



# Case-by-Case Services

Texas Children's Health Plan, Inc.

## 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 Texas Children's Health Plan, Inc. (TCHP) reported case-by-case services in accordance with applicable requirements. The inspection scope covered the period from September 1, 2021, through August 31, 2022.

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### Key Results

Texas Children's Health Plan, Inc. (TCHP), 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).

The inspection analyzed 3,842 TCHP encounters of non-covered procedure codes. Of the 3,842 encounters, 3,364 (88 percent), totaling \$635,183 were classified as case-by-case services using financial arrangement code 21. The inspection consisted of reviewing the 478 (12 percent) not coded with financial arrangement code 21.

None of the 478 tested encounters related to non-covered services were coded with the correct financial arrangement code to classify them as case-by-case services. TCHP confirmed with OIG Inspections that it included the non-covered services as covered medical expenses, thereby overstating the total medical expenses by \$132,664 on its 2022 FSR. However, TCHP documented the reason for providing non-covered Medicaid services, as required, in all 20 patient records tested.

### Recommendations

TCHP should:

- Implement controls to correctly classify non-covered services it provides as case-by-case services using financial arrangement code 21.
- Report the non-covered services 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.

### Management Response

TCHP acknowledged the recommendation and indicated all corrective actions would be implemented by April 2025.