Department of Human Services
Division of Medical Assistance and
Health Services
Termination of Benefits for Deceased
Medicaid Recipients

July 1, 2009 to June 30, 2010

Stephen M. Eells
State Auditor
The Honorable Chris Christie  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Sheila Y. Oliver  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Human Services, Division of Medical Assistance and Health Services, Termination of Benefits for Deceased Medicaid Recipients for the period of July 1, 2009 to June 30, 2010. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells  
State Auditor  
September 15, 2010
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Department of Human Services  
Division of Medical Assistance and Health Services  
Termination of Benefits for Deceased Medicaid Recipients

Scope
We have completed an audit of the Department of Human Services, Division of Medical Assistance and Health Services’ procedures for terminating deceased Medicaid recipients for the period July 1, 2009 through June 30, 2010. For the year ended December 31, 2009, New Jersey spent $9.6 billion on medical assistance for approximately 1.2 million recipients.

Objective
The objective of our audit was to determine whether the division has adequate procedures in place to identify and terminate deceased recipients.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology
Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our audit, we studied legislation, the State Medicaid Plan, administrative code, the managed care contract, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our analysis of eligible recipients.

Conclusion
Although, we noted some minor exceptions that we discussed with management, overall, we found that the division has adequate procedures in place to identify and terminate deceased recipients.
John J. Termyna, Assistant State Auditor  
Office of Legislative Services  
Office of the State Auditor  
125 South Warren Street  
P O Box 067  
Trenton, NJ 08625-0067  

Dear Mr. Termyna:  

This is in response to your letter of September 1, 2010 to Commissioner Velez concerning the Office of Legislative Services (OLS) draft audit report entitled “Department of Human Services, Division of Medical Assistance and Health Services, Termination of Benefits for Deceased Medicaid Recipients”. Your letter provides an opportunity to comment on the draft audit report.  

The objective of the audit was to determine whether the division has adequate procedures in place to identify and terminate deceased recipients. The auditor concluded that although some minor exceptions were noted, overall, the Division has adequate procedures in place to identify and terminate deceased recipients.  

Division management and the auditors met to discuss the minor exceptions and areas where the auditors identified opportunities for improvement in our procedures. I would like to thank you and your staff for working collaboratively with our management to improve our procedures for identifying and terminating deceased Medicaid recipients. This is a very difficult area that requires matching with federal and State databases that often have conflicting information so that any ideas for improving our procedures are very helpful.  

If you have any questions or require additional information, please contact me or Richard Hurd at 609-588-2550.  

Sincerely,  

John R. Guhl  
Director  

JRG:H  
c: Jennifer Velez  
Richard Hurd