TEXAS HEALTH AND HUMAN SERVICES COMMISSION
INSPECTOR GENERAL

HHSC PROCESSES FOR ANALYZING AND PREVENTING ELIGIBILITY DETERMINATION ERRORS

November 13, 2017

HHSC IG

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WHY THE IG CONDUCTED THIS AUDIT

HHSC IG received a legislative request to audit the integrity of practices used by HHSC to determine eligibility for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Medicaid, and the Children's Health Insurance Program (CHIP). Specifically, the IG was asked to examine the root causes of eligibility determination errors, and any actions that have been taken or are being considered by HHSC Access and Eligibility Services (AES) to address the root causes of those errors.

AES performed over 11 million eligibility determination case actions for SNAP, TANF, Medicaid, and CHIP benefits during fiscal year 2015.

Total expenditures for these benefit programs in fiscal year 2015 exceeded $43 billion.

WHAT THE IG RECOMMENDS

Strengthen AES processes to ensure:

- Corrective action plans are performed when required, including comprehensive problem analysis, and results are documented and retained.

- Policy, criteria, and guidelines are in place for coordination and development of multi-regional and statewide corrective action plans.

- Outcomes from corrective actions are evaluated to determine whether errors were reduced or prevented, and ineffective corrective action plans are revised or replaced.

- Information technology data integrity issues are addressed.

For more information, contact:
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WHAT THE IG FOUND

AES Quality Control and Quality Assurance divisions perform case readings, and regions evaluate eligibility determination errors and develop corrective action plans intended to prevent or reduce the recurrence of future errors. Results of audit testing indicated that AES processes for developing corrective action plans and evaluating the effectiveness of those plans can be improved. For example:

- In the development of corrective action plans, problem analysis (root cause analysis) was not always performed, some corrective actions were not effective, corrective actions were not always designed to reduce or prevent errors in future time periods, implementation of corrective action plans lacked oversight from responsible management, and the effectiveness of implemented corrective actions in reducing or eliminating errors was not evaluated by AES.

- Corrective action plans were developed to address errors within individual regions, but procedures and processes were not in place for reviewing errors across regions and determining when corrective actions at a multi-regional or statewide level should be developed. As a result, corrective actions to consistently address similar errors across multiple regions were not developed and implemented.

- Processes were in place for development of corrective action plans in each region to address errors identified during quality control and quality assurance case readings identified each quarter, but there were no AES policies or processes for identifying when repeat or pervasive errors occurred in a region, or for determining whether existing corrective action plans that were not effectively addressing identified errors should be revised or replaced with actions that might be more effective in addressing the errors.

- AES was unable to produce seven of nine requested quality assurance error related corrective action plans.

- Controls over data in the Program Integrity Monitoring System (PIMS), the primary system AES uses for conducting and documenting case readings, were not adequate to ensure the reliability of the data for its intended purposes, and some PIMS reports contained inaccurate and unreliable information due to a defect in query processes.

AES generally agreed with the audit recommendations, and indicated some action plans have already been implemented and others were in progress. AES does not plan to address some weaknesses that impact the reliability of data in PIMS.

AUDIT OBJECTIVE AND SCOPE

The objective was to evaluate activities designed to analyze eligibility determination errors for benefit programs managed by the Texas HHS System, including specific practices for (a) identifying the root causes of incorrect eligibility determinations from agency errors and (b) developing and implementing corrective actions to prevent or reduce the recurrence of future errors. The scope included the results of AES eligibility determination case readings related to SNAP, TANF, Medicaid, and CHIP benefits for the period of September 2015 through December 2016, and related corrective action plans.

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INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Inspector General (IG) Audit Division has conducted an audit of HHSC processes for analyzing and preventing eligibility determination errors.

In September 2015, the U.S. Department of Agriculture - Office of Inspector General issued an audit report[1] which examined Supplemental Nutrition Assistance Program (SNAP) quality control processes in eight states, including Texas. The report indicated that quality control processes were "vulnerable to State abuse due to conflicting interests between (1) accurately reporting error rates and incurring penalties or (2) mitigating errors and receiving a bonus for exceeding standards."

On September 28, 2016, HHSC received a legislative request to audit the integrity of practices used by HHSC through the Texas Integrated Eligibility Redesign System (TIERS) to determine eligibility for SNAP, Temporary Assistance for Needy Families (TANF), Medicaid, and the Children's Health Insurance Program (CHIP), and to examine the root causes of agency errors and any actions that have been taken or are being considered by HHSC to address the root causes.

Subsequent to the legislative request, the U.S. Department of Agriculture - Food and Nutrition Service (FNS) notified HHSC, in November 2016, that it was unable to release a national payment error rate for 2015 due to data quality issues identified in 42 of the 53[2] state agencies, including Texas, during its November 2015 integrity review. The state-reported error rates derived from that data could not be validated by FNS. The issues in Texas related primarily to work performed by a contractor assisting with the review of quality control processes. The services provided by the contractor ended in 2015. In correspondence from FNS in June 2017, all SNAP programs were informed that no SNAP payment error rate would be issued for 2016, but FNS would instead focus on the 2017 reviews.

Unless otherwise described, any reference to state fiscal year covers the period from September 1 through August 31, and references to federal fiscal year covers the period from October 1 through September 30.

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[1] United States Department of Agriculture Office of Inspector General, FNS Quality Control Process for SNAP Error Rate (Sept. 2015).

[2] This includes the SNAP programs in the 50 states, the District of Columbia, Guam, and the Virgin Islands.

Objective

The audit objective was to evaluate activities designed to analyze eligibility determination errors for benefit programs managed by the Texas Health and Human Services (HHS) System, including specific practices for (a) identifying the root causes of incorrect eligibility determinations resulting from agency errors[3] and (b) developing and implementing corrective actions to prevent or reduce the recurrence of future errors.

Scope

The scope of this audit included the results of Access and Eligibility Services (AES) eligibility determination case readings related to SNAP, TANF, Medicaid, and CHIP benefits for the period of September 2015 through December 2016, and the related corrective action plans.

The IG Audit Division did not examine several areas it originally intended to include in the scope of the audit. The topics not included in the scope of this audit, and the reasons they are not included, follow.

HHSC Processes for Medicaid and CHIP Quality Control Case Readings, Root Cause Analysis, and Corrective Action Plans

The Centers for Medicare and Medicaid Services (CMS) established a 50-state pilot program known as the Medicaid and CHIP Eligibility Review Pilots to replace the Medicaid Eligibility Quality Control and Payment Error Rate Measurement reviews of eligibility determinations for federal fiscal years 2014 through 2017. The pilot program included five rounds, some performed by state staff and some performed by CMS contractors. Round five reviewed eligibility determinations for first quarter federal fiscal year 2017 claims. Due to (a) round five being within the scope of this audit, (b) AES not performing quality control reviews of Medicaid and CHIP eligibility determinations during the round five pilot period, and (c) the CMS contractor not completing round five reviews as of August 2017, there were no review results for the IG Audit Division to examine. AES performs root cause analysis and develops corrective action plans after review results are completed. Consequently, root cause analysis and corrective action plans related to Medicaid and CHIP eligibility errors for April 2016 through December 2016 were not available for the IG Audit Division to examine.

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[3] Agency errors can occur by not applying policy correctly, not obtaining mandatory verifications or unnecessarily requesting verifications, not including mandatory documentation required by policy; or when reported, incomplete, available, or discrepant information is not addressed, investigated, or fully explained relating to the eligibility point. Agency errors include payment errors, policy errors, verification errors, case clue errors, and documentation errors. Texas Health and Human Services Commission Eligibility Case Reading Guide, Definition of Types of Errors (May 2014).

