

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL

**ELIGIBILITY DETERMINATIONS
FOR OUT-OF-STATE CLIENTS**

*Inspection of Eligibility Actions Performed for Out-of-State
Clients by Access and Eligibility Services*



August 30, 2019
OIG Report No. INS-19-003



HHSC OIG

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SERVICES COMMISSION

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August 30, 2019 | Highlights of OIG Inspections Division Report INS-19-003

ELIGIBILITY DETERMINATIONS FOR OUT-OF-STATE CLIENTS:

Inspection of Eligibility Actions Performed for Out-of-State Clients by Access and Eligibility Services

WHY THE OIG CONDUCTED THIS INSPECTION

An inspection was conducted to determine if Texas Medicaid ensures only eligible out-of-state Texas residents receive benefits. The inspection focused on determining if actions performed by the Health and Human Services Commission (HHSC) Access and Eligibility Services (AES) ensure proper eligibility determinations are made for clients.

Medicaid clients who move out of Texas risk losing benefits if they fail to report the move or fail to declare their intent to return to Texas. HHSC AES identifies out-of-state clients using client notifications, out-of-state spending reports, case information, returned mail, or automated data exchanges. Texas Medicaid is at risk of making monthly capitation payments to managed care organizations (MCOs) for ineligible clients if clients who live out of state are not identified timely.

WHAT THE OIG RECOMMENDS

The OIG Inspections and Investigations Division recommends:

1. HHSC Social Services Applications, with assistance from AES, should work with the Social Security Administration (SSA) to resolve the transaction code issue to ensure the Texas Integrated Eligibility Redesign System (TIERS) receives accurate information.
2. After the transaction code issue is resolved with SSA, AES should research the 361 clients and correct the eligibility for those found with errors.

View the report online at
<https://oig.hhsc.texas.gov/>

For more information, contact:
IG_Inspections_Division@hhsc.state.tx.us

WHAT THE OIG FOUND

The OIG Inspections and Investigations Division found the actions performed by AES ensure proper eligibility determinations are made for clients. However, a vulnerability exists in the information TIERS receives from SSA.

During the automated interface between SSA and TIERS, if SSA determines Medicaid jurisdiction should move to the client's new state of residence, SSA reports the out-of-state address to TIERS with a transaction code of 5. Code 5 instructs TIERS to automatically store the client's out-of-state address and terminate the Medicaid benefits in TIERS.

If SSA determines Medicaid jurisdiction should remain with Texas, SSA sends the out-of-state address with a transaction code other than 5. When that occurs, the address in TIERS is automatically updated, but Medicaid benefits will not be terminated because SSA determined the client's Medicaid jurisdiction should remain in Texas.

During this inspection, HHSC Social Services Applications identified an issue with records received from SSA that should have had a transaction code of 5, but instead had other values. If a record is incorrectly coded by SSA, then TIERS would not automatically terminate the benefits. As a result, Texas Medicaid will continue to make monthly capitation payments or spend fee-for-service dollars on clients who may be ineligible for benefits.

A data query identified 361 clients in TIERS with an out-of-state address and a transaction code other than 5. Of the 361 clients, 119 distinct clients with a code other than 5 had \$1.2 million in benefits paid during the rolling 24-month period. Additionally, of the 361 clients, 273 distinct clients with a code other than 5 had \$3.4 million in benefits paid prior to the rolling 24-month period. This data does not reflect improper payments but indicates a need for further analysis to ensure correct eligibility determinations.

Eligibility specialists do not receive notification of clients with a transaction code other than 5. The eligibility specialists could make a correct eligibility determination if they received a notification. HHSC depends on SSA to provide accurate data. Texas Medicaid could continue making unnecessary monthly capitation payments or paying fee-for-service dollars for ineligible clients if this issue is not resolved with SSA. If the eligibility specialist terminated the client's Medicaid Eligibility Supplemental Security Income benefits, the benefits could automatically be re-established with updated information during the next SSA automatic interface exchange with TIERS.

