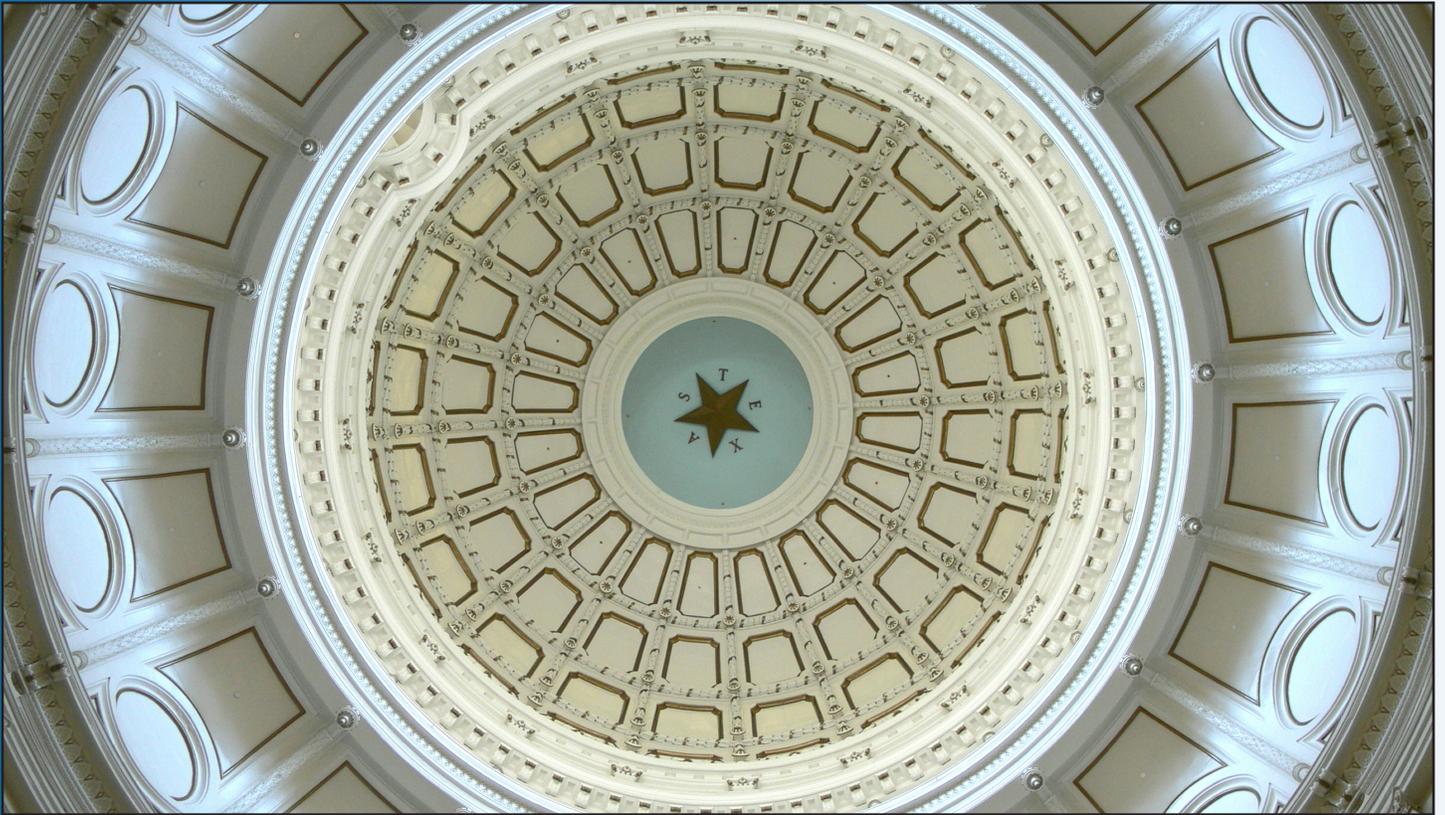


TEXAS HEALTH AND HUMAN SERVICES COMMISSION
INSPECTOR GENERAL



QUARTERLY REPORT
DECEMBER 2016





PROFESSIONALISM
PRODUCTIVITY
PERSEVERANCE

Contents

Message from the Inspector General	2
Section 1 Overview	5
Section 2 Program Insight: Department of Family and Protective Services	13
Section 3 Investigations	19
Section 4 Audit	25
Section 5 Inspections	29
Section 6 Support Services	33

Message from the Inspector General

I am pleased to submit to Governor Greg Abbott, the Texas Legislature, Executive Commissioner Charles Smith, and the Citizens of Texas this latest report from my office.

