Case-by-Case Services

Community Health Choice

Results in Brief

Why OIG Conducted This Inspection

Case-by-case services are additional health-related services not covered by the state plan that an MCO may offer individual members. MCOs have the flexibility to provide case-by-case services without obtaining approval from the Texas Health and Human Services Commission (HHSC). MCOs may not include case-by-case services in the reporting of Medicaid medical expenses HHSC uses to calculate capitation payments. MCOs are financially responsible for the case-by-case services they provide.

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Inspections) initiated this inspection series because of the potential for MCOs to misclassify encounters in their HHSC financial reports.

Summary of Review

The inspection objective was to determine whether Community Health Choice (Community) reported case-by-case services in accordance with applicable requirements. The inspection scope covered the period from September 1, 2021, through August 31, 2022.

For more information, contact:
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Key Results

Community Health Choice Texas, Inc. (Community), a Texas Medicaid managed care organization (MCO), misclassified encounter data for non-covered services on its financial statistical reports (FSRs) submitted to the Texas Health and Human Services Commission (HHSC). Additionally, Community did not maintain documentation to support the reason for providing case-by-case services.

Of the 6,152 tested encounters, 4,797 encounters (78 percent) were not coded with the correct financial arrangement code to classify them as case-by-case services. Community confirmed that it included the non-covered services as covered medical expenses, thereby overstating the total Medicaid medical expenses by $934,772 on its 2022 FSR.

Additionally, Community did not have a mechanism to document the reason for providing non-covered services as case-by-case services, as required.

Recommendations

Community should:

- Implement controls to correctly classify non-covered services it provides as case-by-case services.
- Code non-covered services as case-by-case services using financial arrangement code 21 and report the benefits as "Total Case-by Case Services" on part 5 of the FSR, "Medical Expenses by Service Type," in the "Not Included in Total Medical Above" section.
- Consult HHSC Financial Reporting and Audit Coordination to determine how best to correct the misreported medical expenses.
- Develop and implement a process to document the reason for providing non-covered services provided as case-by-case services.

Management Response

Community agreed with the recommendations and indicated all corrective actions would be implemented by October 2024.