



State of New Jersey  
Department of Human Services  
Division of Medical Assistance & Health Services  
New Jersey Drug Utilization Review Board

# NEWSLETTER

Volume 34 No. 04

May 2024

**TO:** Acute Care General Hospitals, Comprehensive Rehabilitation Hospitals, Private Psychiatric Hospitals, and Special Hospitals - **For Action**  
Managed Care Organizations – **For Information Only**

**SUBJECT:** **The Division of Medical Assistance and Health Services (DMAHS) Fair Hearing Appeal Process for Permedion Utilization Review (UR) Audit Inpatient MCO Encounter Adverse Determinations**

**EFFECTIVE:** **Immediately**

**PURPOSE:** To inform hospitals and managed care organizations (MCOs) about hospital appeal rights concerning fair hearing requests for Permedion determinations of MCO encounter records.

**BACKGROUND:** In 2020, the Division of Medical Assistance and Health Services (DMAHS) expanded the responsibilities of the Permedion hospital utilization review (UR) audit contract to include the assessment of inpatient encounters, in accordance with Section 1902 (a)(42)(B)(i) of the Social Security Act. This expansion includes the examination of medical records and pertinent billing documentation to evaluate medical necessity, DRG coding accuracy, proper billing practices, and quality assurance.

Throughout the audit process, hospitals are expected to address any identified adverse determinations or errors within a timeframe of twenty (20) days from the date of notification. Additionally, a first level appeal procedure is available for hospitals that do not agree with the audit findings.

**ACTION:** Hospitals retain the right to pursue a second level appeal and should initiate a Fair Hearing request within sixty (60) days subsequent to receiving an upheld adverse determination letter. This request must be formally submitted in writing to both DMAHS and Permedion, and should include comprehensive documentation as outlined below:

- Member name
- Date of birth
- Date(s) of service
- Permedion ID number assigned to the case
- Reason for appeal
- Medical record resubmission is **not** required.

Before submission to the Office of Administrative Law (OAL), all Fair Hearing requests are subject to a peer-to-peer review between the Permedion physician and the hospital UR physician.

Fair Hearing requests should be submitted to:

New Jersey Department of Human Services  
Division of Medical Assistance and Health Services  
DMAHS Fair Hearing Unit  
P.O. Box 721  
Trenton, NJ 08625

Or via fax to 609-588-2435;

**AND**

via email to [Permedion.NJUR@gainwelltechnologies.com](mailto:Permedion.NJUR@gainwelltechnologies.com);

Or sent via mail:

**USPS**

Permedion  
Attn: NJ Appeals - Mailbox 519  
P.O. Box 167728  
Irving, TX 75016-7728

**Other Carrier**

Permedion  
Attn: NJ Appeals - Mailbox 519  
5615 High Point Drive  
Irving, TX 75038

Should you have any questions regarding this Newsletter, please contact Permedion, at 609-632-1500.

**RETAIN THIS NEWSLETTER FOR FUTURE REFERENCE**