Effectiveness of Quality Assurance Root Cause Analysis and Corrective Action
Plan Development for SNAP, TANF, Medicaid, and CHIP

HHSC performs quality assurance case readings for a random sample of SNAP,
TANF, Medicaid, and CHIP benefit determinations to identify errors, perform
problem analysis (a key component of the HHSC Service Improvement Plan Guide,
that includes steps resembling what is commonly thought of as root cause analysis)
of identified errors, and develop corrective action plans to prevent or reduce the
recurrence of future errors. AES was unable to produce seven of nine quality
assurance error related corrective action plans the IG Audit Division requested for
review. While the IG Audit Division reviewed the two corrective action plans AES
provided, it was unable, due to the absence of information that would have been
available in the seven reports AES was unable to provide, to conclude on the
overall effectiveness of actions AES took to prevent or reduce eligibility
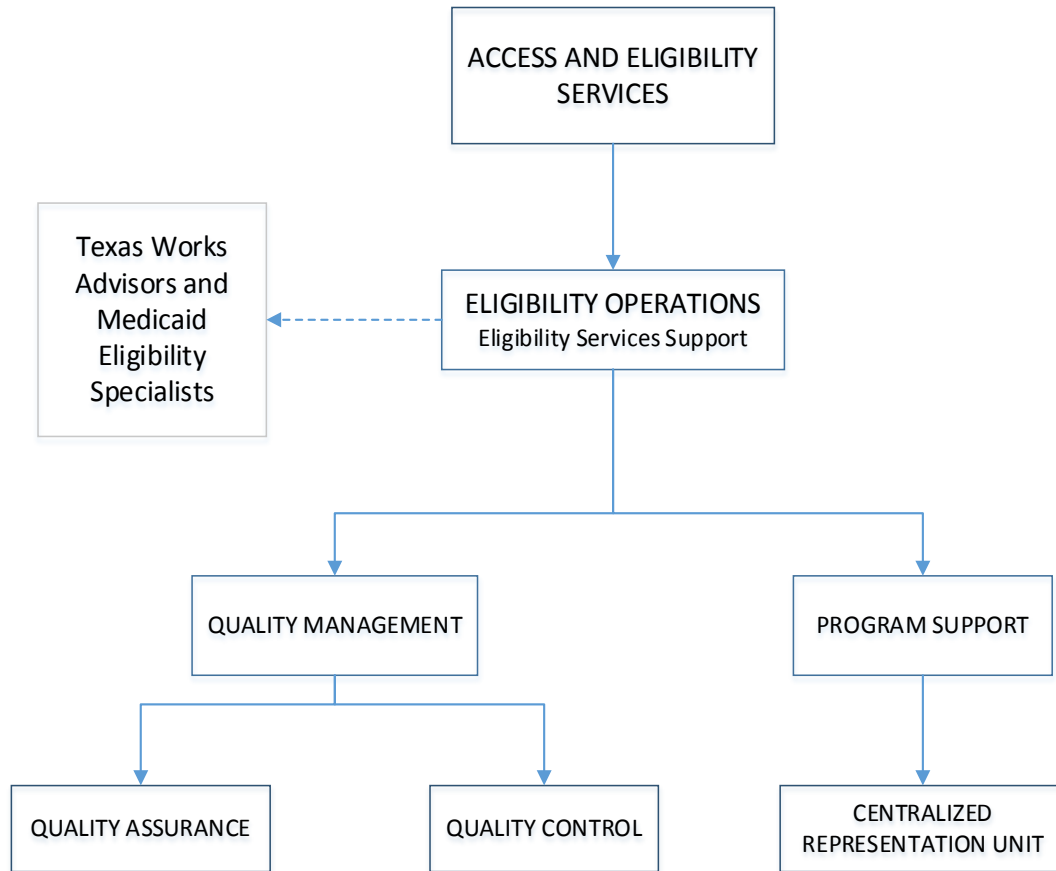determination errors.

Background

AES is responsible for determining eligibility for beneficiary programs
administered by HHSC. Client applications for these programs are processed by
Texas Works Advisors and Medicaid Eligibility Specialists in TIERS, using a
combination of manual and automated processes. TIERS is a web-based automated
system for eligibility determinations and benefit calculations for programs
administered by HHSC, including SNAP, TANF, Medicaid, and CHIP.

- SNAP helps low-income families buy nutritious food from local food
  stores. The program is fully funded by the federal government.

- TANF helps families in need through the provision of financial and medical
  assistance not covered by Medicaid for needy dependent children and the
  parents or relatives with whom they are living. The program is fully funded
  by the federal government through a block grant to the state.

- Medicaid provides health coverage to eligible low-income adults, children,
  pregnant women, elderly adults, and people with disabilities. The program
  is funded jointly by states and the federal government.

- CHIP provides primary and preventative health care for children in families
  who have too much income to qualify for Medicaid, but cannot afford to
  buy private insurance. The program is funded jointly by states and the
  federal government.

AES Quality Management conducts quality control and quality assurance case
readings. The Quality Control Division and the Quality Assurance Division, within
AES Quality Management, perform these case readings, which are reviews of

documents and computer records to evaluate the accuracy of eligibility determinations for benefit applications. Through this process, errors are identified and analyzed to determine the type of error and the impact of the error on eligibility determinations. The Centralized Representation Unit, within AES Program Support, manages appeal requests from individuals, including those whose benefits were affected by quality control and quality assurance case readings. When it becomes aware of eligibility determination errors during the course of the appeals process, the Centralized Representation Unit provides the information to the designated point of contact in the regional offices for analysis of the errors, development of appropriate actions, and confirmation to the Centralized Representation Unit that the error was addressed. Staff in regional offices consider these errors when developing plans to prevent recurrence of similar errors. Figure 1 depicts these AES organizational areas.

Figure 1:   Access and Eligibility Services (as of August 2017)

Source: IG Audit Division

AES performs five types of case readings to verify the accuracy of eligibility determinations and identify errors. Three are types of quality control case readings and two are types of quality assurance case readings.

Quality control case readings are completed to fulfill the federal monitoring requirements for SNAP. When TANF became a block grant in 1996, the federal quality control case reading requirements were no longer mandated; however, HHSC opted to continue monitoring payment accuracy using the quality control processes. Quality control case readings,[4] performed on a monthly statewide random sampling of case actions,[5] as defined in the State Plan of Operation approved by FNS, include:

- SNAP positive (SNAP certified) case readings: Reviews of cases for individuals who have been certified as eligible for SNAP benefits.

- SNAP negative (SNAP denied) case readings: Reviews of cases for individuals who have been denied SNAP benefits.

- TANF positive (TANF certified) case readings: Reviews of cases for individuals who have been certified as eligible for TANF benefits.[6]

Quality assurance case reading are completed to identify errors and process timely corrections, and for staff evaluation and development. Quality assurance[7] case readings, performed on five randomly selected case actions each month for each Texas Works Advisor and each Medicaid Eligibility Specialist, include, as applicable, either:

- Texas Works case readings: Reviews of cases for individuals who have been either certified or denied. Texas Works case readings include reviews related to SNAP, TANF, Medicaid, and CHIP cases, completed on TW Case Reading Form H1161.

- Medicaid for the Elderly and People with Disabilities (MEPD) case readings: Reviews of cases for individuals who have been certified or denied. MEPD applications are processed by Medicaid Eligibility Specialists, and are separate from other Medicaid applications processed by

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[4] 7 C.F.R. § 275.10 (June 11, 2010).

[5] Case actions are specific activities or events related to processing applications and determination of eligibility for benefits.

[6] AES substantiated through its reviews in years leading up to 2009 that the eligibility determination error rate was consistently low (less than one percent) for TANF (denied). Because review of TANF (denied) cases is not mandated by state or federal requirements and the error rate was consistently low, AES stopped performing quality control case readings of these benefit determinations in September 2009. AES provided validation of this error rate based on the results of quality assurance case readings for TANF (denied) cases during state fiscal years 2016 and 2017.

[7] Texas HHSC Medicaid for the Elderly and People With Disabilities Case Reading Guide - General Guidelines (updated Jan. 2017) and Quality Assurance Field Services Policies.

Texas Works Advisors. MEPD case readings are completed on MEPD
Case Reading Form H1217.

Results of both quality control and quality assurance case readings are entered into
the Program Integrity Monitoring System (PIMS), which is the primary system for
conducting and documenting case readings. Reports are generated from PIMS that
summarize the error types and error percentages for each of the HHS System's 11
administrative regions. If the region's accuracy rates do not meet the defined
federal or state standards,[8] the region is required to develop a corrective action
plan. Corrective action plans are prepared through a combined effort of the
region's Service Improvement Plan Coordinator and the Regional Quality
Assurance Manager assigned from AES Quality Management. The corrective
action plan is then submitted to the Quality Assurance State Office for review and
approval for implementation. Key components of corrective action plans include:

- Problem identification
- Problem analysis
- Development of initiatives
- Implementation of initiatives
- Monitoring and evaluation of initiatives

In addition to corrective action plans, contingency processing methods (CPM) may
be developed and TIERS initiatives may be planned to address system-related
eligibility determination errors identified through quality control and quality
assurance case readings:

- CPMs are temporary alternative methods for performing critical casework
  until the implementation of an automation change or until it is determined
  that a CPM is no longer needed. A new CPM is initiated when a verified
  system defect is impacting TIERS users' ability to accurately determine
  eligibility or process case actions, or when a system modification is planned
  but application of new eligibility rules must be applied before the
  corresponding automation changes can be implemented in TIERS.

