



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF RISK MANAGEMENT

P. O. Box 620
TRENTON, NEW JERSEY 08625-0620

TELEPHONE: (609) 292-1850

FACSIMILE: (609) 292-2437

ELIZABETH MAHER MUOIO
State Treasurer

MICHAEL D. SMITH
Acting Director

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

AUDIT RECOMMENDATIONS

Recommendation 1

The Division of Risk Management (Division) agrees with Recommendation 1 and will develop policies and procedures which will be included in its Manual to ensure accurate calculation of injured employees' Workers' Compensation benefits and provide uniformity to avoid potential confusion. Division has obtained the counsel's opinion that it should use wages at the time of injury for calculating benefits. The Division will seek Attorney General (AG) review of the revised Manual before its release to our staff. The Division staff will be provided training accordingly.

The Division has provided and will continue to provide training to human resources representatives in other State agencies, specifically on providing training focused on reducing wage submission errors.

The Division's new cloud-based claims management system which is expected to be active before the end of 2024, will gather accurate wage data through direct integration with platforms from the Office of Information Technology (OIT), the Civil Service Commission (CSC), and the Office of Management & Budget (OMB).

Recommendation 2

The Division agrees with Recommendation 2. As stated in the report, use of the RMIS calculator and supervisory review is now mandatory. The Division will update its policies and procedures which will be included in the revised Manual to minimize chances of calculation errors and ensure proper supervisory oversight. These updated policies and procedures will undergo legal review by the AG's office prior to their inclusion in the revised Manual. The Division staff will be provided training accordingly.

The Division's new cloud based claims management system which is expected to be active before the end of 2024 will automatically calculate the benefits a State employee is entitled to receive by relying on the statutory and business process requirements that will be built into it. These requirements will match those contained in the Division's policies and procedures. Furthermore, the completion of a digital workflow approval and checklist form, within the system, involving the investigator, supervisor, and a manager (when warranted), will be required before payment can be processed.

Recommendation 3

The Division understands the comments and recommendations provided for under Recommendation 3 related to fit for duty assessments and multiple injuries. The Division will develop policies and procedures to effectively manage fit for duty assessments and multiple claims which will be included in the Manual and seek AG's office guidance and approval regarding these recommendations. The Division staff will be provided training accordingly.

With respect to Accident Frequency Reports, the Division expects to integrate these reports into our new Cloud based claims management system which is expected to

be active before the end of 2024. The Division's new system will automatically identify and track claimant and location accident history, with said information readily available to Division staff on all related claims. In the interim, we will evaluate our current system to determine whether automated reports can be produced in the short term.

The Division also appreciates the Auditor's statements relating to N.J.S.A. 52:18A-222, including the creation of a Risk Management Committee. We understand the statutory requirements and will consult with the Treasurer, the Commissioner of Banking and Insurance and the AGs office as we work to implement this mandate.

Recommendation 4

The Division agrees with Recommendation 4 relating to the TWC and the Division's coordination with the Division of Pension and Benefits when individuals return to work. The Division's revised Manual will include policies and procedures to implement this recommendation. We will work with the AGs to review the revised policies and procedures before their inclusion in the revised Manual. The Division will also provide additional training to its staff related to this recommendation. The Division will work with the Division of Pensions and Benefits on updating joint processes and policies.

The Division's new cloud based claims management system which is expected to be active before the end of 2024 integration with OIT's payroll system referenced in Recommendation #1 will also include daily feeds on an employee's status. The new system will integrate and share data with the Division of Pension's Retirement Tracking System (RTS) to identify and prevent overlapping benefits. Once an employee with a workers compensation is identified as having applied for or being approved for any type of Pension benefit, the claim will be flagged, and benefit payments paused until a workflow benefit review and approval form is completed by the investigator, supervisor and manager.

Recommendation 5

The Division agrees with Recommendation 5 regarding implementing policies and procedures requiring more frequent case file reviews and timely monitoring of claimants' work status changes. The Division will update and revise its policies and procedures included in the Manual to ensure more frequent file reviews, as appropriate. The Division will work with the AG's office to review these policies and procedures to ensure its compliance with applicable laws. The Division will also provide training to our staff and human resources representatives.

The Division's new cloud based claims management system which is expected to be active before the end of 2024 will have an automatic periodic file diary review date feature for the Investigator, Supervisor and Manager, via an auto system alert and action plan, which involves the completion of the required Claim Review & Assessment Checklist Form and diary entry tabs.

Recommendation 6

The Division agrees with Recommendation 6 regarding improving claim management. The Division will work with the AG's office to review the relevant policies and procedures to effectuate the recommendation and ensure its compliance with applicable laws. The Division will also provide training to our staff and human resources representatives.

The Division's new cloud based claims management system which is expected to be active before the end of 2024, will have a digital Claim Review & Assessment Checklist which will outline key investigatory techniques and the actions required that are unique to the specific case. Division staff will be required to review and update this checklist on each scheduled diary date. The system will also have links to key investigatory sources, with guidance and instructions.

Recommendation 7

The Division agrees with Recommendation 7 regarding enhancing the Division's monitoring of its current vendor. The Division will continue to work with the vendor to ensure compliance of all performance metrics.

The Division's new claims management system will communicate with the vendor's system, and will have specific reporting requirements, so as to facilitate the Division's monitoring and auditing of the vendor's performance under the contract.

The Division will also seek additional documentation from the vendor and seek independent review of the vendor's performance.