

**Opening Remarks Presented to the
Senate Budget Committee
by
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Good morning Chairwoman Buono and distinguished members of this Committee.

I'm pleased to be before you today to discuss issues concerning the Department of Human Services.

I understand that this morning we will be discussing issues concerning Medicaid, and then we'll have an opportunity to discuss the entire department this afternoon.

With me now are Deputy Commissioner Ann Kohler, Medicaid Director John Guhl, Chief of Staff Diane Zompa, Budget Director Joe Guider, Deputy Director of Medicaid Valerie Harr, and Medicaid CFO Dave Lowenthal.

I'd like to make two particular points with respect to the entire Department before we begin. One is that you've heard every year that this is the largest agency – with approximately 16,000 employees – and charged with caring for the most vulnerable and diverse populations. All true – and still remains true today.

What I'd like to briefly acknowledge – and I neglected to do this during my hearings last year – is that over 70% of our 16,000 employees work either in one of our 5 psychiatric hospitals, or in one of our 7 developmental centers – and are responsible for our clients and patients' care every hour of every day. These jobs are physically demanding, emotionally draining – and challenging in every way – and our employees are extraordinarily committed to the clients and patients in their care.

Second, I want to comment briefly on our senior team. In my estimation, all are unquestionably dedicated to the work, the mission and the issues that confront the particular division for which they are responsible. What I'd like to acknowledge, however, is that many also serve in a leadership capacity on the boards of the national organizations of which they are a part – and ALL maintain a presence and are very active nationally.

You may have learned recently that Deputy Commissioner Ann Kohler has been tapped to become the Director of the National Association of State Medicaid Directors in DC. That appointment is a testament to her expertise in this complex area – and Ann will continue to keep NJ's interests in mind as she continues her work on the national level.

So with respect to our Medicaid program in particular in New Jersey, we spend approximately \$10 billion a year – State and federal dollars combined – nearly two-thirds of which is incurred by the Department of Human Services.

That magnitude of spending requires us to ensure that every public dollar is spent judiciously and with the highest level of integrity.

Auditing, implementing best practices, investigating, data matches and mining – all are examples of the kinds of tools that we have to ensure – as best we’re able – that our public programs and services are reaching those for whom they are intended.

We also work collaboratively with other State agencies, our various stakeholders, our consumer groups, other states, and the federal government.

One noteworthy example of that collaborative work is a \$4.8 million grant that we were just awarded from the federal government to pilot a model to provide alternate non-emergency services to patients who present with primary care needs in an emergency room. This ER Diversion grant was competitive among the states, and resulted from close collaboration with the NJ Hospital Association and the NJ Primary Care Association – our FQHCs – and is something we’re very excited about. Ours was the single highest grant awarded among the 20 successful states.

With that information provided to you as a backdrop, I want to acknowledge that the most recent State Auditor reports, which described deficiencies in some of our eligibility and procurement procedures, provide for us an opportunity to redress and reevaluate certain of our internal controls.

The transparency that auditing provides is of paramount importance – and I believe it is consistent with Governor Corzine’s commitment to smart fiscal planning and accountability.

And while I am pleased to report that some of the Auditor’s recommendations were already underway – I welcome an opportunity to discuss these reports with you further.

There is no question about the value of his recommendations, and the additional value that the Medicaid Inspector General will add to the continued pursuit of the prevention of waste, fraud and abuse of taxpayer dollars.

And we will hold accountable those who choose to ignore the law and pursue fraudulent practices at the expense of the public’s money. As such, I have forwarded to the Attorney General the areas identified by the State Auditor’s report for her review and appropriate action.

I want to state publicly my very firm commitment to ensure that the State’s money is indeed spent appropriately.

With that, I welcome your questions. Thank you.