- TIERS initiatives are corrections or modifications that are made to TIERS
  on a periodic basis. In many cases, the retirement of a CPM is the result of
  actions that initiate modifications to TIERS that permanently resolve issues
  that were initially addressed through a CPM.

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[8] For the quality control case readings, corrective action plans are required when the error rate for the region
contributes a minimum of five percent toward the statewide error rate for specific error elements. For the
quality assurance case readings, corrective action plans are required when the accuracy rate is less than 70
percent for specific error elements.

The IG Audit Division conducted the audit in accordance with:

- Generally accepted government auditing standards issued by the Comptroller General of the United States
- Standards for Information Systems Audit and Assurance issued by ISACA

The IG Audit Division presented audit results, issues, and recommendations to AES in a draft report dated October 24, 2017, providing AES management with an opportunity to study and comment on the report. AES provided responses to the audit recommendations, and these management responses are included in the report following each recommendation.

AES agreed with most of the IG Audit Division recommendations outlined in this report, and indicated some action plans have already been implemented while others are underway. AES indicated action plans will not be implemented to address the following risks related to PIMS:

- Reliability of information or reports generated by PIMS and used by AES for error identification and corrective action planning.

- Maintaining an audit log in PIMS that records the history of all activities related to a case reading record, providing the ability for AES to detect, research, and investigate unauthorized activities.

- Having internal AES staff support and maintain access controls and change management for PIMS, rather than transferring PIMS to HHS Information Technology and leveraging established resources and infrastructure.

AUDIT RESULTS

The results of this audit are presented first in summaries of audit test work results for each of the key AES activities that support, impact, or evaluate eligibility determinations.

- Quality control case readings
- Quality assurance case readings
- Corrective action and error mitigation
- Centralized Representation Unit processes
- PIMS

Issues and recommendations are described in this report following these results summaries. Some of the issues are associated with more than one activity, as shown in Table 1.

Table 1: Activities and Issues

Activities	Issues
Quality control case readings	Issues 3.1 and 3.3
Quality assurance case readings	Issues 3.1 and 3.3
Corrective action and error mitigation	Issues 1.1, 1.2, 2.1 and 2.2
Centralized Representation Unit processes	None
PIMS	Issues 3.2, 3.4, and 4

Source: IG Audit Division

Quality Control Case Readings

The Quality Control Division performs case readings to verify the accuracy of eligibility determinations and identify error types. The case readings are performed on a monthly statewide random sampling of case actions, as defined in the State Plan of Operation approved by FNS for SNAP applications, and a similar process is utilized for TANF applications. Results of quality control case readings are entered into PIMS.

The Quality Control Division also performed case readings as part of the Medicaid and CHIP Eligibility Review Pilots. Under round four of the pilot program, the Quality Control Division performed 163 Medicaid and 87 CHIP case readings, using a methodology prescribed by CMS. These case readings were completed on a sample of case actions selected from July 2015, and the associated corrective action plans were submitted to CMS in October 2016. These were the only Medicaid and CHIP case readings performed by the Quality Control Division for which problem analysis and corrective actions were developed during the scope of this audit.

The IG Audit Division examined the data related to the errors for SNAP and TANF case readings performed by the Quality Control Division from October 2015 through December 2016 for Region 6 (Gulf Coast)[9] and Region 7 (Central Texas)[10]. The tested case readings identified applicable errors and error types, and the results of these case readings were documented in PIMS. The results of quality control case readings identify specific needs for staff development and training, can help ascertain the need for CPMs, and provide information AES uses to develop initiatives related to TIERS data and to improve processes that might impact the accuracy of eligibility determinations.

Quality Assurance Case Readings

The Quality Assurance Division performs case readings to verify the accuracy of eligibility determinations and identify errors associated with Medicaid, CHIP, TANF, and SNAP eligibility determinations. These case readings consist of five randomly selected case actions each month for each Texas Works Advisor and each Medicaid Eligibility Specialist.

The IG Audit Division selected quality assurance case readings for Region 6 and Region 7 for testing, and obtained summary reports that listed error types and error rates associated with case readings for each of the two regions performed during all four quarters of state fiscal year 2016 and the first quarter of state fiscal year 2017. The tested case readings identified applicable errors and error types, and the results of these case readings were documented in PIMS. The results of quality assurance case readings identify specific needs for staff development and training, can help ascertain the need for CPMs, and provide information AES uses to develop initiatives related to TIERS data and to improve processes that might impact the accuracy of eligibility determinations.

Corrective Action and Error Mitigation

AES developed the HHSC Service Improvement Plan Guide that was last revised in federal fiscal year 2016, to provide assistance with the development of corrective action plans needed to address errors identified through case readings. Corrective action plans are prepared through a combined effort of the region's respective Service Improvement Plan Coordinator and the Regional Quality Assurance Manager assigned from AES Quality Management.

The IG Audit Division obtained and tested a sample of corrective action plans prepared to address errors identified by the Quality Control Division in SNAP and TANF case reviews and through Medicaid and CHIP Eligibility Review Pilots case reviews, and by the Quality Assurance Division in SNAP, TANF, Medicaid, and CHIP case reviews.

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[9] Region 6 is comprised of the greater Houston metropolitan area and 13 surrounding counties.
[10] Region 7 is comprised of the greater Austin metropolitan area and 30 surrounding counties.

Audit results indicated that:

- Corrective action plans for SNAP and TANF noted errors identified during the quality control case reviews, and contained initiatives developed in an effort to help prevent or reduce the recurrence of future errors.

- Corrective action plans related to case readings for the Medicaid and CHIP Review Pilots were prepared and submitted by AES, consistent with CMS guidelines, and approved by CMS.

- Corrective action plans for SNAP, TANF, Medicaid, and CHIP noted errors identified during the quality assurance case reviews, and contained initiatives developed in an effort to help prevent or reduce the recurrence of future errors.

Case readings sometimes identify errors that can be corrected by, or potentially prevented through, improvements in TIERS. For these kinds of errors, corrective action plans often involve requesting (a) system changes to TIERS and (b) development of CPMs. CPMs are temporary alternative methods for performing critical casework until the implementation of an automation change, or until it is determined that a CPM is no longer needed.

Upon identification of system-related corrective actions, AES assigned issues to support specialists, formed workgroups of subject matter experts when needed, defined potential interim solutions, developed business requirements and resulting proposed CPMs, tested the CPMs, and, once the CPMs were approved, distributed information to case workers about how to implement the CPMs. In addition, processes were in place to continue the analysis needed to define and implement permanent automated solutions.

The IG Audit Division reviewed processes and Release Notes associated with the implementation of TIERS corrections and modifications. Process steps appropriately included identification of problems, analysis of errors, and development and evaluation of the effectiveness of information technology (IT) changes to TIERS. Release Notes, documenting TIERS corrections and modifications, indicated that the methodology for addressing opportunities for system improvements identified through case readings systematically identified and addressed issues related to TIERS.

Centralized Representation Unit Processes

The Centralized Representation Unit manages appeal requests received from applicants who disagree with eligibility determinations. Sometimes appeals are resolved when the unit identifies and corrects an eligibility determination error.

The IG Audit Division reviewed processes the Centralized Representation Unit performs with respect to the identification of eligibility determination errors. Results indicated that the unit has implemented a proactive approach for handling errors related to appeals. It provides each regional office with detailed information about any potential errors identified while performing appeal resolution work. When an error existed and enough information was available to correct the case, the unit completed and logged the necessary corrections. The Centralized Representation Unit provided correction logs to regions each month, so regions would have the information available to perform its own analysis of the errors the unit identified, and to augment the information available to the regions from quality control and quality assurance case readings.

Program Integrity Monitoring System

AES uses PIMS for conducting and documenting the results of case readings. The collection of data in PIMS allows for the generation of summary statistical reports that contain information about error types and error percentages for each administrative region. These reports are reviewed by the regions when determining whether corrective action plans need to be developed to meet federal and state requirements.

The IG Audit Division reviewed data contained in PIMS and reports generated from data contained in PIMS. Results indicated that information documenting quality control and quality assurance case readings was captured in PIMS.

