

TEXAS HEALTH AND HUMAN SERVICES COMMISSION  
**OFFICE OF INSPECTOR GENERAL**

**ANNUAL INSPECTION PLAN**

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*Fiscal Year 2020*



**TABLE OF CONTENTS**

INTRODUCTION ..... 3

INSPECTION AUTHORITY ..... 4

INSPECTION UNIVERSE ..... 4

RISK ASSESSMENT ..... 7

INSPECTION REPORTS PUBLISHED IN FISCAL YEAR 2019 and 2020 ..... 8

INSPECTION PLAN ..... 8

    Inspections Topics for Fiscal Year 2020. ....9

# INTRODUCTION

## **The Role of OIG**

In 2003, the 78<sup>th</sup> Texas Legislature created the Office of Inspector General (OIG) to strengthen the Health and Human Services Commission's (HHSC) capacity to combat fraud, waste, and abuse in publicly funded state-run Health and Human Services (HHS) programs.

OIG's mission, as prescribed by statute, is the "prevention, detection, audit, inspection, review, and investigation of fraud, waste, and abuse in the provision and delivery of all health and human services in the state, including services through any state-administered health or human services program that is wholly or partly federally funded, and the enforcement of state law relating to the provision of these services."

The OIG's primary tools for detecting, deterring, and preventing fraud, waste, and abuse are audits (conducted under the Generally Accepted Government Audit Standards, "Yellow Book" standard); investigations (conducted pursuant to generally accepted investigative policies); and inspections (conducted under the federal "Blue Book" standards).

## **OIG Principals**

### **Vision**

Promoting the health and safety of Texans by protecting the integrity of health and human services delivery.

### **Values**

Accountability, Integrity, Collaboration, Excellence

### **Mission**

Prevent, detect, audit, inspect, review, and investigate fraud, waste, and abuse in the provision and delivery of all state health and human services, and enforce state law related to the provision of those services.

## **Inspections Division Mission**

Conduct inspections of HHS programs, systems, and functions focused on fraud, waste, and abuse systemic issues in order to improve the HHS System.

## INSPECTION AUTHORITY

Texas Government Code Section 531.102 created OIG in 2003, and gives OIG the responsibility to inspect fraud, waste, and abuse in the provision and delivery of all health and human services in the state, including services through any state-administered health or human services program that is wholly or partly federally funded, or services provided by the Department of Family and Protective Services (DFPS).<sup>1</sup>

Inspections are performed in compliance with the Quality Standards for Inspection and Evaluation, promulgated by the Council of the Inspectors General on Integrity and Efficiency, “Blue Book” standard.

## INSPECTION UNIVERSE

The inspection universe represents an inventory of all potential areas that can be inspected. The OIG Inspections Division defines its inspection universe as the departments, programs, functions, and processes within the Health and Human Services (HHS) System and DFPS, including services delivered through managed care and services delivered through providers and contractors.

### HHS System

#### *Administrative Services*

- Financial Services
- Information Technology
- Internal Audit
- Legal
- Ombudsman
- Policy and Performance
- Procurement and Contracting Services
- System Support Services
- Divisions Health and Specialty Care System
- Regulatory Services
- Access and Eligibility Services
- Health, Developmental and Independence Services
- Intellectual and Developmental Disabilities and Behavioral Health Services
- Medicaid and CHIP Services
- State Facilities

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<sup>1</sup> Tex. Gov. Code § 531.102(a) (Sept. 1, 2017)

- Department of State Health Services (DSHS)
  - Community Health Improvement
  - Consumer Protection
  - Laboratory and Infectious Disease Services
  - Program Operations
  - Regional and Local Health Operations

#### Department of Family and Protective Services

- Administrative Services
- Adult Protective Services
- Child Protective Services
- Investigations
- Prevention and Early Intervention
- Statewide Intake

#### Medicaid Managed Care

##### *Managed Care Entities and Subcontractors*

- Managed Care Organizations
- Dental Maintenance Organizations
- Medical Transportation Organizations
- Behavioral Health Organizations
- Pharmacy Benefit Managers
- Third Party Administrators

