State Comptroller’s Office recovered more than $100 million for taxpayers in FY 2012

The anti-fraud efforts of the Office of the State Comptroller (OSC) led to the return of more than $102 million in improperly paid Medicaid funds to the state and federal budgets in Fiscal Year (FY) 2012, according to an annual report released by the office today.

In addition, an estimated $402 million in potential Medicaid costs were prevented through the office’s proactive anti-fraud efforts. OSC’s Medicaid Fraud Division also excluded 80 ineligible health care providers from participating in the Medicaid program in FY 2012. Among them, for example, was a provider convicted of selling a controlled substance to an undercover police officer.

“Our mission as an office has always been to stand up for the taxpayers of New Jersey and deliver results on their behalf,” State Comptroller Matthew Boxer said. “There is no more direct way to meet our mission than to identify wasted taxpayer dollars and then take action to recoup those dollars for the public.”

OSC’s annual report also provides this year’s results of the office’s procurement review functions. As required by statute, OSC pre-screens the proposed vendor-selection process for all government contracts valued at more than $10 million and reviews contracts valued between $2 million and $10 million post-award to determine if they were awarded in compliance with all laws and regulations.

In the past fiscal year, OSC found significant errors in approximately 23 percent of the contracts it reviewed with a value exceeding $10 million. In each case, OSC attorneys took action to assist the public entity in correcting the errors before those contracts were awarded. OSC found a 20 percent error rate in the contracts it reviewed that were valued between $2 million and $10 million.
The most common error OSC encountered in its reviews involved the use of proprietary specifications that inappropriately and unnecessarily required government vendors to use particular brand name items without permitting an opportunity to use an equivalent item. Such specifications hinder open competition among suppliers and bidders, which has detrimental consequences in terms of the price the government agency ultimately pays. In a few instances, the specifications OSC reviewed not only required particular brand name items but further directed the bidder to a particular vendor selling those items.

This year’s contract reviews indicate that government contracting practices in New Jersey are improving, although they remain far from acceptable, Boxer said.

The annual report also provides updates on OSC reports and the related savings and efficiencies that were realized this past fiscal year. For example:

- The state entered into new collective bargaining agreements that will save taxpayers nearly $3 million annually by following OSC’s recommendation to eliminate clothing allowances for state workers who are not required to wear uniforms or specialized clothing at work.

- The Delaware River Port Authority (DRPA) ended an insurance commission-sharing scheme that had been criticized in an OSC report as being wasteful. DRPA officials estimate that the agency’s recent hiring of new insurance brokers through a competitive selection process will save the agency $487,435 each year.

- Twenty government entities already have switched to the state health plan since the release of an OSC report that found millions of taxpayer dollars could be saved through such a switch.

- New legislation was enacted to codify OSC’s recommendation to require all public entities to maintain a website that includes their financial reports, information about their public meetings and other pertinent data.

- Legislation was also passed to improve state practices for disposing of surplus computer equipment after OSC auditors found confidential data on nearly a third of the state computers set to be auctioned from the state’s surplus property warehouse.

“Whenever we release a report, it only marks the start of our efforts to recover taxpayer dollars and achieve government reform.” Boxer said. “We are pleased with the actions that public officials have taken to implement the recommendations in our reports and achieve savings for the taxpayers of New Jersey.”

All OSC reports can be viewed in their entirety at www.nj.gov/comptroller.