An Enhanced PIMS form was designed and implemented specifically for SNAP quality control (certified) case readings. The Enhanced PIMS form includes controls that are not available for other case reading forms. Additional controls include access based on specific permissions, automatic selection of error codes for the related error reason, prioritization of case readings, and capabilities for edits that improve the accuracy and integrity of data. According to management, the primary purpose of the enhanced form design was to enable AES, as needed, to dynamically create review instruments based on question and response metadata.

Issue 1:   Strengthen the Development and Usefulness of Corrective Action Plans Prepared to Address Errors Identified in Quality Control Case Readings

Each region is responsible for the development of corrective action plans for SNAP, TANF, Medicaid, and CHIP. The Service Improvement Plan Coordinator in the region coordinates with a Regional Quality Assurance Manager assigned from AES Quality Management to prepare required corrective action plans.

The HHSC Service Improvement Plan Guide provides instructions for developing corrective action plans and monitoring the progress of resulting initiatives. The guide provides direction for five key components of corrective action plans, and indicates that initiatives should be designed to address the root causes of errors and provide an effective way to prevent recurrences.

The five key components contained in the HHSC Service Improvement Plan Guide, and instructions associated with each component, follow:

- Problem Identification: Determine (a) whether the problem is an isolated incident, (b) if the issue is mandatory, (c) whether there are known barriers that would impede implementation of an initiative, and (d) whether the problem is readily controllable.

- Problem Analysis: Include steps for (a) identification of who or what caused the error to occur, (b) evaluation of what steps in the processes allowed the error to occur, (c) identification of where the problem happened, and (d) review of the point in time within the processes when the error occurred.

- Development of Initiatives: Determine (a) whether the proposed initiative will prevent the error element in the future, (b) if it is cost effective, (c) whether the initiative will disrupt ongoing operations, (d) if necessary resources are available to implement, and (e) whether the initiative is in compliance with state and federal regulations.

- Implementation of Initiatives: Develop an implementation plan that includes (a) identification of necessary training and resources, (b) staff responsibilities and timelines for completing individual steps, (c) monitoring of progress and completion of actions, and (d) requirements for review and acceptance of the planned initiatives.

- Monitoring and Evaluation of Initiatives: Define a plan to (a) collect data to determine whether initiative should continue, (b) measure the effectiveness of the initiative, (c) analyze data to reach conclusions on success of

initiative, (d) compare results to operations that did not implement the initiative, and (e) complete an assessment to define when a successful, ongoing activity warrants removal from the action plan.

PIMS data is used to generate a SNAP Negative Comparative Statistics Report[11] that reflects regional errors. When a region's error rate comprises five percent or more of the total statewide error rate for a specific error element, the error element must be addressed by the region in a corrective action plan.

The IG Audit Division requested four corrective action plans associated with errors identified in quality control case readings of randomly selected case actions in Regions 6 and 7 for the period of October 2015 through December 2016. These corrective action plans would have covered the full period of time being audited. Of the four corrective action plans requested, one had not been prepared by AES because errors in the quarter requested did not meet the threshold that required a plan to be developed. A second corrective action plan was not prepared by AES because the error types in the quarter requested were similar to the error types in the previous quarter, and AES made a determination to continue using the previous corrective action plan.

The IG Audit Division examined the two corrective action plans AES provided, one for Region 6 and one for Region 7. This examination was performed to evaluate whether the plans (a) were adequately developed, consistent with the HHSC Service Improvement Plan Guide, (b) were fully implemented, and (c) resulted in reductions in errors.

Results indicated that corrective action plans did not always fully address identified errors. The plans did not demonstrate that problem analysis was performed. In addition, corrective action plans did not always provide effective initiatives for preventing or mitigating errors in the future or detail adequate processes for (a) monitoring the results of planned initiatives or (b) evaluating whether existing action plans that did not produce desired improvements should be revised or replaced with new corrective actions. For example:

- Neither of the corrective action plans AES provided indicated that problem analysis had been performed. The HHSC Service Improvement Plan Guide includes a worksheet that can be used to develop problem analysis. Use of the worksheet is not required by AES, and when the worksheet is used, retention of the completed worksheet is not required.

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[11] The SNAP Negative Comparative Statistics Report reflects the percentage contribution of each error element and its corresponding nature of error for a specific time period in comparison to the same time period of the previous year.

- The development of initiatives in corrective action plans was not always effective in addressing the root causes of errors. Even when similar errors were identified in consecutive time periods, the same initiatives were often repeated in subsequent corrective action plans without significant improvement in results. In six instances, the error rate remained the same or increased in the subsequent period. Some errors types where this occurred included (a) late denial of benefits, where the agency failed to process the application timely, and (b) improper denial or termination of benefits.

- The initiatives identified as corrective actions were not always developed and implemented in a manner that would reduce errors in future time periods. Detective controls, designed to identify future occurrences of errors, were sometimes implemented instead of preventive controls designed to prevent or reduce future errors. There were nine instances in the corrective action plans where controls to be implemented were detective in nature rather than preventive. For example, some corrective action plans included completing additional case readings or performing spot checks as a solution. This control would only measure the extent of future errors, but not prevent future errors.

- Corrective action plans were developed at a regional level, but there were instances in which the same error types were identified in multiple regions. Although in these instances the error types were the same, the regions proposed different corrective actions to address the errors. In seven instances, corrective action plans for the two regions contained different solutions for the same error type occurring during the same time period. These errors types included (a) inconsistent application of a policy, and (b) improper denial or termination of benefits. AES indicated corrective action plans may be prepared at a multi-regional or statewide level, but there is no specific AES policy or guidance for (a) determining when multi-regional or statewide corrective action plans should be considered, (b) evaluating the effectiveness and viability of previously implemented corrective action plans, and (c) coordinating between regions to develop and implement multi-regional or statewide corrective action plans.

- In one instance, an error from a comparative statistics report was not included and addressed in the associated corrective action plan. The specific error related to the inconsistent application of a policy.

- Corrective action plans lacked oversight from responsible management to make sure that processes were followed and requirements were met.

When problem analysis is not performed and documented, there is a risk that the corrective actions AES prepares to address identified errors may not address the

actual causes of the errors. When errors occur within a region for consecutive quarters or at a high frequency (such as three or four quarters out of five), and there is no process for identifying when these repeat or pervasive errors occur, there is a risk that existing corrective action plans, which were not effectively addressing identified errors, will not be revised or replaced with actions that may be more effective in addressing the errors.

Because AES corrective action plans are not addressing the root cause of all errors, actions to prevent or reduce the recurrence of similar errors in the future are not always developed or initiated. Even though in many instances initiatives intended to prevent or reduce recurring errors were implemented, there was often no overall decline in error rates in subsequent periods, an indication that the implemented initiatives were not effective.

Implementing incomplete, inadequate, or inconsistent solutions contained in corrective action plans decreases the likelihood that corrective actions will timely and effectively address the root causes of errors, or prevent or reduce future errors.

Recommendation 1.1

AES should, in response to errors identified during quality control case readings that require corrective action plans:

- Ensure, through management oversight and monitoring, that all required components of corrective action plan development, including (a) problem analysis, (b) development of initiatives, and (c) implementation of initiatives, are performed, documented, and maintained for each error type that requires corrective action.

- Include the Problem Analysis Worksheet as a required component of the corrective action plan, require it to be used on all corrective action plans to support problem analysis during the development of the corrective action plan, and require that the Problem Analysis Worksheet be maintained as part of corrective action plan development documentation.

Management Response

Action Plan

AES identified this concern prior to the audit and took steps to strengthen the overall effectiveness of the Quality Management program. AES hired twelve Regional Quality Assurance Managers (RQAM) in late 2016. Each RQAM works directly with an assigned region to provide monthly and quarterly summary data of Quality Control findings to regional management and determine the need for a Corrective Action Plan (CAP). With the assistance of the assigned RQAM,

regional management analyzes root causes and develops appropriate corrective action activities. Effective with the October 2016 — December 2016 quarter, RQAMs began assigning and tracking CAPs for their assigned regions. RQAMs review regional CAPs and CAP updates to ensure regional staff has completed all applicable actions for each error type, including identifying the error, analyzing the error, developing appropriate corrective action, and implementing the corrective action.