##### *Managed Care Programs*

- Children’s Health Insurance Program (CHIP)
- Children’s Medicaid Dental Services
- CHIP Dental
- Texas Dual Eligible Integrated Care Project (Medicare-Medicaid Plans)
- State of Texas Access Reform (STAR)
- STAR+PLUS
- STAR Kids
- STAR Health

#### Services Delivered Through Providers and Contractors

The inspection universe includes the services delivered through providers and contractors that support the HHS System programs and managed care sections listed above. These services are categorized into two groups: (a) Medicaid and CHIP services, and (b) other services.

### *Medicaid and CHIP Services*

The list of Medicaid and CHIP services was compiled by reviewing the Medicaid and CHIP expenditures included in the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) 64 reports and CMS 21 reports.

- Behavioral Health Services
- Case Management (Primary Care & Targeted)
- Clinic Services
- Critical Access Hospital Services
- Dental Services
- Diagnostic Screening and Preventative Services
- Early and Periodic Screening, Diagnostic, and Treatment Services
- Emergency Hospital Services
- Emergency Services for Undocumented Aliens
- Family Planning
- Federally-Qualified Health Center Services
- Freestanding Birth Center Services
- Health Home for Enrollees with Chronic Conditions
- Health Services Initiatives
- Home and Community-Based Services
- Home Health Services
- Hospice
- Inpatient Hospital Services
- Inpatient Mental Health Facility Services
- Intermediate Care Facility Services (Private & Public)
- Laboratory and Radiological Services
- Medical Equipment
- Medical Transportation
- Non-Emergency Medical Transportation
- Nurse Mid-Wife
- Nurse Practitioner Services
- Nursing Facility Services
- Occupational Therapy
- Other Care Services
- Other Practitioners Services
- Outpatient Hospital Services
- Outpatient Mental Health Facility Services
- Personal Care Services
- Physical Therapy
- Physician and Surgical Services
- Prescribed Drugs
- Private Duty Nursing
- Programs of All-Inclusive Care for Elderly
- Prosthetic Devices, Dentures, and Eyeglasses
- Rehabilitative Services (Non-School-Based)
- Rural Health Clinic Screening Services
- School-Based Services
- Services for Speech, Hearing, and Language
- Sterilizations
- Therapy Services
- Tobacco Cessation for Pregnant Women
- Translation and Interpretation
- Vision

### *Other Services*

Other services include services provided by the HHS System and DFPS programs that are delivered through providers and contractors for which there is no federal financial participation through Title XIX (Medicaid) or Title XXI (CHIP). Examples include:

- Adoption and Permanency Services
- Autism
- Child Advocacy Programs
- Deaf and Hard of Hearing Services
- Emergency Medical Services (EMS)
- HIV/STD Prevention Services
- Population Based Services
- Prevention and Early Intervention Services
- Substance Abuse, Prevention, Intervention, and Treatment

- Family Violence Services
- Foster Care
- Guardianship
- Supplemental Nutrition Assistance Program (SNAP)
- Temporary Assistance for Needy Families
- Women, Infants, and Children (WIC)

## RISK ASSESSMENT

The OIG Inspections Division operates within the OIG risk assessment methodology and the Inspections Work Plan to identify additional inspection topics for inclusion in its Annual Inspection Plan.

We identify potential inspection topics from a variety of methods, such as:

- Coordinating with the HHS and DFPS Internal Audit Division
- Reviewing past, current, and planned work performed by external organizations, which include:
  - Texas State Auditor's Office
  - U.S. Department of Health and Human Services Office of Inspector General (DHHS OIG)
  - U.S. Department of Agriculture Office of Inspector General (USDA OIG)
  - U.S. Government Accountability Office (GAO)
  - U.S. DHHS Centers for Medicare and Medicaid Services (CMS)
- Conducting interviews with HHS and DFPS management and staff, and external stakeholders
- Coordinating with the OIG Audit Division and OIG Medicaid Program Integrity Division
- Reviewing the results of external reviews conducted on MCOs
- Analyzing data of services delivered through providers and contractors
- Viewing relevant Texas legislative hearings
- Renewing referrals from within the OIG, the HHS System, DFPS, and the public<sup>2</sup>

