audit of the entire aspects of the demonstration (Medicaid, SPAP and CMS directives) would have also shown that the State incurred \$465,807 in unreimbursed expenditures for this demonstration.

The opportunity to review and comment on this draft report is greatly appreciated. If you have any questions or require additional information, please contact me at 609-588-2600 or David Lowenthal at 609-588-7933.

Sincerely,



John R. Guhl  
Director

JRG: L

c: Jennifer Velez  
David Lowenthal