New Jersey Medicaid Management Information System

May 12, 2000 to February 9, 2001

Richard L. Fair
State Auditor
Enclosed is our report on the audit of the New Jersey Medicaid Management Information System, for the period May 12, 2000 to February 9, 2001.

If you would like a personal briefing, please call me at (609) 292-3700.

Richard L. Fair
State Auditor
May 15, 2001
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>1</td>
</tr>
<tr>
<td>Objectives</td>
<td>1</td>
</tr>
<tr>
<td>Methodology</td>
<td>1</td>
</tr>
<tr>
<td>Conclusions</td>
<td>2</td>
</tr>
</tbody>
</table>

## Findings and Recommendations

- Security Policies and Procedures             | 3    |
- Attachment A                                 | 4    |
New Jersey Medicaid Management Information System

Scope

We have completed an audit of the New Jersey Medicaid Management Information System (NJMMIS) for the period May 12, 2000 to February 9, 2001. Our audit evaluated application controls involved in the processing of Medicaid and other authorized state programs (see attachment A).

The NJMMIS was developed to meet Federal Medicaid Management Information System guidelines and the requirements of the New Jersey Department of Human Services, Division of Medical Assistance and Health Services (DMAHS). The system adjudicates health care claims which are submitted by health care providers such as hospitals, pharmacies or physicians. In addition to processing medicaid claims, the NJMMIS adjudicates health care claims for several other state programs. Unisys Corporation was awarded the initial and subsequent contract as the state’s Fiscal Agent. Unisys designed, developed, implemented and operates NJMMIS. In fiscal year 2000, the system processed more than 100 million claims with payments in excess of $5 billion annually.

Objectives

The objectives of our audit were to determine the adequacy of application controls in place relating to access to system data and the safeguarding of assets.

This audit was conducted pursuant to the State Auditor’s responsibilities as set forth in Article VII, Section 1, 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. Additional guidance for the conduct of the audit was provided by Assessing the Reliability of Computer-Processed Data issued by the United States General...
Accounting Office and Auditing Computer Applications issued by Auerbach.

In preparation for our testing, we studied system user, operation, and facility guides, and federal regulations promulgated by the Department of Health and Human Services, Health Care Financing Administration. Provisions that we considered significant were documented and compliance with those requirements was verified by interview and observation, and through our sampling of system transactions.

**Conclusions**

Our review disclosed that application controls in place relating to access to system data and the safeguarding of assets are adequate. In making this determination, we noted an internal control weakness meriting management’s attention.
The division should establish adequate security procedures to keep user access levels commensurate with their job requirements.

Security Policies and Procedures

The division has not documented their policies and procedures for the granting of access and has not established policies and procedures for monitoring of continued access to NJMMIS for state and county users. Without adequate procedures, DMAHS is not able to obtain accurate and timely information regarding system users that transfer, terminate, or no longer perform duties requiring access to NJMMIS; nor can they assure that only legitimate users are given access. Due to personnel changes, staffing levels, and competing priorities, the division was unable to address these issues.

Recommendation

The division should implement formal security procedures for the state and county users requiring access to NJMMIS. The procedures should include a periodic review to ensure that individuals’ access is still appropriate to their job functions, a requirement for the timely transmission of information on transfers and terminations to the Office of Information Systems by state and county personnel departments, and communication of the division’s policy on user access and the related confidentiality of the data contained in NJMMIS.

Auditees’s Response

We agree with the need to better document the policies and procedures for granting of access to NJMMIS for state and county users, especially in the area of coordination between the NJMMIS security units and the various personnel offices.

Due to competing priorities, the security unit in the Office of Information Systems (OIS) has not been able to dedicate the needed resources to adequately develop and document our security policies and procedures. Therefore, someone from outside the security unit will assist in documenting these items. Work has already begun on better coordinating information between the Office of Human Resources and the OIS. The two units are creating documents to notify OIS of the change in a person’s work status.
so that OIS can address the person’s security access to the NJMMIS as well as to the Department of Labor’s data bases, the Office of Information Technology files and other locations. In addition, OIS will use this information to change his/her LAN access, file locations, need for a personal computer, etc.
Attachment A

The following is a listing of state programs for which beneficiary claims are processed by NJMMIS:

Institutional Services
Medically Needy
Ineligible Spouse
NJ Care
KidCare
FamilyCare
Prucol
DYFS Code 65’s
Medical Assistance to the Aged
Pharmaceutical Assistance to the Aged and Disabled
General Assistance
Juvenile Services

Waiver Programs:
Model Waiver 1, 2, and 3
Traumatic Brain Injury
DYFS Fragile Children
AIDS Community Care Alternative Program
Division of Developmental Disabilities

Department of Health and Senior Services Programs:
Aids Drug Distribution Program
Cystic Fibrosis Drugs
Community Care Program for the Elderly and Disabled
Enhanced Community Options
Early Intervention

Department of Education Program:
Special Education Initiative