



State of New Jersey

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Director

December 12, 2016

VIA CERTIFIED AND ELECTRONIC MAIL

Mr. Scott Carey
Chief Operating Officer
Metropolitan Family Health Network
935 Garfield Ave.
Jersey City, NJ 07304

RE: Final Audit Report – Metropolitan Family Health Network

Dear Mr. Carey:

The New Jersey Office of the State Comptroller, Medicaid Fraud Division (OSC), conducted an audit of Metropolitan Family Health Network (MFHN) covering the period July 1, 2014 through December 31, 2014. OSC selected MFHN for a limited scope review to determine whether MFHN received proper Medicaid wrap-around payments for services rendered. This final audit report includes OSC's findings and MFHN's response.

Executive Summary

As part of its oversight of the Medicaid and New Jersey FamilyCare (Medicaid/NJFC) programs, OSC conducted a limited scope audit of MFHN that focused on the reconciliation of "wrap-around" payments made to MFHN. In order for a Federally Qualified Health Center (FQHC) to be reimbursed for services rendered, the FQHC first seeks payment from the appropriate Managed Care Organization (MCO). Based on the level of coverage, the MCO may pay the FQHC all, a portion or none of the claim. If the MCO reimbursement is less than the total amount of the encounter claim, the FQHC will then submit a claim for the balance due to the Medicaid program, which will then make a supplemental payment (wrap-around) to the FQHC for the difference. As part of this audit, OSC confirmed with the MCOs whether MFHN received payments for the encounter claims that correlate with information on MFHN's quarterly wrap-around reports. Using this approach, OSC determined that MFHN was overpaid for 83 encounter claims totaling \$11,796.79. This overpayment is attributed to instances where MFHN's wrap-

around reports did not reconcile with reports that MFHN submitted to the MCOs or to reports indicating that the MCOs denied payments.

Background

FQHC services are provided by physicians, physician assistants, advanced practice nurses, nurse midwives, psychologists, dentists and clinical social workers in accordance with State and Federal regulations. FQHCs operate in underserved communities, servicing individuals who have Medicaid, Medicare, private insurance, or no health insurance. FQHCs must provide services regardless of a patient's ability to pay or health insurance status.

Under federal Medicaid law, based initially on the Medicare payment system, FQHCs are guaranteed a specific reimbursement amount for every Medicaid recipient encounter billed. A billable claim occurs when a patient visits an FQHC, has face-to-face contact with a qualified practitioner and receives medically necessary services. FQHCs receive reimbursement for billable claims either solely on a fee-for-service (FFS) basis directly from the Medicaid program, the Division of Medical Assistance and Health Services (DMAHS), or, as in the majority of cases, jointly on a managed care (Encounter) and Medicaid/NJFC basis. FFS payments occur when a Medicaid recipient prior to enrollment in an MCO receives a medically necessary service from a FQHC or for particular services that DMAHS has carved out of MCO contracts for payment as FFS services. For Medicaid recipients who are enrolled in an MCO, the FQHC bills the MCO for the encounter. Based on the level of coverage, the MCO may pay the FQHC all, a portion, or none of the encounter claim. When an MCO pays the FQHC for a portion of an encounter claim, the FQHC is entitled to submit the remaining portion of the claim (wrap-around) to the Medicaid/NJFC program for payment. In such cases, the Medicaid/NJFC program will make a supplemental payment to the FQHC to make up the difference.

FQHCs are required to submit quarterly wrap-around reports to the Medicaid/NJFC program in order to receive supplemental payments for MCO encounter claims. This quarterly report documents the number of MCO encounters multiplied by the reimbursement rate per encounter, less the payments received by an FQHC from an MCO for each encounter, during the quarter. Overpayments to an FQHC may occur when the FQHC submits overstated numbers of MCO encounters, understated MCO payments, or both.

MFHN is an FQHC provider located in Jersey City, New Jersey. MFHN enrolled in the Medicaid/NJFC program effective September 1, 2006.

Objective

The objective of this limited scope audit was to determine whether MFHN's quarterly wrap-around reports were supported by the appropriate documentation. The audit was conducted under the authority of the Medicaid Program Integrity and Protection Act, N.J.S.A. 30:4D et seq. and 52:15C-23.

