

TO: Hospitals - Chief Executive Officers  
Providers of Pharmaceutical Services

SUBJECT: Award of Contract to Blue Cross and Blue Shield of New Jersey, Inc. to Perform Certain Audit Functions

BACKGROUND: The Division of Medical Assistance and Health Services (DMAHS) Pharmaceutical Assistance to the Aged and Disabled (PAAD) Program. Providers of pharmaceutical services are subject to regular desk audits and related on-site reviews of Medicaid/PAAD claims.

In addition, DMAHS requires routine audits of hospital inpatient billings to the Medicaid Program to ensure that the appropriate DRG is utilized by providers. DMAHS also audits inpatient hospital claims including those bearing diagnoses indicating trauma for which another party is or may be liable for payment.

ACTION: Please be advised that the contract for the performance of the above-referenced audits has been awarded to Blue Cross and Blue Shield of New Jersey, Inc. and representatives of that organization will be conducting these audits as agents of DMAHS. Please note that these types of audits have been performed for a number of years by DMAHS' former Fiscal Agents, and these audit functions will continue and will be performed by appropriate staff of New Jersey Blue Cross and Blue Shield.

Your continued cooperation regarding the DMAHS' audit activities is requested.

If there are any questions concerning this Newsletter, please contact Leon R. Bartol, Chief, Bureau of Administrative Control, at (609) 588-3034.