This quarter marked nearly two years since I began my service as Inspector General. In the late winter of 2015, I arrived in Austin to take the helm of an organization enduring a rigorous Sunset review. The findings of the Sunset Commission's excellent study revealed an office troubled by overreach and underperformance. Its final report provided a roadmap for reform enacted by Senate Bill 207, which imposed exacting and appropriate standards upon the IG.

I and my leadership team welcomed the challenge. Our office oversees the largest amount of public funds spent annually in Texas — nearly \$40 billion. Our mission, executed effectively, ensures that more of the funds appropriated to meet the needs of Texas' most vulnerable citizens will be spent on those needs. As I tell my staff at each of our monthly All Staff Calls, this is the "Why" of our office's existence.

Establishing a vision and core values first was important, and I did so. Our vision is to be the leading state-level IG in the nation, and our values are professionalism, productivity, and perseverance. They guide our collective efforts to root out fraud, waste, and abuse in the expenditure of all funds appropriated for health and human services in Texas.

This report reveals that my IG team has made substantial progress in fulfilling the mandate for

reform Governor Abbott gave me nearly two years ago. We substantially increased our results; we developed excellent working relationships with our program partners at HHSC and across the entire Health and Human Services System; we established strong oversight relationships with the MCO community; we committed ourselves to a culture of transparency and accountability; we engaged in effective planning, generating comprehensive strategic goals that guide all of our decision-making; we innovated new approaches to solving old problems, including bringing new management methods to bear on all of our processes; and we made the IG a welcoming environment, as evidenced by a recent survey showing nearly 85 percent of our staff enjoy their work-life here.

I could not have succeeded without my outstanding leadership team, led by Principal Deputy Inspector General Sylvia Hernandez Kauffman and Chief of Staff and Deputy Inspector General for Operations Christine Maldonado. I thank them, my entire leadership team, and all of our staff for the extraordinary progress we have made at the IG over the past two years.

Respectfully yours,



Stuart W. Bowen, Jr.

Dollars recovered

Audit and Inspections

Audit collections, WIC collections,
civil monetary penalties \$9,178,998

Investigations

Beneficiary collections (SNAP, TANF, Medicaid,
CHIP, WIC) \$5,461,971
Others (MPI, MFCU) \$1,674,726

Medical Services

Acute care provider collections \$686,752
Hospital collections \$9,555,074
Nursing facility collections \$993,823
Nursing facilities settlements \$490,818
Other (voluntary repayments and self-reports) \$122,298

Total \$26,489,734

Questioned costs

Audit

Provider overpayments \$8,552,462

Investigations

Beneficiary claims in process of recovery
(SNAP, TANF, Medicaid, WIC and LED) \$9,650,227

Medical Services

MCO overpayments identified by IG \$178,136
Nursing facility overpayments \$68,854
Hospital Utilization Review \$1,671,571

Total \$20,121,250

Funds put to better use

Audit and Inspections

WIC vendor disqualifications \$26,743

Investigations

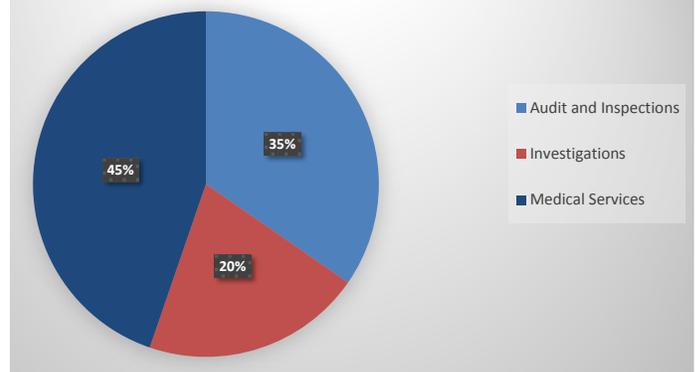
Beneficiary disqualifications and income eligibility
matches \$1,309,687
Other beneficiary data matches \$1,953,975
Medicaid providers ordered to pay restitution \$685,056

Medical Services

Pharmacy Lock-In \$17,803

Total \$3,993,264

Dollars Recovered Q1 FY17



How we measure results

An investigation, audit, inspection, or review, performed, managed, or coordinated by the IG can result in:

Dollars recovered: These frequently are overpayments collected based on the results of an investigation, audit, inspection, or review.