Scope

The scope of this desk audit entailed a limited review and reconciliation of MFHN's quarterly wrap-around reports to corresponding MCO information for the period beginning July 1, 2014 through December 31, 2014.

Audit Methodology

The audit methodology entailed the reconciliation of the quarterly wrap-around reports MFHN submitted to Medicaid/NJFC to the documentation MFHN submitted to the MCOs for the period audited.

Audit Finding

Wrap-Around Encounter Reconciliation

OSC's review revealed that MFHN's wrap-around reports did not reconcile with the MCO documentation as follows:

1. OSC identified 43 encounters with payments totaling \$6,111.59 that were reported to Medicaid/NJFC on quarterly wrap-around reports that were not indicated on the encounter data that MFHN submitted to the MCOs. Consequently, OSC seeks to recover the overpayment totaling \$6,111.59.
2. OSC identified 40 encounters with payments totaling \$5,685.20 that were reported to Medicaid/NJFC on quarterly wrap-around reports for payment by DMAHS that were denied by the MCOs without question by the FQHC and not identified as denied to DMAHS. Consequently, OSC seeks to recover the overpayment totaling \$5,685.20.

Overall, OSC seeks the recovery of \$11,796.79 for 83 encounters that were reported inappropriately on wrap-around reports.

Recommendations

OSC recommends that MFHN reimburse Medicaid/NJFC a total of \$11,796.79. Also, OSC recommends that MFHN strengthen its internal controls over the review of encounter data submitted to the MCOs by reconciling encounter data submitted to the MCOs with encounter data submitted to the Medicaid/NJFC and by advising Medicaid/NJFC of any errors in subsequent quarterly submissions. Additionally, OSC recommends that MFHN should reinforce the requirements of wrap-around reporting by training its employees in this facet of MFHN's operations.

MFHN Response

MFHN's Chief Operating Officer (COO) submitted a response, which included a corrective action plan (CAP). As part of its CAP, MFHN took issue with OSC's finding regarding referenced Horizon NJ Health claims. Specifically, MFHN stated that "[d]espite the fact that the Horizon NJ Health claims are capitated and should not be included in this calculation (19 out of 83), MFHN will reimburse Medicaid/NJFC the amount due \$11,796.79." MFHN's CAP also outlined a process for improving internal controls over reporting wrap-around payments and a plan for training those employees responsible for these activities.

The full text of MFHN's response is included as an Attachment to this report.

OSC Response

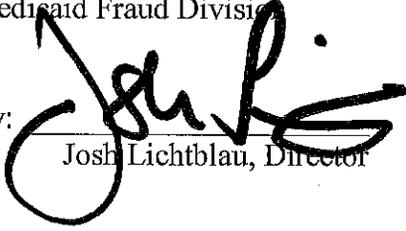
Although MFHN agreed to reimburse the Medicaid Program \$11,796.79, it claimed that the Horizon NJ Health claims should not be included in the calculation because Horizon's claims are capitated. MFHN's position is incorrect. OSC's analysis was based upon a post-payment review of the quarterly wrap-around reports, which only included the MCO encounter claims that MFHN reported to the State and for which MFHN subsequently received supplemental wrap-around payments from the Medicaid/NJFC program in excess of the federally determined payment amount. Therefore, OSC maintains its finding that MFHN misreported the 83 encounters, including the 19 Horizon NJ Health encounters, on the quarterly wrap-around reports and improperly received an overpayment of \$11,796.79. Notwithstanding that issue, MFHN has agreed to fully reimburse the Medicaid/NJFC program for the overpayment MFHN received.

In sum, MFHN provided a CAP that outlined processes to strengthen its review of encounter data submitted to the MCOs and to provide staff additional training regarding the requirements of wrap-around reporting. In addition, based upon MFHN's agreement to reimburse the Medicaid/NJFC program for the full amount identified in this audit and to initiate steps to improve the wrap-around reporting process, OSC believes that no further action is necessary.

