

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL

ANNUAL INSPECTION PLAN

Fiscal Year 2019



September 1, 2018

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INTRODUCTION

The Role of the Inspector General

In 2003, the 78th 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.

The 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 in accordance with generally accepted government standards); investigations (conducted pursuant to generally accepted investigative policies); and inspections (conducted under the federal Quality Standards for Federal Offices of Inspector General).

OIG Vision, Mission, and Values

Vision

Protecting the integrity of health and human services and promoting the health and safety of Texans.

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.

Values

Accountability, Integrity, Collaboration, Excellence

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 OIG, and gives the OIG 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 Legislature, Regular Session, 2017, established DFPS as an agency independent of HHS effective September 1, 2017. However, the OIG 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 OIG 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

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

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

² Based on the HHS System organizational chart effective September 1, 2018.

- 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

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

Managed Care Programs

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

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).

- Adoption and Permanency Services
- Autism
- Child Advocacy Programs
- Emergency Hospital Services
- Emergency Medical Services
- Family Violence Services
- Foster Care
- Guardianship
- HIV/STD Prevention Services
- Prevention and Early Intervention Services
- Public Health Preparedness
- Substance Abuse, Prevention, Intervention, Treatment
- Supplemental Nutrition Assistance Program
- Temporary Assistance for Needy Families
- Women, Infants, and Children

RISK ASSESSMENT

The OIG Inspections Division operates within the OIG risk assessment methodology and the OIG 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 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 (DHHS) Office of Inspector General
 - U.S. Department of Agriculture Office of Inspector General
 - U.S. Government Accountability Office
 - U.S. DHHS CMS
- Conducting interviews with HHS and DFPS management and staff, and external stakeholders
- Coordinating with the OIG Audit Division and Investigation Division
- Reviewing the results of external reviews conducted on MCOs
- Analyzing data of services delivered through providers and contractors
- Viewing relevant Texas Legislature Hearings
- Renewing referrals from within the OIG, the HHS System, DFPS, and the public³

³ The public are encouraged to report suspected fraud, waste, or abuse by clients or providers in Texas HHS programs by calling the OIG 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 OIG Inspections Division considers several factors to select inspections for its Annual 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

INSPECTION REPORTS PUBLISHED IN FISCAL YEAR 2018

- **Speech Therapy: Managed Care Organization Controls for Prior Authorization, Medical Necessity Determination, and Utilization Processes**
- **Treasury Offset Program: Procedures to Maximize Recovery of Supplemental Nutrition Assistance Program (SNAP) Overpayments**
- **Electronic Visit Verification System**
- **Medicaid Payments for Deceased Clients: Capitation Payments Made for Deceased Clients in the Texas Medicaid System**
- **Multiple Medicaid Identification (ID) Numbers: Multiple Medicaid IDs and the Texas Medicaid System**
- **Long-Term Services and Supports: Community Attendant Services**
- **Access and Eligibility Services (AES) Interstate and Income Match Action Alerts: Preventing and Recovering Benefit Overpayments**

Reports published can be found on the OIG website.

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.

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 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.

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 used in conjunction with a schedule of current inspection projects and available staff to guide the utilization of resources. The inspection projects listed in the section below are intended to represent the roadmap the OIG Inspections Division plans to follow for fiscal year 2019.

Inspections Topics for Fiscal Year 2019

Proposed inspection topics for fiscal year 2019 are listed below. While OIG anticipates it will initiate the inspections listed below during fiscal year 2019, the planned inspections may be revised based on changing risks and priorities, including executive management requests and availability of inspection resources.

1. Automated Monthly Social Security Number (SSN) Verification: HHSC AES' Process for Addressing Non-Verified SSNs for Texas Medicaid Clients
2. Background Checks for Personal Care Services Attendants
3. Behavioral Health
4. Community Mental Health Grant Program and Performance Requirements
5. Duplicate Capitation Payments to Managed Care
6. Durable Medical Equipment: Power Wheelchairs
7. Eligibility Determinations for Out of State Clients
8. Local Mental Health Authority Performance Requirements
9. MCO Complaints (Series 1 Complaints)
10. MCO Complaints (Series 2 Complaint Process)
11. MCO Complaints (Series 3 Appeals Process)
12. Pharmacy Benefits Manager: Program Integrity Activities
13. Program Integrity of Provider Directories
14. Texas Department of Family and Protective Services Foster Care Redesign
15. Value-Based Purchasing (Series 1)
16. Value-Based Purchasing (Series 2)