



NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR

EXECUTIVE SUMMARY

**DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
OFFICE OF LEGAL AND REGULATORY AFFAIRS
ESTATE RECOVERY**

July 1, 2021 to November 1, 2024

Under federal and New Jersey law, the division is required to recover funds from the estates of certain deceased Medicaid beneficiaries or former Medicaid beneficiaries for all payments provided through the Medicaid program for services received on or after age 55.

We found the division had adequate controls to ensure compliance with federal and state regulations. We also found general information system controls were in place and generally functioning. In making these determinations, we noted outdated policies and procedures related to estate recovery led to inconsistent case processing and inadequate case follow-up. In addition, the general controls over the Medicaid Recovery Tracking System (REC) need to be strengthened to prevent errors and omissions in the data.

AUDIT HIGHLIGHTS

- Inconsistencies in the processing of estate recovery cases and inadequate case follow-up may result in lost recoveries. We selected 10 of 2,385 closed cases with and without recoveries and tested whether adequate case processing controls were in place. We found one case had no evidence that research had been performed to verify the accuracy of information received or whether potential recoverable assets were sought. We also tested 10 cases of 1,399 cases having only recovered funds and found two cases did not have adequate support to determine if predeceased spouses were on Medicaid.
- We performed an analysis on closed cases to determine if any have remained open beyond the 20-year lien term and found that 256 cases had remained open. We tested 10 of these cases and found 8 where the lien had lapsed and 7 having no evidence indicating a follow-up was performed.
- The system used to maintain estate recovery cases (REC) has data fields that are not sufficiently reliable because of errors and omissions. In one sample of 115 estate recovery cases closed, we found 23 cases (20 percent) where one or more fields in REC, including Social Security number, date of birth, date of death, and recovered amount, were omitted or did not agree with supporting documentation. Further testing found 11 of 36 closed cases (31 percent) where one or more fields in REC were incorrect based on supporting documentation. While the Recovery Unit does not solely rely on REC data, the presence and possible use of inaccurate information could result in potential recoveries being missed.
- We found that the REC system does not meet the required standards outlined in the *Statewide Information Security Manual (SISM)* for logical security and business continuity. The system does not automatically log off users because of inactivity. In addition, a formal written disaster recovery plan does not exist for the REC system.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.