Questioned costs (formerly listed as dollars identified for recovery): Questioned costs include overpayments identified for recovery during an IG investigation, audit, inspection or review due to: an alleged violation of a statute, law, regulation, rule, policy, or other authority governing the expenditure of funds or the provision of services; a finding that a cost is not supported by adequate documentation; or a finding that funds were not used for their intended purpose or were unnecessary, unreasonably spent, or wasteful.

Funds put to better use (formerly listed as dollars identified as cost avoidance): Putting funds to better use results in resources being used more efficiently; an increase in available resources from reductions in inefficient expenditures; or avoiding unnecessary expenditures of funds for operational, medical, contract, or grant costs. These new measures align with those used by the federal Government Accountability Office.

Overview

Section

1

Overview

IG operated in black in FY 2016

Reform and restructuring efforts implemented over the past two years generated substantial increases in IG recoveries. During FY 2016, total recoveries jumped 48 percent from the previous year.

A key question often asked is how many of those recovered dollars end up benefitting the state's coffers. After substantial research overseen by

In FY 2016, IG recovered \$30.5 million in state funds and spent around \$15 million.

Chief of Staff Christine Maldonado and her Deputy Chief of Staff David Repp, we have a reliable answer: \$30.5 million in FY 2016. Of that amount, over \$6 million was

deposited directly into the treasury, with the balance offsetting state dollars that would have been spent on the Texas Medicaid program.

This result compares favorably with the total amount of general revenue expended by the IG in FY 2016: \$15 million. For every general revenue dollar spent by the IG, the office returned more than two dollars to the state. The IG is on track to improve upon these results in FY 2017.

First quarter results up 101%

Year-on-year IG recoveries during the first three months of FY 2017 climbed 101 percent, rising from \$13.1 million to \$26.5 million. This substantial improvement stemmed, in part, from increasingly effective accountability efforts implemented by Deputy Inspector General Debbie Weems and her staff in the new Medical Services Division (MSD), as well as from the work of the IG-managed Recovery Audit Contractor.

The MSD generated \$11.8 million in recoveries during the quarter because of improved utilization review efforts and streamlined systems. This impressive result substantiates the vision undergirding the new division's formation, which anticipated greater oversight successes from concentrating all of the IG's medical professionals under one roof. Previously, the IG's nearly 80 nurses were diffused among several divisions, attenuating their capacities. MSD houses virtually

Key quarterly results

- Recovered more than \$26 million in state and federal funds.
- Increased recoveries by 101 percent compared to first quarter FY 2016.
- Recovered \$8.6 million through the Audit Division.
- Recovered \$11.8 million through the Medical Services Division.
- Settled largest Medicaid case ever for \$5.7 million
- Initiated the Texas Fraud Prevention Partnership.
- Answered 9,100 Integrity Line calls reporting fraud, waste and abuse.
- Screened nearly 30,000 individuals seeking to enroll or validate their enrollment in Texas Medicaid.
- Initiated rapid process improvement program in the Audit Division.
- Completed two fraud detection operations in the field related to pharmacy and home health.
- Completed three inspections addressing speech therapy, pediatric dental sedation, and opioid prescription drug abuse.
- Increased the scope and effectiveness of data analytics used for fraud detection.

all of the IG's nurses as well as the Chief Medical Officer, the Chief Dental Officer, and the new Chief Pharmacy Officer.

Litigation secures largest ever settlement: \$5.7 million

The IG litigation team, working closely with our Medicaid investigators in San Antonio, secured a \$5.7 million settlement from a pediatric provider, the largest ever obtained by the IG. The case materialized when IG investigative staff identified a provider's improper unbundling of labor and delivery charges from global hospital charges.

Instead of billing just the hospital for newborn hearing screenings, the provider also billed MCOs, resulting in unauthorized double compensation. The MCO should not have been billed nor should it have paid the claim. Since Mr. Bowen began his tenure at the IG, Litigation has produced over \$23 million from its Medicaid enforcement activities.

IG creates Texas Fraud Prevention Partnership

In October, the IG established the Texas Fraud Prevention Partnership (TFPP), an innovative approach to coalescing IG and MCO resources in the joint fight against fraud, waste, and abuse within Texas' Medicaid System. The TFPP, patterned nominally after the National Health Care Fraud Prevention Partnership, developed from consultations between the IG and MCO leadership. It seeks to leverage data forensics and investigative personnel to improve Medicaid fraud investigative results. The ethos underlying this partnership, generated by the IG Integrity Initiative, complements the state's gradual embrace of the managed care model over the past 20 years. Pursuant to state and federal law, managed care requires joint oversight of Medicaid expenditures by the MCOs' Special Investigative Units and the IG.