The OIG inspection team also noted an opportunity for improvement exists for AES to better identify out-of-state clients by using additional sources of information including: a) the Public Assistance Reporting Information System matches received from OIG, which identifies clients receiving Medicaid in another state; b) a list of clients with an out-of-state address in TIERS, which can be requested from HHSC Social Services Applications; c) development of data queries to identify clues that a client may reside out-of-state; and d) a list of clients from the automated interface between SSA and TIERS that shows an out-of-state address with a transaction code other than 5 and jurisdiction outside of Texas.

These concerns led to two OIG recommendations listed to the left. HHSC Social Services Applications and AES agreed with the recommendations.

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I. PURPOSE AND OBJECTIVES

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Inspections and Investigations Division conducted an inspection to determine if Texas Medicaid ensures only eligible out-of-state Texas residents receive benefits. The inspection focused on determining if actions performed by HHSC Access and Eligibility Services (AES) ensure proper eligibility determinations are made for clients.

II. BACKGROUND

In 2018, Texas Medicaid expended \$22.2 billion to provide medical benefits to 5.5 million clients through managed care organizations (MCOs).¹ Medicaid clients who move out of Texas risk losing benefits if they fail to report the move or fail to declare their intent to return to Texas.² HHSC AES identifies out-of-state clients using client notifications, out-of-state spending reports, case information, returned mail, or automated data exchanges. Texas Medicaid is at risk of making monthly capitation payments to MCOs for ineligible clients if clients who live out of state are not identified timely.

Policies

Clients who move out of the state are required to notify Texas Medicaid within 10 days. AES eligibility specialists contact these clients to determine their continued eligibility. The eligibility specialist reviews the client's situation every three months to determine the client's permanent residence.³

Eligibility Determination Process

AES determines eligibility for Texas Medicaid clients and manages this information in the Texas Integrated Eligibility Redesign System (TIERS) database. However, if the individual is a Social Security Administration (SSA) beneficiary, SSA will determine the individual's federal Medicaid Eligibility (ME) Supplemental Security Income (SSI). Based on SSA's eligibility determinations, AES eligibility specialists adjust the client's ME SSI and Medicaid benefit information and document the changes in the case comments section of TIERS.

Clients can report a change of address by contacting an SSA or state eligibility specialist in person, by phone, or through the Texas Medicaid self-service portal. The

¹ Information provided by HHSC System Forecasting in May 2019 for state fiscal year 2019. Source of information is HHSC Premium Payable System, as of March 2019.

² Out-of-state clients can remain eligible under certain circumstances, such as: a) being in an approved program; b) being in an emergency situation; c) having a waiver; or d) stating their intent to return.

³ See Appendix A: Detailed Methodology for policy citations.

eligibility specialist determines if the move is temporary, why the client left, and when the client plans to return. Based on this information, the eligibility specialist will determine if benefits need to be terminated.

Identifying Out-of-state Clients

AES relies on five sources of information to identify clients who do not reside in Texas. These sources are: 1) the client notifies HHSC of the move; 2) an out-of-state spending report for Electronic Benefit Transfer (EBT) cards identifies the client; 3) “case clues” or suspicious information, such as TIERS comments found in the client’s file that alerts eligibility specialists to inspect the client’s residence; 4) HHSC receives the client’s returned mail; or 5) an automated interface between SSA and TIERS identifies the client with an out-of-state address.

Automated Interface Between SSA and TIERS

HHSC receives information daily from SSA through an automated interface with TIERS. This information identifies SSA clients eligible to receive ME SSI. If an SSA client moves from their current state of residence, SSA determines if the client meets the criteria to maintain Medicaid jurisdiction in their current state or if Medicaid benefits should move to the new state of residence.

If a client moves from Texas to another state and SSA determines Medicaid jurisdiction should move to their new state of residence, SSA will report the out-of-state address to TIERS with a transaction code of 5. Code 5 instructs TIERS to automatically store the client’s out-of-state address and terminate the ME-SSI and Medicaid benefits in TIERS. This will also stop monthly capitation payments or fee-for-service (FFS) dollars from being spent on the client.

III. INSPECTION RESULTS

The OIG Inspections and Investigations Division found the actions performed by AES ensure proper eligibility determinations are made for out-of-state clients. However, a vulnerability exists in the information TIERS receives from SSA.

Observation 1: A vulnerability exists in the information TIERS receives from SSA.

