



State of New Jersey

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## **State Comptroller audit finds another Medicaid HMO failing to fulfill oversight responsibilities on behalf of the state**

An audit released today by the Office of the State Comptroller (OSC) found that one of the state's largest Medicaid health maintenance organizations did not fulfill contractual obligations designed to lower insurance costs through the aggressive recovery of misspent state Medicaid dollars.

United Healthcare Community Plan of New Jersey (United), which receives from the state more than \$800 million each year to provide healthcare services to state Medicaid recipients, recovered on average only \$800,000 per year in misspent funds over the two-year period OSC audited. Those fraud and abuse recoveries amounted to less than one-tenth of one percent of the annual payments the HMO received from the state. Larger recoveries would result in lower state insurance costs.

"With billions of tax dollars flowing through New Jersey's Medicaid program, our state relies on its Medicaid HMOs to fulfill their oversight responsibilities in an aggressive manner," State Comptroller Matthew Boxer said. "This is another audit that shows an HMO failing to live up to requirements designed to combat fraud and lower state Medicaid costs."

OSC's Medicaid Fraud Division specifically found that United did not comply with state requirements concerning its investigations unit, which is dedicated to the detection of fraud and abuse by providers and enrollees within its network. In each quarter audited, OSC found that United failed to staff that unit at the required minimum levels and also did not provide all of those staff members with the required training.

In addition, even though United's policies require the company's vendors and subcontractors (e.g., pharmacies, dental providers) to refer suspected fraud and waste to United's investigations unit, OSC found that there had not been one such referral by any of those several thousand subcontractors or vendors during the two-year period audited.

This is the second OSC audit to question the performance of the state's Medicaid HMOs in identifying and recouping wrongful Medicaid payments. A previous audit, in 2011, reviewed recoveries by the state's largest Medicaid HMO, Horizon NJ Health.

United, a subsidiary of United Health Group, serves more than 350,000 Medicaid enrollees in New Jersey. In its response to the OSC audit, United said that it has or would be implementing the recommendations set forth in the OSC report, which OSC will continue to monitor.

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Click [here](#) to view the complete report.

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