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

COOPER UNIVERSITY

HOSPITAL (R.C.)

PETITIONER

v.

DIVISION OF MEDICAL ASSISTANCE :

AND HEALTH SERVICES,

RESPONDENT.

ADMINISTRATIVE ACTION

ORDER OF REMAND

OAL DKT. NO. HMA 04650-25

As Assistant Commissioner for the Division of Medical Assistance and Health Services (DMAHS), I have reviewed the record in this case, including the OAL case file, the documents in evidence, and the Initial Decision in this matter. Neither Party filed exceptions to the Initial Decision. Procedurally, the time period for the Agency Head to render a Final Agency Decision is August 21, 2025.

This matter arises from the DMAHS' denial of Cooper University Hospital's (Cooper) request for reimbursement of a claim for inpatient services provided to Petitioner from December 20, 2023, to December 23, 2023. The issue presented here is whether Cooper is eligible for reimbursement of inpatient services under Medicaid regulations.

Here, Petitioner was admitted to Inspira Medical Center (Inspira) from December 9, 2023, to December 14, 2023, for hypovolemic shock and acute blood loss from a bleeding duodenal ulcer. (P-1.) On December 14, 2023, Petitioner was discharged from Inspira after undergoing an upper endoscopy and blood transfusions. Ibid. The discharge summary advised Petitioner to return if they found red blood in their stool. Ibid. On December 15, 2023, Petitioner returned to Inspira for recurring Gastrointestinal (GI) bleeding requiring multiple units of blood transfusions. Ibid. A repeat endoscopy was planned, but prior to the procedure, anesthesiology discovered a neck mass. Ibid. Petitioner underwent a CAT scan, which discovered an infiltrating tongue mass at the base and posterior of the tongue. Ibid. An oncology consultation performed at Inspira recommended an ear, nose, and throat (ENT) evaluation, and a decision was made to transfer Petitioner to another hospital. (P-4.) Drs. Fawaz and Sulkovski at Inspira recommended that Petitioner to be transferred to Cooper. Ibid. On December 20, 2023, Petitioner was transferred from Inspira to Cooper, where they were admitted as an inpatient for ENT evaluation, biopsy, and swallow evaluation, and underwent an ENT consultation, which recommended a laryngoscopy with biopsy and some dental extractions, both of which were subsequently performed, and a CAT scan. Ibid. On December 23, 2023, R.C. was discharged from Cooper University Hospital. Ibid.

On October 16, 2024, Permedion, a Utilization Review Organization (URO), conducted an audit of Cooper's billing for Petitioner. ID at 2. Permedion is under contract with DMAHS and serves as the URO conducting post-payments audits on inpatient hospital claims to verify medical necessity, quality of care, and coding validation. Permedion utilizes Milliman Criteria Guidelines (MCG), a nationally recognized "gold standard" for evidence-based care guidelines, to determine medical necessity for inpatient admissions. (R-1.) On December 12, 2024, Permedion concluded that

Petitioner's inpatient admission was not medically necessary. Ibid. DMAHS issued a retroactive denial of Cooper's claims for Petitioner's December 2023 hospital admission. Ibid. Cooper sought an internal appeal with Permedion; that review also concluded that Petitioner's inpatient admission was not medically necessary. Ibid.

A Permedion licensed physician reviewed the initial denial prior to issuance. (R-1). Upon request, Cooper was granted a first-level appeal process that allowed them to provide additional medical records. (R-2.) A different Permedion employed licensed physician reviewed that appeal, and the decision was upheld. Ibid. On January 31, 2025, Cooper filed an appeal with DMAHS regarding the denial of the inpatient admission claim. Ibid. A hearing was held on June 4, 2025. ID at 3. The record was closed on June 16, 2025, after both parties submitted post-hearing briefs. Ibid.

Based on the record before her the ALJ found as fact that according to Milliman Criteria Guidelines, "the criteria for inpatient admission for acute care for medical oncology and head and neck surgery includes: bronchial obstruction; respiratory distress; tracheoesophageal fistula; airway or pharyngeal obstruction not treatable with outpatient procedure or management; active bleeding; or altered mental state due to mass effect or metastases." The ALJ further found as fact that when "Petitioner was admitted to Cooper University Hospital as an inpatient, none of Milliman criteria were present. Specifically, there was no active bleeding, respiratory distress, altered mental state caused by the tumor or airway or pharyngeal obstruction identified." Based on these findings of fact, the ALJ concluded as matter of law that "Petitioner did not meet the standards of care required for acute care admission under N.J.A.C. 10:52-1.6(a)."

Under N.J.A.C. 10:52-1.6(a), the Division shall pay those inpatient services ordinarily furnished by an approved hospital maintained for the treatment and care of patients and provided to any Medicaid/NJ FamilyCare fee-for-service beneficiary, for

whom professionally developed criteria and standards of care were used to determine that the beneficiary warranted an appropriate hospital level of care for a given diagnosis or problem. The hospitalization must be medically necessary in order for the services provided by the hospital to be eligible for payment. N.J.A.C. 10:52-1.8(a)(1)(i).

After reviewing the Exhibits that were marked into evidence, it appears that the ALJ based her factual findings on summaries of the medical records presented at the hearing and not on the actual full medical records. Because there is a dispute as to whether or not Petitioner was in respiratory distress at the time of admission to Cooper as well as whether there was an airway or pharyngeal obstruction present at that time (R-1, P-1), I find it necessary to remand this matter to the OAL for the purpose of receiving the actual full medical record into evidence so that a determination of this disputed question of fact can be determined based on the best evidence available. The ALJ can determine whether it is necessary to take any additional testimony on this specific factual issue.

Additionally, the ALJ should address more fully the broader arguments presented within Cooper's formal appeal letter of January 31, 2025, which were largely not directly addressed in the Initial Decision. If necessary, the ALJ should take additional testimony to resolve any factual issues raised by this appeal letter.

THEREFORE, it is on this 21st day of AUGUST 2025,

ORDERED:

That the Initial Decision is hereby REMANDED in accordance with this decision.

Gregory Woods

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