During the automated interface between SSA and TIERS, if SSA determines Medicaid jurisdiction should move to the client’s new state of residence, SSA reports the out-of-state address to TIERS with a transaction code of 5. Code 5 instructs TIERS to automatically store the client’s out-of-state address and terminate the Medicaid benefits in TIERS.

If SSA determines Medicaid jurisdiction should remain with Texas, SSA sends the out-of-state address with a transaction code other than 5. When that occurs, the address in TIERS is automatically updated, but Medicaid benefits will not be terminated because SSA determined the client's Medicaid jurisdiction should remain in Texas.

During this inspection, HHSC Social Services Applications identified an issue with records received from SSA that should have had a transaction code of 5, but instead had other values. If a record is incorrectly coded by SSA, then TIERS would not automatically terminate the benefits. As a result, Texas Medicaid will continue to make monthly capitation payments or spend FFS dollars on clients who may be ineligible for benefits. HHSC Social Services Applications is currently working with SSA to resolve this issue.

A data query⁴ identified 361 clients in TIERS with an out-of-state address and a transaction code other than 5. Of the 361 clients, 119 distinct clients⁵ with a code other than 5 had \$1.2 million in benefits paid during the rolling 24-month period.⁶ This data does not reflect improper payments, but indicates a need for further analysis to ensure correct eligibility determinations. Table 1 shows the 119 distinct clients for the 24-month period of May 2017 to April 2019.

Table 1. Clients and Spending Identified From May 2017 to April 2019

Category	Number of Clients	Amount Spent
FFS Spending	49	\$235,861
Monthly Capitation Payments	92	\$981,972

Source: *OIG Inspections and Investigations Division, OIG Data and Technology (DAT), and HHSC Social Services Applications, as of May 2019*

Additionally, of the 361 clients, 273 distinct clients with a code other than 5 had \$3.4 million in benefits paid prior to the rolling 24-month period. Table 2 shows the 273 distinct clients for the period from the transaction code issue date to April 2017, which is the time period before the rolling 24-months started.

Table 2. Clients and Spending Identified Prior to May 2017

Category	Number of Clients	Amount Spent
FFS Spending	175	\$1,210,962
Monthly Capitation Payments	260	\$2,229,124

Source: *OIG Inspections and Investigations Division, OIG DAT, and HHSC Social Services Applications, as of May 2019*

⁴ HHSC IT Social Services Applications performed this data query in April 2019.

⁵ Texas Medicaid benefits may be paid for a client by both FFS dollars and monthly capitation payments. They are referred to as distinct clients in Table 1 and 2 to avoid over-counting the number of clients.

⁶ Capitation overpayments can be adjusted back to the state through the HHSC Premium Payable System for up to 24 months retrospectively from the date the update is performed; otherwise, funds must be recouped through a manual process.

Eligibility specialists do not receive notification of clients with a transaction code other than 5. The eligibility specialists could make a correct eligibility determination if they received a notification.

HHSC depends on SSA to provide accurate data. Texas Medicaid could continue making unnecessary monthly capitation payments or paying FFS dollars for ineligible clients if this issue is not resolved with SSA. If the eligibility specialist terminated the client's ME-SSI benefits, the benefits could automatically be re-established with updated information during the next SSA automatic interface exchange with TIERS.

Recommendation 1.1: HHSC Social Services Applications, with assistance from AES, should work with SSA to resolve the transaction code issue to ensure TIERS receives accurate information.

Management Response:

Management agrees with the recommendation.

Implementation Plan:

HHSC-IT Social Services will continue to work with the Social Security Administration to resolve the transaction code issue. We will also engage AES to assist with this effort. AES is currently the signatory authority on the Memorandum of Understanding with the Social Security Administration and liaison.

HHSC-IT first notified the Social Security Administration of this issue in January 2019. HHSC-IT sent a follow up request and list of potentially affected client to the Social Security Administration in April 2019.

As indicated in the report, this issue is within the Social Security Administration's system and must be resolved by their teams. We will continue to work with AES and the Social Security Administration on resolution.

Target Implementation Date:

Because the issue resides within the Social Security Administration's system/control, HHSC-IT is unable to provide an implementation date for when the issue will be resolved.