Sincerely,

OFFICE OF THE STATE COMPTROLLER
Medicaid Fraud Division

By:


Josh Lichtblau, Director

Attachment

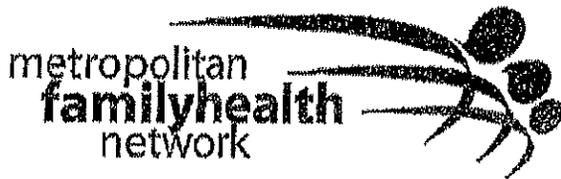
Cc: Kay Ehrenkrantz, Deputy Director
Michael Mc Coy, Manager – Fiscal Integrity
Michael Morgese, Audit Supervisor
Glenn Geib, Supervisor, Recovery

NJ Office of the State Comptroller - Medicaid Fraud Division
Wrap-around Encounter Reconciliation Summary
For the Audit Period: July 1, 2014 through December 31, 2014

1 Encounters not Reconciled			
Managed Care Organization	3Q2014	4Q2014	TOTAL
HealthFirst	2		
Horizon NJ Health	9	2	
UnitedHealth Care	18	11	
Scion	1		
Total Encounters	30	13	43
PPS Rate	\$142.13	\$142.13	
Total Recovery (Total Enc. X PPS rate)	\$4,263.90	\$1,847.69	\$6,111.59

2 Encounters Denied			
Managed Care Organization	3Q2014	4Q2014	TOTAL
Amerigroup	1	1	
Horizon NJ Health	1	7	
UnitedHealth Care	1	20	
Scion	5	4	
Total Encounters	8	32	40
PPS Rate	\$142.13	\$142.13	
Total Recovery (Total Enc. X PPS rate)	\$1,137.04	\$4,548.16	\$5,685.20

TOTAL ENCOUNTERS	83
TOTAL RECOVERY	\$11,796.79



METROPOLITAN
FAMILY HEALTH
NETWORK INC.
CORPORATE OFFICE

September 16, 2016

BY CERTIFIED MAIL

State of New Jersey
Office Of The State Comptroller
Medicaid Fraud Division
P.O. Box 025
Trenton, NJ 08625-0025
Attn: Michael M. Morgese, Audit Supervisor

Re: Draft Audit Report - Metropolitan Family Health Network (Provider ID# [REDACTED])

Dear Mr. Morgese:

The enclosed Corrective Action Plan is being submitted in response to your Draft Audit Report letter dated 8/31/16 and the recommendations contained in the letter.

The recommended reimbursement to Medicaid/NJFC totaling \$11,796.79 will be submitted separately.

If you have questions about the corrective action plan or reimbursement, please feel free to contact me at 201-478-5829.

Thank you for your help.

Sincerely,


Scott Carey, E.O.P.

cc: J. Dublin, CEO
P. Bealy, CMO
I. Rothblut, CPA

935 Garfield Avenue • Jersey City, NJ 07304

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SEP 22 2016		
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OFFICE OF THE STATE COMPTROLLER		

**Metropolitan Family Health Network, Inc.
Corrective Action Response Work Plan**

Issue/Requirement	NJ OSC Recommendation(s)	Response/Action Plan	Responsible Individual(s)	Time Frame
<p>Wrap-Around Encounter Reconciliation</p>	<p>1) OSC recommends that MFHN reimburse Medicaid/NJFC a total of \$11,796.79.</p> <p>2) MFHN needs to strengthen its internal controls over the review of encounter data submitted to the MCOs</p>	<p>1) Despite the fact that the Horizon NJ Health claims are capitated and should not be included in this calculation (19 out of 83); MFHN will reimburse Medicaid/NJFC the amount due \$11,796.79.</p> <p>2) Internal control on data submitted to the MCOs will be strengthened by conducting quarterly audits on a sample basis to verify the encounter data submitted to MCO's. From these sample audits we will conduct training and provide additional logic in our IT system to prevent additional errors in data.</p>	<p>CEO</p> <p>CFO</p>	<p>10/2016</p> <p>On going</p>

**Metropolitan Family Health Network, Inc.
Corrective Action Response Work Plan**

Issue/ Requirement	NJ OSC Recommendation(s)	Response/ Action Plan	Responsible Individual(s)	Time Frame
	<p>3) <i>MFHN should reinforce the requirements of wrap-around reporting by training its employees in this facet of MFHN's operations.</i></p>	<p>3) <i>Front Desk/registration personnel will be trained to reinforce the importance of proper collection of patient demographic information especially in the area of insurance information. Insurance verification will be given extra consideration in the daily processing of patient scheduling. Additionally, Metropolitan has recently hired a new front desk supervisor (registration) well versed in New Jersey reimbursement to conduct additional training.</i></p>	<p>Front Desk/Billing Manager</p>	<p>On going</p>