EXECUTIVE SUMMARY

Our review of the Health Benefits Coordinator Contract for the NJ FamilyCare Program disclosed that the vendor did not perform all required annual redeterminations of eligibility which resulted in additional costs to the state when ineligible individuals continued to receive benefits after their eligibility should have been terminated or were enrolled in the wrong plan based on their income.

In addition, we found that program regulations are not adequate to detect beneficiaries that underreport income on their application. Finally, a total of $4.6 million in premiums owed by disenrolled beneficiaries has not yet been sent for collections. (Page 9)

AUDIT HIGHLIGHTS

- Approximately 7,000 cases with 13,000 beneficiaries enrolled prior to 2005 were not sent a renewal application by the current vendor as of October 2007. Testing disclosed that some of these beneficiaries appeared to be ineligible or enrolled in the wrong plan. (Page 5)

- An additional 3,000 cases with 5,800 beneficiaries were at risk of not having their eligibility redetermined due to defects within the vendor’s system. Testing disclosed that some of these beneficiaries appeared to be ineligible or enrolled in the wrong plan. (Page 6)

- We identified more than 800 households with income in excess of $85,000. Testing disclosed that some of these beneficiaries underreported income on their application including three beneficiaries that were determined eligible when they failed to report incomes of $295,000, $186,000, and $177,700. (Page 7)

AUDITEE RESPONSE

The division did not completely concur with our audit findings. (Page 11)

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