



State of New Jersey

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OFFICE OF THE STATE COMPTROLLER
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KEVIN D. WALSH
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June 8, 2022

BY ELECTRONIC MAIL

Mr. Arpit Patel
Owner and Laboratory Director
Clarity Laboratories, LLC
220 Davidson Avenue, Suite 104
Somerset, NJ 08873

RE: Audit Closeout Letter-- Clarity Laboratories, LLC [REDACTED]

Dear Mr. Patel:

As part of its oversight of the Medicaid and New Jersey FamilyCare programs (Medicaid), the New Jersey Office of the State Comptroller, Medicaid Fraud Division (OSC) conducted an audit of Medicaid claims for drug testing services submitted by and paid to Clarity Laboratories, LLC (Clarity), an independent clinical laboratory, for the period December 1, 2017 through September 30, 2019 (audit period). OSC hereby provides you with this Closeout Letter.

Executive Summary

OSC conducted this audit to determine whether Clarity appropriately billed for drug testing services during the audit period in accordance with applicable state and federal laws, regulations, and guidance. OSC selected for review a probability sample comprised of 152 sample episodes with 304 unique paid claims for one presumptive and one definitive drug test for which Clarity was paid a total of \$34,629. This sample was selected from a universe of 35,576 episodes with 71,152 paid claims billed under Current Procedural Terminology (CPT) code 80307 for presumptive drug tests and Healthcare Common Procedure Coding System (HCPCS) codes G0480, G0481, G0482, or G0483 for definitive drug tests.

Based on a review of the 152 sample episodes, OSC found that these episodes generally complied with applicable regulations and guidance, including the requirement that

Clarity not charge Medicaid more for drug testing services than it charged other payers for identical drug testing services.

Based on the finding above, please be advised that OSC is closing this audit and Clarity does not have to take any further action regarding this matter.

Background

Clarity, located in Somerset, New Jersey, has participated as an independent clinical laboratory in the New Jersey Medicaid program since January 27, 2018. Pursuant to N.J.A.C. 10:61-1.2, “[c]linical laboratory services’ means professional and technical laboratory services provided by an independent clinical laboratory when ordered by a physician or other licensed practitioner of the healing arts within the scope of his or her practice as defined by the laws of the state in which he or she practices.” During the audit period, Clarity was one of the New Jersey Medicaid program’s highest paid providers of independent clinical laboratory services.

Clarity submitted claims to the Medicaid program primarily for presumptive and definitive drug tests. Presumptive procedures are used to screen for the possible use or non-use of a drug or drug class. Definitive procedures are used to identify drugs or metabolites (byproducts of a drug).

Objective

The objective of this audit was to evaluate claims for services that Clarity billed and was reimbursed by Medicaid to determine whether Clarity complied with Medicaid requirements under applicable state and federal laws and regulations.

Audit Scope

The scope of this audit was for the period December 1, 2017 to September 30, 2019. This audit was conducted under the authority of the Medicaid Program Integrity and Protection Act (N.J.S.A. 30:4D-53 et seq.) and the Office of the State Comptroller N.J.S.A. 52:15C-1 et seq.

Audit Methodology

OSC selected a probability sample of 152 sample episodes with 304 unique paid claims for one presumptive and one definitive drug test for which Clarity was paid \$34,629. This sample was selected from a population of 35,576 episodes with 71,152 paid claims billed by Clarity using CPT code 80307 and HCPCS codes G0480, G0481, G0482, and G0483 for which Clarity was paid a total of \$7,962,324.

OSC reviewed Clarity’s test requisitions and test results to determine whether Clarity maintained proper documentation to substantiate the claims and ensure that Clarity properly billed and was reimbursed for such claims. OSC also reviewed, where applicable, Clarity’s test requisitions, test results, billing claim forms, and invoices to ensure that

Clarity's charges to Medicaid did not exceed Clarity's charges to other groups or individuals for identical services.

Audit Findings

OSC reviewed Clarity's laboratory testing services documentation and found that Clarity's documentation generally supported the laboratory testing services billed to and paid by Medicaid for the 152 sample episodes. OSC also reviewed invoices Clarity billed to non-Medicaid payers included in OSC's sample and found that Clarity billed and was paid by these associated non-Medicaid payers amounts that were greater than or equal to the respective Medicaid rates. Based on its analysis of the audit sample and a review of Clarity's billing to non-Medicaid providers, OSC is reasonably certain that Clarity generally complied with applicable documentation and billing requirements for laboratory drug testing during the audit period, including the requirement that Clarity not charge Medicaid more for drug testing services than it charged other payers for identical drug testing services.

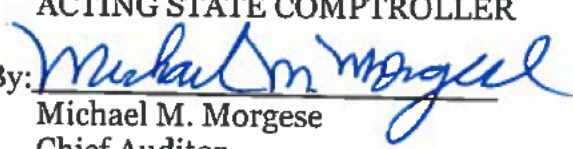
For the reasons outlined above, OSC is closing this audit without making any adverse findings or recommendations. Accordingly, Clarity does not need to take any action at this time. OSC reserves the right to initiate other audits of Clarity in the future to determine Clarity's compliance with state and federal laws, regulations, and guidance.

Thank you for your attention to this matter.

Sincerely,

KEVIN D. WALSH
ACTING STATE COMPTROLLER

By:


Michael M. Morgese
Chief Auditor
Medicaid Fraud Division

CC: Raymond Zarzar, President of Business Development, Clarity Laboratories
Mohamed Nabulsi, Esq. (Mandelbaum Barret, P.C.)
Don Catinello, Acting Deputy Director, OSC-Medicaid Fraud Division