

INSPECTOR GENERAL

TEXAS HEALTH AND HUMAN SERVICES COMMISSION

ONE-YEAR ROLLING INSPECTION PLAN

Fiscal Year 2018



December 1, 2017

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INTRODUCTION

The Role of the Inspector General

In 2003, the 78th Texas Legislature created the Office of Inspector General (IG) 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.

The IG'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."

IG's primary tools for detecting, deterring, and preventing fraud, waste, and abuse are audits (conducted under the federal "Yellow Book" standard); investigations (conducted pursuant to generally accepted investigative policies); and inspections (conducted under "Quality Standards for Inspection and Evaluation").

IG Principles

Vision

To become the leading State IG in the country.

Values

Professionalism, Productivity, Perseverance

Mission

To detect, prevent, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used to deliver health and human services in Texas.

Inspections Division Mission

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

INSPECTION AUTHORITY

Texas Government Code Section 531.102 creates the IG, and gives the IG the inspection authority involving 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).¹

House Bill 5, 85th Regular Legislative Session, 2017, established DFPS as an agency independent of HHS effective Sept. 1, 2017. However, the IG maintains inspection authority over DFPS and may conduct inspections focused at preventing fraud, waste, and abuse within DFPS programs and services.

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.

INSPECTION UNIVERSE

The inspection universe represents an inventory of all potential areas that can be inspected. The IG Inspections Division defines its inspection universe as the departments, programs, functions, and processes within the HHS System and DFPS, including services delivered through managed care, providers, and contractors. Services delivered through managed care, providers, and contractors primarily applies to the HHS System, but may also apply to DFPS.

HHS System²

Administrative Services

- Financial Services
- Information Technology
- Legal
- Procurement and Contracting Services
- System Support Services

Divisions / Programs

- Facilities Division
- Medical and Social Services Division
- Ombudsman
- Policy, Performance, and Transformation
- Regulatory Services Division

¹ Tex. Gov. Code § 531.102(a) (Sept. 1, 2017)

² Based on the HHS System organizational chart effective September 1, 2017.

- Department of State Health Services (DSHS)
 - Community Health Improvement
 - Consumer Protection
 - Finance
 - 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
- Prevention and Early Intervention
- Statewide Intake

Medical and Dental Managed Care

Managed Care Entities and Subcontractors

- Managed Care Organizations (MCO)
- Dental Maintenance 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 programs that are delivered through providers and contractors for which there is no federal financial participation through Title XIX (Medicaid) or Title XXI (CHIP).

RISK ASSESSMENT

The IG Inspections Division conducts a continuous risk assessment to identify potential inspection topics for inclusion in its One-Year Rolling Inspection Plan.

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

- Coordinating with the HHS and DFPS Internal Audit Divisions
- 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
 - U.S. DHHS CMS
- Conducting interviews with HHS and DFPS management and staff, and external stakeholders
- Coordinating with the IG Audit Division and Investigation Division
- Reviewing the results of external reviews conducted on managed care organizations
- Analyzing data of services delivered through providers and contractors
- Viewing relevant Texas Legislature Hearings
- Renewing referrals from within the IG, the HHS System, DFPS, and the public³

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

- Requests from executive management
- Current oversight activities, including internal and external audits
- Public interest
- Available resources

³ The public are encouraged to report suspected fraud, waste, or abuse by clients or providers in Texas HHS programs by calling the IG toll-free Integrity Line at 1-800-436-6184 or submitting a referral online: <https://oig.hhsc.texas.gov/report-fraud>

REPORTS PUBLISHED

- **Inspection of Pediatric Dental Sedation**
- **Inspection of Prescription Opioid Abuse and Overutilization**
- **Inspection of Speech Therapy**
- **Inspection of Procedures to Maximize Recovery of Supplemental Nutrition Assistance Program (SNAP) Overpayments**

Reports published can be found on the IG website.

INSPECTIONS IN PROGRESS

Inspection of Suspense Account (Inspector General Medicaid Recovery Process)

Purpose

How should funds from settlements and judgments remitted to the Inspector General Chief Counsel Division be allocated between the State of Texas Medicaid program and the contracted managed care organizations?

Objectives

- Identify legal requirements governing how to allocate funds for recoveries associated with fee-for-service and managed care models of service delivery.
- Determine an allocation methodology, consistent with legal requirements, to distribute recoveries between Texas Medicaid and managed care organizations.

Inspection of Long-Term Services and Supports - Community Attendant Services

Purpose

Are Community Attendant Services (CAS) billed to Medicaid rendered to consumers in accordance with program requirements?

