ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2140

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 2020

The Assembly Consumer Affairs Committee reports favorably and with committee amendments Assembly Bill No. 2140.

As amended and reported by the committee, this bill will revise the requirements for reviewing the financial statements and records of health care service firms. Current law requires all health care service firms to complete annual audits, which are to be submitted to the Director of the Division of Consumer Affairs in the Department of Law and Public Safety every three years.

Under the bill, all health care service firms will be required to submit to the director financial statements prepared by the firm, which are consistent with the firm's State tax filings. Additionally, any health care service firm that receives more than $250,000 for the provision of New Jersey Medicaid Personal Care Assistance services will continue to be subject to the current annual audit requirement, and health care service firms that generate $10 million or more in gross revenue in a year will be required to submit an audit for that year.

Health care service firms with gross revenue for the year that is between $1 million and $10 million which receive less than $250,000 for the provision of New Jersey Medicaid Personal Care Assistance services would, in lieu of an audit, be required to submit a report for that year to the director that is prepared by an independent third party practitioner based on a review of the health care service firm's financial statements and records, general management, and internal controls.

In the event that the division makes adverse findings against a health care service firm upon review of its independent third party report, the director will order corrective action by the firm, followed by a separate review of the firm's data for the year, to be performed by a different independent third party practitioner than the one that performed the original review. The firm will additionally be required to submit an audit for the following year, regardless of the firm's gross income in that year.

The director, in consultation with representatives of registered health care service firms, will be required to develop standards and procedures for the independent third party review of health care

service firm financial statements and records, general management, and internal controls. At a minimum, the standards and procedures will address the minimum educational, training, and professional certification qualifications for practitioners performing the reviews; the data points and metrics to be included in a review; and the thresholds and requirements for the division to make an adverse finding and take corrective action against a firm.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

As reported by the committee, Assembly Bill No. 2140 is identical to Senate Bill No. 848 (1R), which also was reported by the committee on this same date.

COMMITTEE AMENDMENTS

The committee amendments provide that certain audits and a financial report required to be submitted under the bill would not commence being due for submission until on or after December 30, 2022, as the case may be. Additionally, there are technical amendments to the bill, which clarify that certain provisions of the bill apply to health care service firms that receive funds for the provision of New Jersey Medicaid Personal Care Assistance Services.