AES recognizes the potential benefit in requiring regions to provide the Problem Analysis Worksheet as a required component of the corrective action plan and will implement this recommendation, including the retention component.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

- *Require the Problem Analysis Worksheet for all new CAPs: November 2017*

- *Create a Quality Assurance handbook to document the policy, processes, criteria, and roles and responsibilities of Quality Assurance activities: March 2018*

Recommendation 1.2

AES should:

- Establish policy, processes, criteria, and roles and responsibilities for:
    - Evaluating agency errors at a multi-regional and statewide level.
    - Determining, through regional and state office coordination, whether multi-regional and statewide corrective action plans are needed.
    - Developing and implementing multi-regional and statewide plans when needed.

- Develop processes that require review of corrective actions planned and implemented in previous periods, when subsequent period error reports indicate recurrence of errors. The processes should require AES to consider whether a different course of action in a subsequent time period may be necessary when previous corrective actions did not result in the decrease or prevention of errors, and include consideration of similar corrective action plans successful in other regions, if any.

- Establish monitoring and review processes to consistently evaluate whether initiatives included in corrective action plans are developed to prevent or reduce errors in the future, rather than to just detect instances of the same type of errors in future periods.

Management Response

Action Plan

RQAMs share both regional and statewide Quality Control analysis monthly with eligibility staff. All RQAMs work as a team and share ideas for quality improvements to consistently address issues across all regions. Error Review Committees are conducted quarterly and include regional and state office staff to discuss statewide trends and determine the need for any statewide corrective action activities. Effective May 2017, RQAMs began hosting a statewide bi-monthly conference call with regional Service Improvement Plan Coordinators (regional staff responsible for corrective action activities) to share error trends and best practices for error prevention.

AES has modified the Quality Assurance State Office (QASO) Manager responsibilities to increase focus on direct oversight of the CAP process. The QASO Manager is responsible for ensuring RQAMs timely share information with regions and regional management completes CAPs as prescribed by the Service Improvement Plan Guide. Once Quality Management staff identifies the need for a multi-regional or statewide CAP, the QASO Manager oversees CAP development and implementation. The QASO Manager retired August 31, 2017, and AES is in the process of hiring a new manager for this area.

Currently, RQAMs work with their assigned regions to ensure initiatives are geared towards preventing the same errors in the future. CAPs are ongoing, and regional management may modify them to address additional deficiencies identified through ongoing quarterly analysis. If the same errors reoccur and the previous corrective actions did not result in the expected prevention of errors, the RQAM works with the RQAM's assigned region to modify the initiative to better address the errors.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

- *Hire new QASO Manager: December 2017*

- *Create a Quality Assurance handbook to document the policy, processes, criteria, and roles and responsibilities of Quality Assurance activities: March 2018*

Issue 2:   Ensure the Completion and Retention of Corrective Action Plans Needed to Address Errors Identified in Quality Assurance Case Readings

The Quality Assurance Division conducts case readings for SNAP, TANF, Medicaid, and CHIP. PIMS data is used to generate TW Case Reading Form H1161 Summary Reports related to quality assurance cases. The report identifies errors and calculates error rates by region for each error element.

For the time period from October 2015 through December 2016, the IG Audit Division reviewed the TW Case Reading Form H1161 Summary Reports, and noted that errors were identified through the quality assurance case reading process, and corresponding error types were documented.

When a region's error rate meets a specified threshold, errors identified during case readings are to be addressed through the development of corrective action plans designed to eliminate or reduce errors that can lead to underpayment, overpayment, invalid approval, or invalid denial of benefits. AES Management stated that regions prepare a corrective action plan when the accuracy rate for the region, based on quality assurance case readings, is below 70 percent for a specific error element.

Several regions in the state, including Region 6 and Region 7, had accuracy rates below 70 percent for specific error elements[12] during the period of the audit for errors identified in quality assurance case readings. The IG Audit Division requested ten corrective action plans, one from Region 6 and one from Region 7 for each of the five calendar quarters (from October 2015 through December 2016) contained in the scope of this audit, to evaluate the completeness and effectiveness of actions taken to reduce or eliminate the recurrence of preventable agency errors, and to determine whether the corrective action plans incorporated the five key components of corrective action plans detailed in the HHSC Service Improvement Plan Guide.

AES was unable to produce seven of the ten requested corrective action plans. The corrective action plan for one quarter was correctly not prepared, in accordance with AES policy, because the region did not meet the criteria for needing a plan in that quarter. AES provided two of the remaining nine corrective action plans as requested.

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[12] Error elements are categories of individual errors that are based on common error types. Corrective actions are developed to address the error elements.

Table 1:   Quality Assurance Case Readings — Quarterly Corrective Action Plans

Time Period	Region 6	Region 7
October 2015 - December 2015	N/A - Corrective action plan not required due to accuracy rate above 70 percent.	No corrective action plan provided.
January 2016 - March 2016	No corrective action plan provided.	No corrective action plan provided.
April 2016 - June 2016	No corrective action plan provided.	No corrective action plan provided.
July 2016 - September 2016	No corrective action plan provided.	No corrective action plan provided.
October 2016 - December 2016	Corrective action plan provided.	Corrective action plan provided.

Source: HHSC - Access and Eligibility Services

The IG Audit Division was unable to determine whether the seven corrective action plans that could not be produced were ever prepared, or whether they had been prepared but could not be located when requested. AES management indicated that turnover of staff in the two regions selected for testing, and the inability to locate submission of the analysis documentation, were the reasons the requested corrective action plans were not produced. AES did not have controls in place to ensure copies of all corrective action plans were prepared and maintained in a central repository.

Information in the two corrective action plans AES was able to produce, one for Region 6 and one for Region 7, appeared to be complete, except for the absence of problem analysis. Neither of the corrective action plans indicated that problem analysis had been performed. The HHSC Service Improvement Plan Guide includes a Problem Analysis Worksheet that can be used to develop problem analysis. Use of the worksheet is not required by AES, and when the worksheet is used, retention of the completed worksheet is not required. When problem analysis is not performed and documented, there is a risk that the corrective actions will not address the actual causes of the errors.

The IG Audit Division reviewed error report summaries for Regions 6 and 7 for each of the five calendar quarters (from October 2015 through December 2016) contained in the scope of this audit, to determine whether the same error types were identified in both regions in the same quarter, and to determine whether the same error types were identified in multiple quarters or in consecutive quarters within the same region.

Results indicated that over the five quarter period, Region 6 had 68 error types, and Region 7 had 84 error types. Region 6 was not required to perform a corrective action plan for the first quarter. In the subsequent four quarters, Region 6 and Region 7 had the same error types identified during quality assurance reviews for 18, 20, 21, and 11 error types, respectively.

AES indicated corrective action plans may be prepared at a multi-regional or statewide level, but there is no specific AES policy or guidance for (a) determining when multi-regional or statewide corrective action plans should be considered, (b) evaluating the effectiveness and viability of previously implemented corrective action plans, and (c) coordinating between regions to develop and implement multi-regional or statewide corrective action plans.

The following table displays the number of quarters in which the same error types were identified, and how many error types were identified in consecutive quarters for Region 6 and Region 7.

Table 2:   Analysis of Quality Assurance Case Reading Error Types for Five Quarters (October 2015 – December 2016)

	Region 6	Region 7
Error Types Appearing in at Least Three of Five Quarters	23	55
Error Types Appearing in at Least Three Consecutive Quarters	14	52
Error Types Appearing in at Least Four of Five Quarters	9	42
Error Types Appearing in at Least Four Consecutive Quarters	9	37
Error Types Appearing in Five Consecutive Quarters	N/A[13]	33

Source: IG Audit Division

When errors occur within a region for consecutive quarters or at a high frequency (such as three or four quarters out of five), and there is no process for identifying when these repeat or pervasive errors occur, there is a risk that existing corrective action plans, which were not effectively addressing identified errors, will not be revised or replaced with actions that may be more effective in addressing the errors.

Due to the seven missing corrective action plans, the IG Audit Division was unable to conclude whether corrective action plans were developed or whether the development of initiatives, implementation of initiatives, and monitoring and evaluation of initiatives, had been performed in accordance with the HHSC Service Improvement Plan Guide.

When error rates exceed the threshold and applicable corrective action plans are not prepared, the root cause of the errors may not be addressed, because actions will not be implemented to reduce these errors or prevent them from continuing to occur in the future.

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[13] For the first quarter (Oct. 2015 – Dec. 2015), Region 6 was not required to submit a corrective action plan. The IG Audit Division evaluated only the remaining four quarters.

