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**STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
AND HEALTH SERVICES**

HACKENSACK MERIDIAN HEALTH,
(PT NT)

PETITIONER,

v.

DIVISION OF MEDICAL ASSISTANCE
AND HEALTH SERVICES

RESPONDENT.

ADMINISTRATIVE ACTION

FINAL AGENCY DECISION

OAL DKT. NO. HMA 16763-25

As Assistant Commissioner for the Division of Medical Assistance and Health Services (DMAHS), I have reviewed the record in this case, including the Initial Decision and the Office of Administrative Law (OAL) case file. Neither party filed exceptions in this matter. Procedurally, the time period for the Agency Head to render a Final Agency Decision is June 15, 2026, in accordance with N.J.S.A. 52:14B-10 which requires an Agency Head to adopt, reject, or modify the Initial Decision within 45 days of the agency's receipt.

This matter arises from the denial of a claim for payment under N.J.A.C. 10:52-1.8, that was submitted by Petitioner. On October 16, 2024, Permedion, a utilization and

quality review contractor for DMAHS, conducted an audit of JFK University Medical Center's billing for N.T.'s admission. ID at 2. Permedion concluded that N.T.'s inpatient admission was not medically necessary, as the patient underwent an uncomplicated laparoscopic cholecystectomy, which could have been safely and effectively managed in an outpatient setting. Ibid. Petitioner filed an appeal for the denial of the inpatient admission claim. The Initial Decision found that Petitioner is ineligible for payment for N.T.'s inpatient admission on March 4, 2024. ID at 6.

Under N.J.A.C. 10:52-1.6(a), DMAHS will cover inpatient services ordinarily furnished by an approved hospital maintained for the treatment and care of patients, and provided to any Medicaid beneficiary, when professionally developed criteria and standards of care are used to determine that the beneficiary warranted the level of care provided for the specific diagnosis or medical problem. Under N.J.A.C. 10:52-1.8(a)(1)(i), DMAHS will not cover inpatient services for a Medicaid beneficiary when the inpatient services are not medically necessary.

In this matter, on March 4, 2024, N.T. arrived to the Emergency Department at JFK University Medical Center with abdominal pain and was admitted and diagnosed with acute cholecystitis and transaminitis. ID at 3. On March 5, 2024, N.T. underwent surgery. Ibid. The patient had no complications during the procedure and the post-operative condition was good. Ibid. During the surgery, the hospital found a contracted gallbladder with a large stone, shortened duct, and pus in the gallbladder and inserted a Jackson-Pratt drain to drain excess fluid from the wound. Ibid. On March 6, 2024, N.T. was without fever but had elevated, but normal white blood count and a lower, but still abnormally elevated ALT. ID at 4. On March 7, 2024, N.T.'s white blood count level increased to an abnormally high level, but that did not result in any change in the treatment plan and the Jackson-Pratt drain remained. Ibid. On March 8, 2024, the white blood cell level and

ALT levels dropped so the drain was removed and N.T. was discharged from the hospital.

Ibid.

The Milliman Criteria Guidelines (MCG) are nationally recognized evidence-based patient guidelines that are used to evaluate medical necessity for inpatient admission. ID at 4. The MCG guidelines for “Care-Planning – Inpatient Admission and Alternatives” for a Cholecystectomy by Laparoscopy designate two lengths of stay scenarios, ambulatory and inpatient, which made March 6, 2024, the first post-operative day and the optimal discharge day. Ibid.

In the Initial Decision, the Administrative Law Judge (ALJ) found that JFK University Medical Center admitted N.T. as an inpatient even though he did not have any acute care conditions that warranted inpatient admission for an extended stay. ID at 5. While pus was noted in the gallbladder, the gallbladder was not ruptured, and the patient was not septic. Ibid. The ALJ found that the presence of a Jackson-Pratt drain is routine and could have been performed on N.T. on an outpatient basis. Ibid. The ALJ also found that N.T.’s extended stay post-surgery met none of the criteria that the MCG guidelines require for acute care admission. Specifically, the elevations in N.T.’s white blood cell count and ALT are common post-operative occurrences and did not result in any new treatment. The ALJ noted that the medical records stated that N.T.’s pain was mild and that there was nothing in the medical records that signaled that N.T.’s circumstances were abnormal or requiring any prospective need for an extended stay at the time of admission. Ibid.

The ALJ concluded that N.T. did not meet the standards of care required for acute care admission under N.J.A.C. 10:52-1.6(a). The ALJ further concluded that the inpatient admission at JFK University Medical Center on March 4, 2024, is ineligible for payment under N.J.A.C. 10:52-1.8(a)(1)(i). Additionally, the ALJ concluded that JFK University

Medical Center is eligible for payment of ancillary services rendered during N.T.'s admission under N.J.A.C. 10:52-1.6(b)(1). I agree.

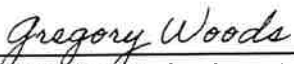
Permedion conducted three separate independent audits of N.T.'s admission at JFK University Medical Center and they each came to the same conclusion that the inpatient admission was not medically necessary because the clinical condition of the patient and the treatment plan could have been safely and effectively managed in an outpatient setting. The evidence in the record supports this conclusion.

Thus, based on the record before me and for the reasons enumerated above, I hereby ADOPT the Initial Decision and FIND that the inpatient admission at JFK University Medical Center at issue in this matter is ineligible for payment under N.J.A.C. 10:52-1.8(a)(1)(i).

THEREFORE, it is on this 14th day of JUNE, 2026

ORDERED:

That the Initial Decision is hereby ADOPTED.



Gregory Woods, Assistant Commissioner
Division of Medical Assistance and Health Services