Fraud, waste, and abuse allegations

Home health agencies / personal attendants	40.4%
Physicians (Group or individual)	18.5%
Dental	9.5%
Nursing home	4.5%
Durable medical equipment	4.3%
Therapy	3.0%
Hospital	2.8%
Pharmacy	2.4%
Adult day care	2.2%
All others (22 types)	12.4%

These are fraud, waste, and abuse allegations received by the IG for the first quarter of fiscal year 2017. Across all provider types, billing errors were the most common type of allegation.

The TFPP developed along two tracks, one involving the three largest commercial and three largest community plans, and the second engaging the state's two Dental Maintenance Organizations. After a preliminary meeting with Superior, Amerigroup, and United Health (the three commercial plans), the TFPP activated its mission, supporting IG fraud detection operations across the state. A

subsequent meeting with Texas Children's Health Plan, Community Health Choice, and Driscoll (the three community plans) generated their accession into the partnership.

A similar confab with Dentaquest and MCNA, the two DMOs, followed, which will generate fraud detection operations regarding Medicaid dental expenditures. Subject matter experts from the Health and Human Services Commission, as well as representatives from the Texas Attorney General's Medicaid Fraud Control Unit and Civil Medicaid Fraud Division, participate in the TFPP.

The TFPP's inauguration has already significantly improved Medicaid oversight in Texas by synergizing IG data forensics and personnel capacities with the MCOs' systemic capabilities. In December, the first joint IG/MCO fraud detection operation occurred, focusing on speech therapy expenditures and leading to the opening of several full-scale investigations. Personnel from the Centers for Medicare and Medicaid Services participated in the operation.

The fraud detection operations stem from an IG-generated initiative begun last July, in concert with CMS, to strengthen the quality of anti-fraud fieldwork. The TFPP's operational plan anticipates operations every month focusing on different areas of potential vulnerability affecting Medicaid expenditures. Each operation executed since last summer produced multiple full-scale investigations. Of note, the October one, focusing on pharmacies, yielded 14 new full-scale investigations, the first pharmacy investigations

The Texas Fraud Prevention Partnership is the first state-level public-private partnership of its kind.

Overview

ever opened by the IG. Pharmacy reviews will be a recurring part of the TFPP's fraud detection efforts.

New Medicaid Fraud and Abuse Detection System (MFADS) solution developed

Pursuant to a directive from Executive Commissioner Charles Smith that the IG find an economical solution to its MFADS needs, Deputy IG for Data and Technology Alan Scantlen generated an approach that will buttress IG forensic efforts for years to come, while saving millions of state dollars. Alan's team devised a modular motif for the MFADS replacement, which will permit the regular upgrade of IG data forensic capacities rather than a periodic comprehensive (and more costly) replacement.

The current MFADS is ten years old and thus has not benefitted from the many updates that the forensics field offers. Notably, in fulfillment of EC Smith's directive, the modular approach allowed the IG to reduce total system acquisition cost by 50 percent, from \$20 million to \$10 million (\$5 million to \$2.5 million in GR).

First three inspections completed

Deputy Inspector General for Inspections Quint Arnold and his new inspections team continued to increase its capacities this quarter, providing training that strengthened the division's professionalism and productivity. The IG created the Inspections Division 18 months ago to bring the office into compliance with its enabling statute, which requires it to perform inspections. The federal IG model, upon which the office is based, anticipates an inspections component. Over the past year, Quint built up his team to 37 personnel, including 9 who inspect the Women, Infants and Children program.

The fruit of the division's steady progress became evident this quarter with the completion of its first three inspections. They address pediatric dentistry anesthesia, opioid abuse, and speech therapy. The initial report will soon be public, followed soon by the other two. Inspections broaden the IG's capacity to accomplish oversight through a unique

and well-established vehicle that conceptually fits between an audit and an investigation.

New Two-Year Audit Plan adopted

Deputy IG for Audit David Griffith and his team developed a new two-year rolling audit plan, providing flexibility in how the IG achieves its strategic goals. Reflecting the IG's commitment to transparency, the audit plan is posted on our website and covers a multitude of topics within the IG's \$40 billion-per-annum jurisdiction. The rolling plan's creation included close consultations with HHSC, as required by statute, and was reviewed by the Executive Commissioner. The IG expects to produce eight to ten audit reports per quarter during fiscal year 2017.

