



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

EXECUTIVE SUMMARY

**DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
TRANSPORTATION BROKER SERVICES CONTRACT – UTILIZATION
July 1, 2014 to June 30, 2017**

We found the division's procedures for administering and managing the Transportation Broker Services contract should be improved. Specifically, our review found the division's procedures for assessing liquidated damages, providing mileage reimbursements to individuals who transport Medicaid recipients, and processing the monthly capitation fees need to be strengthened to reduce costs.

AUDIT HIGHLIGHTS

- The contract recommends the broker inspect the vehicles of all providers at least once during a twelve-month period. Our review of 132 service providers who were active for all of calendar years 2015 and 2016 disclosed that 26 went four or more quarters without an inspection by the broker. The division, however, has not assessed any liquidated damages for this vehicle safety standard.
- Our review found the penalties established in the contract for liquidated damages may not be sufficient to encourage or promote better performance from the broker. For example, the broker was assessed the maximum damages allowable, \$15,000 per month, for the provider no-show standard in 34 of the 36 months we reviewed from July 2014 to June 2017.
- The contract provides a mileage reimbursement of 50 cents per mile to individuals who transport Medicaid recipients to or from a Medicaid covered service. Our review of the two drivers with the largest reimbursements in calendar year 2016 found that they were reimbursed as though they provided separate trips when transporting two or more recipients to the same destination at the same time. The division could have saved \$44,000 in 2016 for these two drivers alone if the reimbursements were based on actual miles driven. Our review of 2016 mileage reimbursements also disclosed 5,998 claims totaling \$83,236 where the recipients appear to have driven themselves to a medical appointment. Recipients who drive themselves are not entitled to a mileage reimbursement. In addition, we found that 12 of 127 randomly selected 2016 mileage reimbursements could not be traced to a corresponding medical claim.
- The broker is paid a set monthly capitation fee for each eligible Medicaid recipient. Our review of capitation payments from July 2014 through August 2017 disclosed 14,058 duplicate payments totaling \$127,084.

AUDITEE RESPONSE

The department concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click [here](#).