Responsible Party:

Mary Catherine Bailey, Director of Business Automation, IT Applications

Recommendation 1.2: After the transaction code issue is resolved with SSA, AES should research the 361 clients and correct the eligibility for those found with errors.

Management Response:

Management agrees with the recommendation.

Implementation Plan:

As indicated in the report, SSA makes eligibility determinations for ME SSI clients. At the time SSA corrects the code issue with these clients, existing interface functionality will update eligibility and route to eligibility staff, if needed, using existing functionality and processes. No additional action is needed to address this recommendation.

Target Implementation Date:

Not Applicable

Responsible Party:

Todd Byrnes, Associate Commissioner, Eligibility Operations

Opportunity for Improvement:

The five sources of information used by AES to identify clients who do not reside in Texas have several limitations, including: a) not all clients notify HHSC of their move; b) not all clients use EBT cards; c) eligibility specialists may not discover case clues; d) the automated interface between SSA and TIERS does not always contain correct information; and e) not all Texas Medicaid clients are also SSA clients. Due to these limitations, Texas Medicaid may make monthly capitation payments to MCOs or pay benefits for an unknown number of clients who reside outside of Texas. Some of these clients were only found after analyzing query results that identified clients with an incorrect code from SSA.

AES relies on clients to provide notification when they move. If the client does not provide notification, AES has limited sources to identify the out-of-state clients. Additionally, TIERS must contain the client's correct address to avoid making unnecessary monthly capitation payments.

AES would benefit from development of additional methods to identify clients who have moved out of Texas. This would improve AES' ability to identify ineligible out-of-state clients, and ensure HHSC does not expend funds for ineligible out-of-state clients. Some sources AES may consider using include: a) the Public Assistance Reporting Information System matches received from OIG, which identifies clients receiving Medicaid in another state; b) a list of clients with an out-of-state address in TIERS, which can be requested from HHSC Social Services Applications; c) development of data queries to identify clues that a client may reside out-of-state; and d) a list of clients from the automated interface between SSA and TIERS that shows an out-of-state address with a transaction code other than 5 and jurisdiction outside of Texas.

IV. CONCLUSION

The OIG Inspections and Investigations Division completed an inspection to determine if Texas Medicaid ensures only eligible out-of-state Texas residents receive benefits. The inspection found the actions performed by AES ensure proper eligibility determinations are made for clients. However, a vulnerability exists in the information TIERS receives from SSA.

The OIG Inspections and Investigations Division recommends:

- HHSC Social Services Applications, with assistance from AES, should work with SSA to resolve the transaction code issue to ensure TIERS receives accurate information.
- After the transaction code issue is resolved with SSA, AES should research the 361 clients and correct the eligibility for those found with errors.

The OIG inspection team also noted that an opportunity for improvement exists for AES to better identify out-of-state clients by using additional sources of information.

The OIG Inspections and Investigations Division thanks HHSC Access and Eligibility Services, the AES Customer Care Center eligibility specialist team, HHSC Information Technology Social Services Applications, and HHSC System Forecasting for their cooperation and assistance during this inspection.

V. APPENDICES

Appendix A: Detailed Methodology

Inspection Scope

Preliminary research started in July 2018 and focused on the most recent 24-month period from July 1, 2016 to June 30, 2018. Texas Medicaid recoups monthly capitation payments in a rolling 24-month period. Adjustments cannot be made on capitation payments that fall outside the 24-month rolling period. Funds must be recovered another way if the payments fall outside the 24-month period.

Policy Citations

Summary of Policies Regulating Out-of-State Clients

#	Policy
1	<u>Medicaid for the Elderly and People with Disabilities (MEPD) Handbook; D-3400 Change of Address:</u> When a recipient moves, the recipient is required to report this change within 10 days to HHSC.
2	<u>MEPD Handbook; D-3510 Intent to Return:</u> The eligibility specialist will contact the client to determine whether their absence from the state is temporary, why the recipient left, and when they plan to return to Texas.
3	<u>MEPD Handbook; D-3510 Intent to Return:</u> The client’s situation will be reviewed every three months to determine where the client intends to live permanently.
4	<u>Texas Works Handbook (TWH) A-740 Moves out of Texas:</u> A certified individual becomes ineligible if they move to another state with the intent to remain there or without declaring their intent to return.
5	<u>TWH A-750 Temporary Visits Out of Texas:</u> An individual is a resident of Texas unless there is substantial, factual evidence that proves otherwise. When the advisor determines that the individual is no longer a resident, the individual is denied Medicaid.

