



State of New Jersey

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Follow Up Report - Improper Benefit Payments to Incarcerated Individuals

TRENTON - Improved oversight by three state departments has resulted in the saving of millions of dollars through the denial of unemployment and Medicaid benefits to incarcerated individuals, according to a follow-up review by the Office of the State Comptroller (OSC). Specifically, OSC's review identified an estimated cost savings of \$19.2 million as of December 2015 and led to the recovery of approximately \$2.5 million in improperly issued Medicaid and pension benefits issued to inmates as of October 2015.

In its 2013 audit, OSC identified more than \$23 million in benefit payments from federal and state programs to individuals who were incarcerated and therefore not legally entitled to such payments. The 2013 audit made six recommendations to the departments of the Treasury, Labor and Workforce Development and Human Services. In its follow-up review, OSC found that five of those recommendations were implemented.

"These are important social programs and we are happy to see that the state departments we audited have acted to ensure that these funds are being reserved for people who actually qualify for them," State Comptroller Philip James Degnan said.

Below is a summary of some of the improvements made as a result of OSC's 2013 audit.

- The Department of Labor and Workforce Development (LWD) began using information from the Administrative Office of the Courts (AOC) in conjunction with the state Office of Information Technology (OIT) to cross-match county inmates with unemployment insurance benefit recipients. This has helped identify 2,766 county inmates who applied for

unemployment insurance, saving an estimated \$3.3 million in denied benefits. LWD partnered with the Division of Criminal Justice to investigate the most egregious cases of unemployment insurance benefits being paid to incarcerated individuals to pursue recovery. Those efforts are ongoing.

- The Department of Human Services' (DHS) Division of Medical Assistance and Health Services began working with AOC and OIT to cross-match county inmates with Medicaid benefit data, resulting in approximately \$16 million of cost avoidance in 2015 for denied payments to ineligible inmates.
- AOC and OIT began providing the DHS' Division of Family Development (DFD) with county jail inmate data, which DFD uses to identify county inmates receiving Work First New Jersey or Supplemental Nutrition Assistance Program benefits and then terminate those benefits during the term of incarceration.
- As of September 30, 2015, the Division of Pensions and Benefits recovered \$176,810 in improper pension payments from state retirees who received the benefit while they were incarcerated.

All OSC reports, including the 2013 audit, are available on the Office's website, www.nj.gov/comptroller.

OSC is an independent state agency that conducts audits and investigations of government agencies throughout New Jersey. The Office also reviews certain government contracts and works to detect and prevent Medicaid Fraud. The Office strives to enhance the efficiency and transparency of government and to ensure that public funds are spent effectively and efficiently.

Suspected government mismanagement and fraud can be reported to OSC by calling 1-855-OSC-TIPS (1-855-672-8477) or via email at comptrollertips@osc.nj.gov.

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