

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

**ONE-YEAR ROLLING INSPECTION PLAN**

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*Fiscal Year 2017*



**December 2, 2016**

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# INTRODUCTION

## The Role of IG

In 2003, the 78th Texas Legislature created the Office of Inspector General 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 programs.

The Inspector General's (IG) 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 under the federal "Silver Book" standard); 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 and reviews of Health and Human Services programs, systems or functions focused on systemic issues and providing practical recommendations to improve effectiveness and efficiency in order to detect and prevent fraud, waste, and abuse and to ensure the greatest benefit to the citizens of Texas.

## 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.<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.

## INSPECTION UNIVERSE

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

### HHS System<sup>2</sup>

#### *Administrative Services*

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

#### *Programs*

- Medical and Social Services
- Policy and Performance
- Transformation
- Department of Aging and Disability Services
  - Regulatory Services
  - State Supported Living Centers
  - Program Operations
- Department of Family and Protective Services
  - Child Protective Services
  - Adult Protective Services
  - Statewide Intake

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<sup>1</sup> Tex. Gov. Code § 531.102(a) (Sept. 1, 2015)

<sup>2</sup> Based on the HHS System organizational chart effective September 1, 2016.

- Prevention and Early Intervention
- Childcare Licensing
- Program Operations
- Department of State Health Services
  - Regulatory Services
  - Disease Control and Prevention Services
  - Regional Local Health Services
  - Family & Community Health Services
  - State Hospitals
  - Program Operations

## Managed Care

### *Managed Care Entities and Subcontractors*

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

### *Managed Care Programs*

- Children's Health Insurance Program (CHIP)
- Texas Dual Eligible Integrated Care Project (Medicare-Medicaid Plans)
- STAR
- STAR+PLUS
- STAR Kids<sup>3</sup>
- STAR Health
- NorthSTAR<sup>4</sup>

## 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.

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<sup>3</sup> STAR KIDS program starts November 1, 2016.

<sup>4</sup> NorthSTAR program ends December 31, 2016.

## *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
- Emergency Hospital Services
- Emergency Services for Undocumented Aliens
- EPSDT Screening Services
- 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 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 includes 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 Inspection Division conducts a continuous risk assessment to identify potential inspection topics for inclusion in its One-Year Rolling Inspection Plan. Potential inspection topics consist of programs, services, providers, and contractors with an elevated potential for fraud, waste, and abuse.

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

- Coordinating with the HHS Internal Audit Divisions
- Reviewing past, current, and planned work performed by external organizations, which include:
  - Texas State Auditor's Office (SAO)
  - 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 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
- Requesting referrals from within the IG, the HHS System, and the public<sup>5</sup>

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<sup>5</sup> The public are encouraged to report suspected fraud, waste, or abuse by recipients 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>

After compiling the list of potential inspection topics, the IG Inspection 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 the Legislature and executive management
- Current oversight activities, including internal and external audits
- Public interest
- Available resources

## INSPECTIONS IN PROGRESS

### **Inspection of Pediatric Dental Sedation**

#### Purpose

Are the pediatric dental procedures with sedation performed on Medicaid beneficiaries medically necessary and within the standard of care?

#### Objective

Determine whether:

- Providers are meeting the required medical necessity for the Medicaid dental procedures requiring sedation.
- The 22-point "Criteria for Dental Therapy Under General Anesthesia" scoring process, as outlined in the Texas Medicaid Provider Procedures Manual (August 2016), appropriately addresses the need for general anesthesia in Medicaid dental procedures.
- The sedation procedures being performed on Medicaid beneficiaries are within the standard of care.
- Dental offices are equipped, staffed (credentialed), and trained in accordance with Texas Administrative Code (TAC) and the Texas State Board of Dental Examiners.

### **Inspection of Speech Therapy**

#### Purpose

Are Managed Care Organizations (MCOs) procedures used to determine eligibility for speech therapy services effective in preventing fraud, waste, and abuse?



## Objectives

Determine whether MCOs:

- Have effective controls and are ensuring proper authorization of speech therapy services to prevent fraud, waste, and abuse.
- Use uniform medical necessity criteria to authorize speech therapy services.
- Have adopted best practices to strengthen controls and reduce fraud, waste, and abuse in the authorization of speech therapy services.
- Speech therapy utilization rates vary significant across health regions.

## **Inspection of Prescription Opioid Abuse**

### Purpose

Does Texas Medicaid have programs effective at reducing prescription opioid abuse, and are there alternative programs that may further reduce opioid abuse?

### Objectives

Determine whether:

- The Texas Medicaid Program implemented effective processes to identify and reduce prescription opioid abuse.
- There are other programs and methods that have been proven effective at reducing opioid abuse that can be adopted by Texas Medicaid.

## INSPECTION PLAN

The HHS System currently has over 54,000 employees responsible for managing approximately \$44.2 billion each year, and includes over 200 programs providing needed services to millions of Texans.<sup>7</sup> 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.

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 Inspection Division plans to follow for the next several months.

The second component, called the “Potential inspection topics for the remainder of Fiscal Year 2017,” 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, which will occur in three month intervals. 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 projects are listed below. While IG anticipates it will initiate the inspections listed below during the next six months, changing risks and priorities could result in some of the planned inspections, including Legislative and executive management requests, and availability of inspection resources.

- Long Term Services and Supports (LTSS) - Community Attendant Services
- Women's Health and Education Services
- Treasury Offset Program
- Inspector General Medicaid Recovery Process (Suspense Account)
- Durable Medical Equipment Customized Motorized Wheel Chairs
- Psychotropic Medication Utilization and Medical Necessity
- Liquidated Damages Criteria
- Electronic Visit Verification

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<sup>7</sup> FY 2016 HHS Agency Operating Budgets

## **Potential Inspections Topics for the Remainder of Fiscal Year 2017**

- Integrity between MCO provider claims data and encounter data
- Doctor participation rate in acute care delivery
- Quality Incentive Payment Program (QIPP)
- Medical policy review process
- MCO rules for claim denials
- MCO Shopping by Medicaid recipients
- Process of dollars recovered from provider settlements
- Nursing Facility Service Coordination
- Procurement and Contract Services (PCS) Contract Monitoring
- Duplicate Medicaid recipients
- Incorrect Medicaid service territory
- Duplicate Capitated Rate Payments in Managed Care
- Electronic Visit Verification (EVV) System for Attendant Care Services (ACS)
- Women's Health and Education Services
- Therapy Services
- Pharmacy
- Long Term Services and Support