



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

EXECUTIVE SUMMARY

**DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
HEALTH BENEFITS PROGRAMS – MEMBER ELIGIBILITY
July 1, 2015 to July 31, 2016**

We found that insured members were eligible for coverage. In making these determinations, we noted improvements should be made over the termination process and communication between the health benefits operations and financial units. We also noted that access controls over the State Health Information Processing System were inadequate with regard to third-party users.

AUDIT HIGHLIGHTS

- The division paid over \$926,000 in claims for members after they were terminated from the program. The claims paid were most often made on behalf of members whose coverage was retroactively terminated. The retroactive terminations included members terminated from the COBRA or Chapter 375 programs for non-payment of premiums; in these instances the member received free medical attention.
- The health benefits operations unit has granted high-level edit access to the State Health Information Processing System to remote users employed by the private vendors contracted by the state to administer the plans and pay claims. The ability to add new subscribers has been granted to at least 170 employees of these private vendors. Additionally, some employees of the private vendors have the ability to change social security numbers, change the associated employer, and add new dependents. This unwarranted edit access exposes the division to the risk that ineligible members may be added fraudulently.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).