



State of New Jersey

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Jersey City and Newark Pharmacies Pay \$1.77 Million to Settle Medicaid Fraud Division Allegations

TRENTON – The Office of the State Comptroller (OSC), Medicaid Fraud Division (MFD), has reached two major settlement agreements for \$952,162 with Metro Pharmacy of Newark and \$825,300 with Herbert's Drug and Surgical ("Herbert's") of Jersey City based on thousands of unsupported claims submitted by the pharmacies and improperly paid with Medicaid program funds.

MFD conducted a pharmaceutical inventory analysis and determined that Metro Pharmacy submitted more than 8,800 claims between January 1, 2010 and September 30, 2013 which lacked the requisite support from corresponding wholesaler invoices. Herbert's claims for reimbursement lacked documentary support from corresponding wholesaler invoices for more than 8,000 claims between February 1, 2009 and March 31, 2014. Medicaid providers, including pharmacies, are required by State law to document services in order to be reimbursed by Medicaid program funds. The pharmacies' failure to maintain records supporting these claims created the basis for MFD's recoveries.

"Proper record keeping is vital to ensure against fraud, waste and abuse in the Medicaid program. Director Lichtblau and the Medicaid Fraud Division staff remain vigilant in rooting out non-compliance," State Comptroller Philip James Degnan said.

MFD serves as the State's independent watchdog for New Jersey's various Medicaid programs and works to ensure that the State's Medicaid dollars are being spent effectively and efficiently. As part of its oversight role, MFD audits and investigates health

care providers, managed care organizations and Medicaid recipients to identify and recover improperly expended Medicaid funds.

Suspected Medicaid waste, fraud or abuse can be reported to the MFD by calling its toll-free hotline at 1-888-937-2835 or by submitting a complaint form located at <http://www.state.nj.us/comptroller/divisions/medicaid/complaint.html> .

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