The Audit Division is continuing its look at the effectiveness of MCO special investigative units.

New leadership staff join IG team

The IG's senior staff continued to improve with the arrival of three new outstanding leaders. Olga Rodriguez joined as Senior Advisor and Director of Policy and Publications. She brings an unmatched wealth of expertise in the Medicaid field, having spent 15 years working on Medicaid-CHIP issues at HHSC and two years as the Director of the Center for Program Policy Innovation at the Department of State Health Services. At the IG, she has charge of developing our publications line, to include lessons learned and best practice reports, and IG Policy Memos. She also leads the IG's government relations and communications responsibilities.

Roland Luna came aboard as the Deputy Inspector General for Investigations in early December to take the reins of the office's largest division. Roland joined us after four years as the Chief Inspector General at the Texas Juvenile Justice Department, bringing a deep investigative background developed in Texas state government, which included stints at the Department of Public Safety and the Texas Alcohol and Beverage Commission. (An interview with Roland is in Section 3.)

Anita D'Souza joined our team as the Chief Counsel, after ten years as Chief of Staff and General Counsel at the Texas State Auditor's Office and, prior to that, six years at the Legislative Budget Board. Anita brings extraordinary expertise regarding the oversight of public programs in Texas and the proper use of state funds, two key callings within the IG mission. (An interview with Anita is at the end of this section.)

Theory of Constraints makes IG better

Last summer, the IG began utilizing an innovative organizational method for process improvement known as the Theory of Constraints (TOC). Since its inception, this new approach increased efficiency and promoted accountability, helping the IG achieve better results. TOC deploys unique analytical methodologies to reform processes and boost outcomes. This quarter, a new TOC effort developed more efficient, effective, and timely audit reporting. The initiative's meaningful reforms mean more audits will be produced each quarter.

This latest success follows upon two very effective process-improvement projects within the Investigations Division that continue to promote organizational integration and improve performance. The General Investigations Directorate achieved notable progress from TOC methods, restructuring its intake process and producing a 22 percent increase in identified recoveries per investigator.

IG engages with DFPS in strategic planning session

This quarter, the senior staffs at DFPS and the IG engaged in a half-day joint planning exercise to explore how the IG could better exercise its jurisdiction to support the DFPS mission. Mr. Bowen recognized that, since the office's inception, the IG had accomplished very little with regard to its statutory obligations affecting DFPS. In response, Commissioner Hank Whitman and his DFPS team met with Mr. Bowen and his senior staff to launch a process that will lead to the effective fulfillment of the IG's responsibilities. The initial engagement proved extraordinarily

productive, providing a basis for continuing complementary organizational support.

Operations upgrades IG training capacity

Under the leadership of Chief of Staff and Deputy IG for Operations Christine Maldonado, the Operations Division significantly strengthened the IG's capacity to provide necessary training for all staff. Two years ago, the IG had one person assigned to provide training for a staff of nearly 700. Now, there are five full-time trainers to meet the very specialized technical, programmatic, and leadership requirements that the IG's staff must

IG continues its focus on workforce restructuring, training, and development across all divisions.

have. Additionally, the Investigations Division now has a very experienced senior trainer who is leading specially tailored investigative training, which will save the office money and increase recoveries. At the IG's first strategic planning retreat in the summer of 2015, the number one need identified by staff (in a survey taken at the time) was training. Under Christine's leadership, that need has been fully addressed, and the new training team is consistently strengthening all IG capacities, which will advance the office's long term success.

Q&A with Kara Crawford, Chief of Staff, Texas Health and Human Services

Please tell us about your background and how it prepared you for your current calling?

Before joining HHS, I was a senior advisor for health budget and policy in Governor Greg Abbott's office. This experience was one of the most humbling and educational experiences of my life, and it gave me a deeper appreciation for the challenges associated with improving the health and well-being of Texans.



Kara Crawford

Previously, I worked in policy and

Overview

appropriations positions in the Texas Legislature, including work on the Senate Finance Committee and the Senate Administration Committee, where I gained a deep understanding of constituent and advocacy issues in health care and other content areas. Prior to that, I served as the women's health coordinator at the Texas Health and Human Services Commission and worked in government relations for a major health insurance company. I believe that all of these experiences gave me a well-rounded approach to tackle the diverse challenges at HHSC.

