



State of New Jersey

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

OFFICE OF THE STATE COMPTROLLER
MEDICAID FRAUD DIVISION
P.O. BOX 025
TRENTON, NJ 08625-0025
(609) 826-4700

PHILIP JAMES DEGNAN
State Comptroller

JOSH LICHTBLAU
Director

FOR IMMEDIATE RELEASE
November 20, 2018

Contact: Robert Shane
(609) 984-2888

Ammon Analytical Laboratory, LLC Agrees to Repay Medicaid over \$3 Million in Improper Payments Identified by the State Comptroller's Medicaid Fraud Division

TRENTON – An audit released today by the Medicaid Fraud Division (MFD) of the Office of the State Comptroller found multiple irregularities in the billing records of a leading drug testing laboratory that services some of the state's largest drug treatment facilities. As a result of the audit, Ammon Analytical Laboratory, LLC (Ammon) has agreed to repay to the Medicaid program \$3,022,696—the full amount cited in the audit report.

“Ammon Analytical Laboratory has received significant Medicaid payments for its services related to drug testing, fueled in part by the State's efforts to treat those suffering from addiction,” said State Comptroller Philip James Degnan. “Our audit, released today, reveals that the magnitude of those payments was elevated due to the lab's faulty billing practices. We have an obligation to identify and vigorously pursue those cases where the Medicaid program's resources are being depleted improperly.”

Ammon, located in Linden, New Jersey, is one of the highest paid Medicaid providers of independent clinical laboratory services in the state. From May 1, 2016 through September 30, 2017, Ammon was paid over \$15.7 million in Medicaid funds. The audit sought to determine whether claims submitted by Ammon complied with Medicaid requirements under applicable state and federal laws and regulations.

For the period May 1, 2016 through September 30, 2017, the audit found that in 66 percent of the records reviewed, Ammon billed for drug tests that included a greater level of service (and a higher fee) than what was ordered by the physician, billed for drug tests that were not ordered by the physician or failed to maintain the required documentation to support billing for drug tests. These issues resulted in over \$2.2 million in improper payments. The audit also found that for the period January 1, 2015 through December 31, 2017, Ammon frequently unbundled certain drug tests in

violation of coding guidelines established by the American Medical Association and the Centers for Medicare & Medicaid Services, which resulted in additional improper payments in excess of \$751,000. In total, the audit identified over \$3 million in payments that violated applicable state and federal laws and regulations.

In addition to repaying more than \$3 million, Ammon provided a corrective action plan to address the audit's findings and recommendations and pledged that it had hired an outside billing consultant to review and audit its existing billing practices.

The full report can be found at the following address:
https://www.nj.gov/comptroller/divisions/medicaid/reports/approved/medicaid_archives.html.

MFD serves as the state's independent watchdog for New Jersey's various Medicaid programs and works to ensure that the state's Medicaid dollars are spent effectively and efficiently. As part of its oversight role, MFD audits and investigates health care providers, managed care organizations and Medicaid recipients to identify and recover improperly expended Medicaid funds and identify and redress quality of care issues affecting the health of Medicaid recipients.

Suspected Medicaid waste, fraud or abuse can be reported to MFD by calling its toll-free hotline at (888) 937-2835 or by submitting a complaint form located at the following address:
<http://www.state.nj.us/comptroller/divisions/medicaid/complaint.html>.

###