Recommendation 2.1

AES should, in response to errors identified during quality assurance case readings that require corrective action plans:

- Enforce the requirement to prepare corrective action plans as prescribed, and ensure the development, implementation, monitoring, and evaluation of initiatives.

- Include the Problem Analysis Worksheet as a required component of the corrective action plan, require it to be used on all corrective action plans to support problem analysis during the development of the corrective action plan, and require that the Problem Analysis Worksheet be maintained as part of corrective action plan development documentation.

Management Response

Action Plan

AES identified this concern prior to the audit and took steps to strengthen internal controls related to the development of corrective action plans, supportive documentation, and record accessibility. AES hired twelve Regional Quality Assurance Managers (RQAM) in late 2016. Each RQAM works directly with an assigned region to provide monthly and quarterly summary data of Quality Control and Case Reading findings to regional management and determine the need for a Corrective Action Plan (CAP). With the assistance of the assigned RQAM, regional management analyzes root causes and develops appropriate corrective action activities. Effective with the October 2016 - December 2016 quarter the RQAMs took over assignment and tracking of CAPs for their assigned regions. The RQAM is responsible for reviewing and approving his or her region's CAP. Review includes assessing prior CAP activities and recommending changes if similar errors have not decreased.

AES recognizes the potential benefit in requiring regions to provide the Problem Analysis Worksheet as a required component of the corrective action plan and will implement this recommendation, including the requirement that the RQAM and regional management retain the Worksheet in the documentation.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

- *Require the Problem Analysis Worksheet for all new CAPs: November 2017*

- *Create a Quality Assurance handbook to document the policy, processes, criteria, and roles and responsibilities of Quality Assurance activities: March 2018*

Recommendation 2.2

AES should:

- Establish policy, processes, criteria, and roles and responsibilities for:
  - Evaluating agency errors at a multi-regional and statewide level.
  - Determining, through regional and state office coordination, whether multi-regional and statewide corrective action plans are needed.
  - Developing and implementing multi-regional and statewide plans when needed.

- Develop processes that require review of corrective actions planned and implemented in previous periods, when subsequent period error reports indicate recurrence of errors. The processes should require AES to consider whether a different course of action in a subsequent time period may be necessary when previous corrective actions did not result in the decrease or prevention of errors, and include consideration of similar corrective action plans successful in other regions, if any.

- Establish a central repository to store and maintain corrective action plans.

Management Response

Action Plan

The RQAMs work as a team to determine the need for multi-regional and statewide CAPs by sharing data and evaluating errors at a multi-regional and statewide level. This allows the sharing of best practices across regions in an effort to improve performance.

AES has modified the Quality Assurance State Office (QASO) Manager's responsibilities to increase focus on direct oversight of the CAP process. The QASO manager is responsible for ensuring RQAMs timely share information with regions and regional management completes CAPs as prescribed by the Service Improvement Plan Guide. Once Quality Management identifies the need for a multi-regional or statewide CAP, the QASO Manager will oversee development

and implementation. The QASO Manager retired August 31, 2017, and AES is in the process of hiring a new manager for this area.

AES also established a central repository within DocuShare (an internal file sharing system) on July 18, 2017, for maintaining the analysis and CAPs at a state-office level.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

- *Central Repository: Implemented July 2017*

- *Hire new QASO Manager: December 2017*

- *Create a Quality Assurance handbook to document the policy, processes, criteria, and roles and responsibilities of Quality Assurance activities: March 2018*

Issue 3:   Strengthen Controls Over PIMS Data Reliability

The results of the Texas Works and MEPD case readings entered in PIMS were not always reliable in providing useful information to create corrective action plans.

Quality Assurance Division and Quality Control Division staff use case reading forms to document their respective case reading results in PIMS. Summary reports are generated from PIMS and reviewed to identify regions with high error rates. Regions with high error rates develop corrective action plans designed to prevent or reduce future errors.

To assess whether the information in PIMS was reliable, the IG Audit Division assessed PIMS data and the following reports produced by the PIMS system:

- TW Case Reading Form H1161
- MEPD Case Reading Form H1217
- SNAP (certified) review for Quality Control Enhanced PIMS Case Reading Form 0407

The IG Audit Division appraised the following IT controls in PIMS, related to the forms listed above:

- Application controls designed to (a) validate data inputs into PIMS to prevent and detect errors and irregularities during the case reading process and (b) certify completeness of the data inputs for the case readings to ensure appropriate documentation of outcomes.

- Audit log capabilities and related monitoring activities.

- Access controls and change management processes.

PIMS Application Controls Were Not Adequately Designed

Application controls for data entered into PIMS for TW Case Reading Form H1161 and MEPD Case Reading Form H1217 were not adequately designed to consistently detect and prevent errors and irregularities in data entered into PIMS by the Quality Control Division and Quality Assurance Division staff. HHS Information Security Standards and Guidelines (ISSG) requires HHS information systems, such as PIMS, to check the validity of information inputs for accuracy, completeness, validity, and authenticity, at or as close to the time of entry into PIMS as possible.

Few reviews of data entered for TW Case Reading Forms H1161 and MEPD Case Reading Forms H1217 were completed in accordance with policy. Case reading

staff performing quality assurance and quality control reviews did not always complete required fields, or they recorded incorrect entries into required fields. In addition, PIMS was not designed to recognize dependencies between related questions, and did not contain logic checks to ensure the case workers entered all required information into the application.

For example, TW Case Reading Form H1161 requires the assigned case reader to document whether the eligibility decision was correct for the case under review. A specific response of "Yes" or "No" should be recorded in PIMS for each case reading. The IG Audit Division evaluated 3,812 responses recorded in PIMS between October and December 2016. In 123 instances, the system did not prevent the assigned reviewer from entering or accepting the default response "Not Reviewed" in PIMS, and in another 12 instances the reviewer was not prevented from entering or accepting "Not Applicable."

The absence of controls to prevent the entry of incorrect or incomplete information in PIMS makes information or reports generated by PIMS unreliable for (a) identifying regions with high error rates and (b) obtaining details of findings for which corrective action plans are required.

Recommendation 3.1

AES should enhance PIMS application controls to include implementing edit checks that (a) enforce entry of appropriate responses for all required case reading questions and (b) address necessary dependencies between related questions on the applicable forms.

Management Response

Action Plan

The current Forms 1161 and 1217 allow AES to collect case reading data, identify trends, and permit individual and summary reporting. AES did some initial work on Form 1217 and new PIMS forms and considered enhanced controls and dependencies for required questions. AES closed this project, however, due to limited resources and because the current case reading forms meet data collection business needs to strengthen case accuracy and guide corrective action planning.

AES will continue to prioritize PIMS enhancements following the existing change management policy, which considers business needs and available resources.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

Ongoing

Auditor Comment

Until AES prioritizes and implements enhancements to PIMS controls, information or reports generated by PIMS to identify errors will remain unreliable for corrective action planning.

PIMS Audit Logs Were Not Adequately Designed

The history of specific case reading responses for TW Case Reading Form H1161 and MEPD Case Reading Form H1217 were not recorded in a manner that supported monitoring and review of changes.

In addition, although Enhanced PIMS, used to conduct SNAP (certified) reviews, does capture a history of changes to case readings, the log is not currently monitored or used by management.

ISSG requires HHS information systems, such as PIMS, to generate audit records that contain information establishing what type of event occurred and the outcome of the event[14] (for example, changing responses to case reading questions).

The PIMS audit log allowed management to identify users who last modified and saved case reading forms; however, it did not maintain a history of modifications prior to the most recent activity. As a result, in the event a user made unauthorized or inappropriate changes to responses for specific case reading responses, and it was not the most recent review activity, management would be unable to detect which responses were changed or hold individuals accountable for the unauthorized changes.

Recommendation 3.2

AES should:

- Strengthen the PIMS audit logging capability so that it records and maintains a history of all activities related to a case reading record.

- Develop and implement processes for management review of audit logs to detect, research, and investigate unauthorized activities in PIMS.

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[14] ISSG Controls Catalog, § 7.3, Audit and Accountability Control AU 1 Audit and Accountability Policy and Procedures, AU-2, Audit Events, AU-3, Content of Audit Records, v. 5.1 (Mar. 11, 2013) through v.6 (Sept. 21, 2015).