Source: MEPD Handbook and TWH, as of May 2019.

Data Analysis

The inspection focused on Texas Medicaid clients with an out-of-state address, as shown in TIERS. HHSC Social Services Applications performed a database query in TIERS in February 2019 to identify all clients with an out-of-state address. This query identified 55,762 clients with an out-of-state address in TIERS for a two-year period.

The inspection team analyzed a sample of 30 clients by reviewing information and case comments made by eligibility specialists in TIERS to determine if the specialist made correct eligibility determinations for each client. The determinations included checking: a) if the client notified HHSC of the move; b) if the eligibility

specialist maintained contact with the client; and c) if the client's benefits were terminated. The HHSC Customer Care Center eligibility specialist team reviewed this information with the inspection team to ensure the accuracy of the inspection team's observations.

The analysis did not clearly show if the eligibility specialist made the correct determinations for 4 of the 30 clients. The AES Customer Care Center eligibility specialist team reviewed the four clients and found only one client did not have a correct eligibility determination. This one client notified HHSC of the move and the eligibility specialist terminated the client's benefits for the EBT card. However, the eligibility specialist did not send the case to AES Data Integrity to terminate the remaining benefits and complete the process.

HHSC Social Services Applications analyzed the automatic interface data and found that SSA does not always send the correct transaction code of 5 for out-of-state clients. TIERS will only perform the appropriate action to terminate benefits if SSA issues a transaction code of 5. If the code is any number other than 5, TIERS does not automatically terminate benefits. In April 2019, HHSC Social Services Applications identified 361 clients in TIERS with an out-of-state address and a transaction code other than 5. In May 2019, OIG DAT identified the dollar amounts spent on these clients in both FFS and monthly capitation payments. Due to data limitations, DAT is confined to the period of 2013 to the present when identifying monthly capitation payments made for clients.

Standards

The OIG Inspections and Investigations Division conducts inspections of the Texas Health and Human Services programs, systems, and functions. Inspections are designed to be expeditious, targeted examinations into specific programmatic areas to identify systemic trends of fraud, waste, or abuse. Inspections typically result in observations and may result in recommendations to strengthen program effectiveness and efficiency. The OIG Inspections and Investigations Division conducted the inspection in accordance with Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Appendix B: Report Team and Report Distribution

Report Team

The OIG staff members who contributed to this report include:

- Lisa Campos Garza, CFE, CGAP, Assistant Deputy IG for Inspections
- Troy Neisen, Director for Inspections
- Xavier Ortiz, Manager for Inspections
- James Aldridge, Team Lead for Inspections
- Pat Krempin, Inspector
- Coleen McCarthy, MS, CHES[®], Editor
- Jonathan Y. O'Reilly, MA, Director of Fraud Analytics for OIG Data and Technology
- PrabodhKumar Dhara, MPH, CPH, Investigative Data Analyst for OIG Data and Technology

Report Distribution

Texas Health and Human Services:

- Courtney N. Phillips, PhD, Executive Commissioner
- Cecile Erwin Young, Chief Deputy Executive Commissioner
- Ruth Johnson, Chief Operating Officer
- Victoria Ford, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Wayne Salter, Deputy Executive Commissioner, Access and Eligibility Services
- Stephanie Muth, Deputy Executive Commissioner, Medicaid and CHIP Services
- Nicole Guerrero, Director, Internal Audit

Appendix C: OIG Mission and Contact Information

Inspector General Mission

The mission of the OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, review, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Dirk Johnson, OIG Chief Counsel
- Susan Biles, OIG Chief of Staff
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Olga Rodriguez, Chief of Strategy and Audit
- Quinton Arnold, Chief of Inspections and Investigations
- Steve Johnson, Interim Chief of Medicaid Program Integrity

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- Mail: Texas Health and Human Services Commission
Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: (512) 491-2000

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