After compiling the list of potential inspection topics, the OIG Inspections Division considers several factors to select inspections for its Annual Inspection Plan. A few are listed below, but not limited to:

- Potential for client harm
- Potential financial impact
- Current oversight activities, including internal and external audits
- Public interest
- Available resources

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<sup>2</sup> The public is encouraged to report suspected fraud, waste, or abuse by clients or providers programs by calling the OIG toll-free Integrity Line at 1-800-436-6184 or submitting a referral online: [ReportTexasFraud.com](https://www.reporttexasfraud.com)

## INSPECTION REPORTS PUBLISHED IN FISCAL YEAR 2019 AND 2020

1. Duplicate Capitation Payments to Managed Care: Duplicate Capitation and the Texas Medicaid System
2. Automated Monthly Social Security Number Verification: HHSC Access and Eligibility Services' Process for Addressing Non-Verified Social Security Numbers for Texas Medicaid Clients
3. Personal Care Services: Attendant Background Checks
4. Durable Medical Equipment: Power Wheelchairs
5. Pharmacy Benefit Managers: Program Integrity Activities
6. Member Complaints Received by Texas Managed Care Organizations: Series I – Intake of Member Complaints
7. Data Integrity of Online Provider Directories: Accuracy of Provider Information
8. Eligibility Determinations for Out-of-State Clients: Eligibility Actions Performed for Out-of-State Clients by Access and Eligibility Services
9. Member Complaints Received by Texas Managed Care Organizations: Series II – Resolution of Member Complaints
10. Unclaimed Funds: Process to Recover HHSC Funds from the Texas Comptroller's Unclaimed Property Program

Published reports are on the OIG [website](#).

## INSPECTION PLAN

The HHS System currently has over 53,000 employees responsible for managing \$41.79 billion each year.<sup>3</sup> The HHS System has over 200 programs providing needed services to millions of Texans. These programs are subject to federal and state regulations, statutes and rules, and agency and program policies. The programs, and the administrative and technical support that enables them to function, are subject to funding constraints, policy changes, and changing priorities. As a result, risks associated with functions within the HHS System and DFPS are constantly changing.

In an effort to be responsive to continuously changing risks and an evolving environment, the OIG Inspection Plan focuses on the short term and is in conjunction with a schedule of current inspection projects and available staff to guide the utilization of resources. The inspection

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<sup>3</sup> \$41.79B is the total appropriation for health and human services agencies in Article II – Health and Humans Services in House Bill 1, 86th Legislature, Regular Session, 2019



projects listed in the section below are intended to represent the roadmap the OIG Inspections Division plans to follow for fiscal year 2020.

### **Inspections Topics Proposed for Fiscal Year 2020**

Below are current and proposed inspection topics for fiscal year 2020. While OIG anticipates it will initiate the inspections listed below during fiscal year 2020, the planned inspections may be revised based on changing risks and priorities, including executive management requests and availability of inspection resources.

#### Current Ongoing Inspections:

1. Member Complaints Received by Texas Managed Care Organizations: Series III – Appeals Process of Member Complaints
2. Molina Quality Living Program
3. Child and Adolescent Needs and Strengths Assessment in Community Based Care
4. HHSC Quality Management of Local Mental Health Authorities
5. Overlapping Long Term and Support Claims During Hospital Stays
6. Mental Health Targeted Case Management and Rehabilitative Services in Managed Care
7. State Supported Living Centers Background Check and Training Practices

#### Planned Inspection Areas:

8. Behavioral Health Grants
9. Appropriateness of Hospice Care
10. Telemonitoring
11. Telemedicine and Telehealth
12. Clinical Laboratory Improvement Amendment (CLIA)