Objectives

- Determine how the Community Support Section of Access & Eligibility Services (AES) oversight of the CAS program ensures services are being rendered and properly billed.
- Determine if home health agencies are effectively monitoring whether personal attendant services billed are actually provided to consumers.

Inspection of Electronic Visit Verification (EVV)

Purpose

How effective is the EVV system at verifying service visits occur and allowing confirmation that services were provided?

Objectives

- Determine the effectiveness of the HHSC EVV Provider Compliance Plan.
- Determine the percentage of Medicaid claim details matched with EVV visit data.

Inspection of Medicaid Payments for Deceased Clients

Purpose

How can Texas Medicaid strengthen processes used to identify and recoup payments for deceased clients?

Objectives

- Determine how Texas Medicaid identifies deceased clients.
- Determine if Texas Medicaid effectively recoups payments for deceased clients.

Inspection of Multiple Medicaid IDs

Purpose

Determine if Texas Medicaid made capitation payments for clients with multiple Medicaid identification numbers.

Objectives

- Determine if the Texas Medicaid system identifies and prevents the creation of multiple Medicaid identification numbers for clients.
- Determine if the Texas Medicaid system recovers unallowable capitation payments associated with multiple Medicaid identification numbers.

Inspection of Managed Care Duplicate Capitated Rate Payments

Purpose

Determine if Texas Medicaid processes identify or prevent duplicate capitation payments to managed care and dental maintenance organizations.

Objectives

- Determine why beneficiaries are enrolled in both CHIP and Medicaid.
- Determine processes to reduce incidence of duplicate capitation payments to managed care and dental maintenance organizations.

Inspection of AES Interstate and Income Eligibility & Verification System (IEVS) Alerts

Purpose

Do HHSC Customer Care Center (CCC) responses to IG match action alerts prevent SNAP, Temporary Assistance for Needy Families, and Medicaid overpayments?

Objectives

- Determine whether CCC accurately process all required changes to client benefits in response to Public Assistance Reporting Information System and IEVS match action alerts.
- Determine whether CCC process all necessary changes within timeline requirements.

INSPECTION PLAN

The HHS System currently has over 42,000 employees responsible for managing approximately \$42.2 billion each year, and includes over 200 programs providing needed services to millions of Texans.⁴ These programs are subject to federal and state regulations, statutes and rules, and HHS 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 are constantly changing. DFPS currently has over 12,000 employees and is responsible for managing approximately \$2 billion each year.

In an effort to be responsive to continuously changing risks and an evolving environment, the IG Inspection Plan focuses on the short term and is used in conjunction with a schedule of current inspection projects and available staff to guide the utilization of resources within the upcoming six-month period of time. The inspection projects listed in the section below are intended to represent the roadmap the IG Inspections Division plans to follow for the next several months.

The second component, called the “Potential Inspection Topics for Fiscal Year 2018,” covers the balance of the year. This section, which includes potential inspection topics that represent possibilities for future inspections, is updated with each new version of the rolling inspection plan. Some potential topics will fall off the list, and others will be added, reflecting changing risks and priorities.

Inspections IG Plans to Initiate during the Next Six Months

Proposed inspection topics are listed below. While IG anticipates it will initiate the inspections listed below during the next six months, the planned inspections may be revised based on changing risks and priorities, including executive management requests and availability of inspection resources.

- Behavior Health Counseling
- Durable Medical Equipment
- Family Psychotherapy Services
- Medically Unnecessary Dental Procedures Performed on Primary Teeth
- Pharmacy Benefit Manager Oversight

⁴ \$42.2 billion represents the sum of the fiscal year 2018 appropriations reported in the 85th Legislature, Senate Bill 1 (General Appropriations Act), for DSHS and HHSC, in addition to the amount reported for Supplemental Nutrition Assistance Program (SNAP) benefits in the State of Texas Schedule of Expenditures of Federal Awards for the year ended August 31, 2016, which is approximately \$5.29 billion.

Potential Inspection Topics for Fiscal Year 2018:

Beneficiary Medicaid Service Territory Classification

E-Prescribing

Health Insurance Premium Payment Program

Hourly Claim Code Billing

MCO Criteria for Claim Denials

MCO Service Coordination

MCO Shopping by Medicaid Clients

Nursing Facility Service Coordination

Personal Care Services

Podiatrist Claims

Portable X-Ray Procedure Claims

Preadmission Screening and Resident Review

Process to Recover Provider Settlements

Psychiatric Diagnostic Evaluations

Schedule II Refills

SNAP Eligibility