Management Response

Action Plan

AES considered the recommendation to implement a log that records responses within the Service Review Instrument (SRI) forms, which could be used as a detective control if necessary. AES considers this additional level of logging unnecessary as PIMS already includes a log that allows management to identify users who last completed any PIMS form. The QC Enhanced PIMS form for the SNAP Positive Review includes the same log as all other PIMS SRI forms. QC management has little need to use the log as security for this form because PIMS limits access to the staff person assigned the individual review or a member of QC management. A QC Manager would have to reassign the form before another staff person could gain access.

AES does not need processes for management of audit logs because AES is not pursuing implementation of a log that records responses within the SRI.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Auditor Comment

Until the PIMS audit logging capability is improved, a history of all activities related to a case reading record will not be available, and management will not have the ability to monitor and review updates to PIMS data or detect, research, and investigate suspected unauthorized activities.

PIMS Access Control and Change Management Processes Were Not Documented and Did Not Meet ISSG Requirements

The AES Data Management and Reporting Unit is responsible for maintaining PIMS. ISSG requires that access controls and change management policies,[15] along with other IT policies, be developed, documented, and disseminated to applicable personnel. ISSG also identifies specific areas the respective policies should address.

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[15] ISSG Controls Catalog, Controls Catalog, § 7.1, Access Control, AC-1 Access Control Policy and Procedures; §7.5 Configuration Management, CM-1 Configuration Management Policy and Procedures, v. 5.1 (Mar. 11, 2013) through v.6 (Sept. 21, 2015).

The AES Data Management and Reporting Unit did not maintain documented procedures for managing and controlling access to PIMS. Access control procedures should include (a) defined user access roles and permissions, (b) established job functions and responsibilities by which individuals would be assigned user access roles, and (c) formal processes for adding, removing, or modifying user access.

In addition, the AES Data Management and Reporting Unit did not maintain documented procedures to adequately track and log changes to PIMS. Change management procedures should include processes to:

- Determine the types of system changes to the information system.

- Review proposed changes to the information system and approve or disapprove such changes with explicit consideration of security.

- Document system change decisions.

- Implement approved changes to the information system.

- Retain records of changes to the information system for at least three years.

- Audit and review activities associated with changes to the information system.

- Coordinate and provide oversight for change control activities through a change control board or designated authority.

- Test, validate, and document changes to the information system before implementing the changes on the operational system.

The absence of access control processes could result in unauthorized access to modify PIMS case reading results. Inadequate change management controls could result in the implementation of unauthorized or ineffective changes, impacting the integrity and reliability of PIMS data.

HHS Information Technology provides support and maintenance for HHS IT systems. AES may benefit from HHS Information Technology's ability to deliver the technology infrastructure and support, including established access control and change management processes, to address the weaknesses identified in this issue.

Recommendation 3.3

AES should document and implement access control and change management processes in accordance with ISSG requirements.

Management Response

Action Plan

In compliance with agency policies, AES manages requests for PIMS access within the Health and Human Services Enterprise Portal. Once a user's direct supervisor approves the request for access, the Enterprise Identity Access Management team (EIAM) manages provisioning. Quality Management establishes conditions for role membership; each user has only one role associated with the user's respective job duties and PIMS needs. EIAM staff may contact the PIMS team if EAIM staff requires assistance during the provisioning process.

AES is already documenting a more detailed definition of available user access groups, roles, and respective access permissions/capabilities; completion is targeted for March 2018.

The Data Management and Reporting (DMR) area uses a modified agile software development process. Existing change management processes associated with this development method sufficiently mitigate risk and meet business needs. However, strengthening processes to retain change request documentation submitted by stakeholders could be beneficial. AES will implement a more formalized documentation retention process that aligns with the modified agile software development process used by DMR and leverage ISSG policies and practices as appropriate.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

- *PIMS user roles and provisioning process documentation: March 2018*

- *Formalize change policy processes: March 2018*

Recommendation 3.4

AES should consider transferring maintenance and support of PIMS to HHS Information Technology.

Management Response

Action Plan

AES has considered the recommendation to transfer maintenance and support of PIMS to HHS Information Technology. Because AES needs to retain maintenance and support of PIMS to allow immediate response times and control of system builds to meet business needs, AES will not implement this recommendation.

Auditor Comment

The IG Audit Division acknowledges the action plans AES will take to address risks related to access controls and change management for PIMS. By relying on its internal support staff rather than leveraging HHS Information Technology's established infrastructure and processes for supporting information systems, HHSC does not:

- Have ongoing assurance that access control and change management processes for PIMS will continue to meet ISSG requirements.

- Gain access to additional resources that could address the resource limitation, noted in the management response to Recommendation 3.1, preventing AES from implementing recommended enhanced PIMS application controls.

- Achieve additional benefits of HHS Information Technology support such as reduced risks and inefficiencies, improved HHS System integration, and more effective governance and strategic planning.

Issue 4:   Correct Inaccuracies in PIMS Reports

The results of case readings are documented in PIMS. Reports are generated from data in PIMS that contain summary information related to case readings for individual regions.

Data accumulated in response to case readings is summarized in the PIMS-1101 report and used by Service Improvement Plan Coordinators and Regional Quality Assurance Managers to determine whether error rates exceeded thresholds, which require regions to prepare corrective action plans. Program staff indicated that the information in PIMS-1101 reports should include, along with other information, responses to sixteen key questions that are required to be answered during each case reading. Responses to all applicable questions in the case reading process are input in PIMS by case readers to document the details of the review.

The IG Audit Division reviewed the accuracy and completeness of PIMS-1101 reports, for the time period from September 2015 through March 2017, for each of the 11 regions, including responses to the 16 key questions program management stated are required to be answered during each case reading. Results indicated that case reading data included in the PIMS-1101 report for one specific item was inconsistent and inaccurate across regions due to a defect in the PIMS processes for generating the reports.

The report includes the text of specific questions used in the case readings along with data summarizing the results of the responses to the specific questions. Question #19E is one of the sixteen key questions that is required to be answered. The text for question #19E, included for nine of the 11 regions, was not accurately displayed on the report for the time period from September 2015 through August 2016, which resulted in an incorrect description for the corresponding data. The text for the question on the reports should have read, "Is the case free of payment errors?" However, the text of the question that was included on the report for nine of the 11 regions read, "Was the eligibility decision correct?" The report generated for the time period from September 2016 through March 2017 included accurate text for the same question for all 11 regions.

Table 2:   PIMS-1101 Report

Question Number	Question	Occurrences Noted on Report for 09/2015 - 08/2016	Occurrences Noted on Report for 09/2016 - 03/2017
19e	Is the case free of payment errors? (Incorrect text based on Form H1161)	9	0
	Was the eligibility decision correct? (Correct text based on Form H1161)	2	11

Source: HHSC - Access and Eligibility Services

AES management confirmed that a defect in the query process is displaying the incorrect text for at least one of the questions from the case readings.

If the error percentages for these specific questions require the preparation of a corrective action plan, the actions may be developed based on the incorrect issue, since the description for the questions is inaccurate.

Recommendation 4

AES should correct the PIMS-1101 report defect so the report information is accurate and reliable.

Management Response

Action Plan

During the course of this audit, DMR and Quality Management identified a minor defect in the PIMS-1101 report when researching a discrepancy identified by auditors. Quality Management updated Question 19e in January 2016. When pulling summary data from before and after the January 2016 change, the PIMS-1101 should display both versions of question 19e and the corresponding responses. Instead, the PIMS-1101 report selected one of two text options to display for question 19e and combined responses for both versions of the question. DMR and Quality Management verified the data reported for question 19e on the PIMS-1101 as accurate data, but the report was not displaying the data as needed. Auditors reported the defect, and AES prioritized a fix with other projects. AES corrected the report on August 2, 2017.

Responsible Manager

Deputy Associate Commissioner for Eligibility Operations

Target Implementation Date

Implemented August 2017

CONCLUSION

The IG Audit Division completed an audit of AES processes for analyzing and preventing eligibility determination errors. The audit included an evaluation of AES eligibility determination case readings associated with SNAP, TANF, Medicaid, and CHIP benefits for the period of September 2015 through December 2016. It also included review of corrective action plans associated with quality control and quality assurance case readings.

Based on the results of its audit, the IG Audit Division concluded that:

- AES Quality Control and Quality Assurance divisions performed case readings, evaluated eligibility determination errors, and developed corrective action plans intended, in most instances, to prevent or reduce the recurrence of future errors.

