



**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**EXECUTIVE SUMMARY**

**DEPARTMENT OF CORRECTIONS  
MEDICAL CONTRACTS  
July 1, 2013 to June 30, 2015**

We found expenditures were in compliance with contract terms, the department's procedures to monitor contractor performance were adequate, and overall costs were reasonable with the exception of reimbursements for overhead and fringe benefits. In addition, we found weaknesses in the Centricity electronic medical record system's user logical access control. However, we did not find any instances where these weaknesses were used to impact the system's data. Also, the department has not resolved the vendor billing issue noted in our prior report.

**AUDIT HIGHLIGHTS**

- A negotiated overhead rate is included within the Comprehensive Healthcare Agreement (CHA) which resulted in Rutgers, The State University of New Jersey (Rutgers) recovering an average of \$6.0 million in overhead costs during the audit period. However, NJDOC records did not contain any detail regarding the actual overhead costs that Rutgers sought to recover. We noted hospitalization is provided by Saint Francis Medical Center and other providers with claims processed by Molina Medical Solutions resulting in a total of \$905,300 overhead payments that were calculated on inmate hospitalization costs for which Rutgers does not incur an expense.
- The CHA requires the NJDOC to maintain a Healthcare Provider Log Book (log) at each facility. Rutgers' employees are required to legibly record their name and the time they enter and exit the facility. Rutgers is to be compensated monthly for hours recorded in the log and for approved leave supported by the Rutgers' time-reporting system. The logs are not being utilized to determine the salary reimbursements as required. Additionally, sample testing of the logs noted a significant number of exceptions regarding the proper recording of time.
- The NJDOC incorrectly reimbursed Rutgers \$450,000 for fringe benefits that were calculated on part-time employees' salaries. The CHA with Rutgers specifies that the fringe rate will be based on the applicable fiscal year State Treasury circular letter. The circular letter specifically states that salaries of part-time employees are to be excluded from the calculation.
- Access to the NJDOC Centricity electronic medical record system (EMR), which is used to document an inmate's medical history, is granted to both NJDOC staff and Rutgers employees that have had the required user access request forms approved. Our review found that the NJDOC does not have formal policies or procedures for removing user access specific to the EMR. We found users that have never accessed the system or have not accessed the system as far back as 2006. In addition, the NJDOC was not aware of a SUPERUSER logon ID that was still active and last accessed the EMR in February, 2015.

**AUDITEE RESPONSE**

Except for the finding regarding overhead costs, the department generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on [here](#).