- Quality control case readings were performed for SNAP, TANF, Medicaid, and CHIP as required, and corrective action plans were developed to address errors identified in the case readings. In the development of corrective action plans for SNAP and TANF, problem analysis was not always performed, some corrective actions were not effective, corrective actions were not always designed to reduce or prevent errors in future time periods, implementation of corrective action plans lacked oversight from responsible management, and the effectiveness of implemented corrective actions in reducing or eliminating errors was not always evaluated by AES.

- Quality assurance case readings were performed to identify errors requiring corrective actions, but AES was unable to produce seven of nine requested corrective action plans. As a result of the missing documentation, the IG Audit Division could not determine whether all corrective action plans contained the five key components of the HHSC Service Improvement Plan Guide.

- Corrective action plans were developed to address errors within individual regions, but procedures and processes were not in place for reviewing errors across regions and determining when corrective actions at a multi-regional or statewide level should be developed. As a result, corrective actions were not being developed and implemented to consistently address similar errors across multiple regions.

- Processes were in place for development of corrective action plans in each region to address errors identified during quality control and quality assurance case readings identified each quarter, but there were no AES policies or processes for identifying when repeat or pervasive errors

occurred in a region, or for reviewing whether existing corrective action plans, which were not effectively addressing identified errors, should be revised or replaced with actions that may be more effective in addressing the errors.

- Errors related to eligibility determinations were identified by the Centralized Representation Unit during the review of appeals. As a result of these processes, corrections were processed, and the applicable region received information to initiate its own analysis of the errors.

- Controls over data in PIMS were not adequate to ensure the reliability of the data for its intended purposes.

- Reports contained inaccurate and unreliable information due to a defect in query processes.

The IG Audit Division offered recommendation to AES which, if implemented, will:

- Help ensure comprehensive problem analysis is performed and documented when developing corrective action plans.

- Improve processes for developing, implementing, monitoring, and evaluating initiatives, and for retaining supporting documentation.

- Broaden the scope of corrective actions to a multi-regional or statewide level, as appropriate, to include evaluating eligibility determination errors at an aggregate level for common solutions, tracking the effectiveness of corrective actions across multiple regions, and identifying best practices that will reduce or prevent errors.

- Expand current processes by including guidance for recognizing when repeat or pervasive errors occur in a region, for reviewing existing corrective action plans to determine whether they are effective in addressing identified errors, and for revising or replacing ineffective corrective action plans.

- Strengthen PIMS controls to improve data accuracy and data reliability, and better support error identification, analysis, and development of corrective action plans.

- Increase accuracy and reliability of PIMS reports.

The IG Audit Division thanks management and staff at AES for their cooperation and assistance during this audit.

Appendix A: Objective, Scope, and Methodology

Objective

The audit objective was to evaluate activities designed to analyze eligibility determination errors for benefit programs managed by the Texas HHS System, including specific practices for (a) identifying the root causes of incorrect eligibility determinations resulting from agency errors and (b) developing and implementing corrective actions to prevent or reduce the recurrence of future errors.

Scope

The scope of this audit included the results of AES eligibility determination case readings related to SNAP, TANF, Medicaid, and CHIP benefits for the period of September 2015 through December 2016, and the related corrective action plans.

Methodology

To accomplish its objectives, the IG Audit Division collected information for this audit through discussions and interviews with responsible staff at HHSC and through:

- Review of summary data from PIMS related to case readings associated with SNAP, TANF, Medicaid, and CHIP benefits for the period of September 2015 through December 2016, and the related corrective action plans.

- Review of quality control reports and quality assurance reports by evaluating errors identified, corrective action plans, individual case corrections, the problem analysis process, and effect of actions taken to reduce or prevent future errors.

- Analysis of the Centralized Representation Unit corrected error logs and related documentation to verify actions taken to reduce or prevent future errors.

- Evaluation and review of defined management expectations, program guidelines, policies, procedures, and other applicable regulations.

The IG Audit Division issued an engagement letter on June 13, 2017, to HHSC providing information about the upcoming audit, and conducted fieldwork in Austin, Texas, during June and July 2017.

Criteria

The IG Audit Division used the following criteria to evaluate the information provided:

- 7 C.F.R. § 275.10 (June 11, 2010).

- Texas HHSC Medicaid for the Elderly and People with Disabilities Case Reading Guide - General Guidelines (updated Jan. 2017).

- Quality Assurance Field Services policies.

- Information Security Standards and Guidelines Controls Catalog, § 7.1, Access Control, AC-1 Access Control Policy and Procedures.

- Information Security Standards and Guidelines Controls Catalog, §7.5 Configuration Management, CM-1 Configuration Management Policy and Procedures, v. 5.1 (Mar. 11, 2013) through v.6 (Sept. 21, 2015).

- Information Security Standards and Guidelines Controls Catalog, § 7.3, Audit and Accountability Control AU 1 Audit and Accountability Policy and Procedures, AU-2, Audit Events, AU-3, Content of Audit Records, v. 5.1 (Mar. 11, 2013) through v.6 (Sept. 21, 2015).

- Texas HHSC Service Improvement Plan Guide.

Auditing Standards

The IG Audit Division conducted this audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the issues and conclusions based on our audit objectives. The IG Audit Division believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

Appendix B: Sampling Methodology

The IG Audit Division examined the results of AES eligibility determination case readings associated with SNAP, TANF, Medicaid, and CHIP benefits, and corrective action plans associated with quality control and quality assurance case readings for the period of September 2015 through December 2016.

After an initial assessment of the quality control and quality assurance processes within AES, the IG Audit Division decided to test processes in two administrative regions. The selection of administrative regions for testing problem identification, problem analysis, development of initiatives, implementation of initiatives, and monitoring and evaluation of initiatives, was based on the analysis of SNAP (certified), SNAP (denied), and TANF (certified) comparative statistics reports for federal fiscal year 2016 and the first quarter of federal fiscal year 2017. The error trends for each region were evaluated to identify two regions for which the error rates were continuously increasing. Region 6, identified as a large region by the program, and Region 7, identified as a medium-sized region, were selected for testing.

Appendix C: Report Team and Distribution

Report Team

The IG staff members who contributed to this audit report include:

- Steve Sizemore, CIA, CISA, CGAP, Audit Director

- Greg Herbert, CFE, CIA, CGAP, CGFM, Audit Manager

- Fred Ramirez, CISA, Senior IT Auditor

- Karen Reed, CFE, CIGA, Senior Auditor

- Nathaniel Alimole, CPA, Senior Auditor

- Toni Gamble, Staff Auditor

- Krisselda Bactad, Associate Auditor

- Scott Miller, Senior Audit Operations Analyst

Report Distribution

<u>Health and Human Services</u>

- Charles Smith, Executive Commissioner

- Cecile Erwin Young, Chief Deputy Executive Commissioner

- Kara Crawford, Chief of Staff

- Heather Griffith Peterson, Chief Operating Officer

- Karen Ray, Chief Counsel

- Karin Hill, Director of Internal Audit

- Enrique Marquez, Deputy Executive Commissioner for Medical and Social Services

- Wayne Salter, Associate Commissioner for Access and Eligibility Services

- Bowden Hight, Deputy Executive Commissioner for Information Technology and Chief Information Officer

- Jami Snyder, Associate Commissioner, Medicaid and CHIP Services Division

- Todd Byrnes, Deputy Associate Commissioner for Eligibility Operations

Appendix D: IG Mission and Contact Information

The mission of the IG is to prevent, detect, and deter fraud, waste, and abuse through the audit, 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 IG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Principal Deputy Inspector General

- Christine Maldonado, Chief of Staff and Deputy IG for Operations

- Olga Rodriguez, Senior Advisor and Director of Policy and Publications

- Roland Luna, Deputy IG for Investigations

- Brian Klozik, Deputy IG for Medicaid Program Integrity

- David Griffith, Deputy IG for Audit

- Quinton Arnold, Deputy IG for Inspections

- Alan Scantlen, Deputy IG for Data and Technology

- Judy Hoffman-Knobloch, Interim Deputy IG for Medical Services

- Anita D'Souza, Chief Counsel

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- Online: https://oig.hhsc.texas.gov/report-fraud

- Phone: 1-800-436-6184

To Contact the Inspector General

- Email: OIGCommunications@hhsc.state.tx.us

- Mail: Texas Health and Human Services Commission
                 Inspector General
                 P.O. Box 85200
                 Austin, Texas 78708-5200

- Phone: 512-491-2000