Aside from my professional experience, my upbringing also had a profound impact on my capabilities as a leader and manager. For the first 18 years of my life, I was raised on a farm outside a small town in the Midwest. From a very young age, my sister and I were expected to lend a hand on the farm — planting, harvesting, tending to livestock. Although I didn't appreciate it much at the time, it taught me to be very assertive and industrious. Needless to say, these qualities serve me well at HHSC, where the work and opportunities to touch peoples' lives are endless. I'm been blessed to work with a wonderful team of professionals who share my penchant for hard work.

What are the primary duties your position encompasses?

My primary duties include advising the Executive Commissioner and Chief Deputy Executive Commissioner regarding policy, program, and budget initiatives, and planning and directing administrative and operational activities for the system that support the vision of the Executive Commissioner.

What are your goals as chief of staff for the system?

My main goal is to help system employees to see how our actions make a difference each day. I also remind employees of our obligation to find ways to be more efficient with taxpayer dollars so that we may serve vulnerable Texas to the greatest extent possible with the limited resources entrusted to us.

What core leadership principles do you follow?

I believe if you respect and value everyone, then

you will build an environment where people can be creative, challenge assumptions, problem-solve, collaborate, and ultimately feel inspired to achieve something great. I also believe a core principle of being a successful leader is to never lose sight of the people who depend on our services.

How would you describe the HHS collaborative relationship with the IG?

HHS relies on the IG to help protect the integrity of the system. By identifying ways to eliminate fraud, waste, and abuse, the IG is constantly providing HHS objective assessments and opportunities to be more successful and efficient in our work. As the size, scope, and complexity of our Medicaid programs grow each year, we depend more and more on a strong working relationship with the IG.

Q&A with Anita D'Souza, Chief Counsel, IG

Please tell us about your background and how it prepared you for your current leadership position.

Before joining the IG as Chief Counsel, I spent the majority of my legal career working at state legislative oversight agencies.

I began my career as a legal counsel at the Legislative Budget Board (LBB) and was later promoted to General Counsel.

Over the course of my tenure at the LBB, I worked on myriad state finance issues, including the appropriation of tobacco settlement proceeds, the supplemental appropriations bill, the miscellaneous claims bill, and budget execution. I also worked on the General Appropriations Act (otherwise known as Article IX) as well as drafting statutory language on state finance issues for legislative consideration, and I worked closely with the Texas House and Senate Finance Committees. I was at the LBB during the 78th Legislative Session (2003) when the state had a \$10 billion budget shortfall. It was a challenging session because statutory changes were necessary for the Legislature to balance the budget.



Anita D'Souza

Following six years at the LBB, I moved to the Texas State Auditor's Office (SAO), where I spent 11 years. I began at the SAO as General Counsel and later became General Counsel and Chief of Staff. While at the SAO, I worked with auditors following Generally Accepted Government Auditing Standards and with investigators on investigations involving the use of state funds. I was charged with managing the investigations, audit, legal and information technology divisions. It was immensely rewarding to be involved with overseeing the use of state funds and to provide the public with information on our results.

My educational background includes a J.D. from the University of Texas School of Law, an LL.M. from the University of Edinburgh School of Law in Scotland, and a double major in economics and computer science as an undergraduate.

What is your vision for your division?

To create a collaborative environment so that members of the Chief Counsel's division can produce thorough and accurate work in a timely manner, that is reliable and efficient. In the complex state health and human services system, the legal function is integral to the mission of the IG, instrumental to the pursuit and prevention of fraud, waste and abuse, and essential to the enforcement of IG findings. The efficiency and the effectiveness of the division is maximized when

communication, teamwork, and an understanding of and commitment to the work and mission of the office are present.

What are the core leadership principles you follow?

Respect for individuals, continual learning, reflexive integrity, assiduously ethical behavior, and commitment to sustained teamwork. The mission of public oversight entities in state government is critical. I want my team members to participate actively in the division and the IG. That involves looking for ways to improve the work that the division and the IG does. I also believe that an open-door policy is essential to a well-functioning team.

What does success look like for you?

At the IG, the Chief Counsel Division's advice and input is actively sought and respected. A collaborative relationship exists between members of the Chief Counsel division and all other divisions. Performance metrics that reflect the effort and output of the division must be met. That is, we must maintain a continual flow of cases through the enforcement function to sustain our reputation for thoroughness and competence. Success is not a destination, but rather a series of milestones on different fronts that, when met, reflect the Chief Counsel's full integration into IG's mission.

Program Insight: Department of Family and Protective Services

Section

2

Program Insight: Department of Family and Protective Services

Overview

The Texas Department of Family and Protective Services works with communities to protect children, the elderly, and people with disabilities from abuse, neglect, and exploitation. It also works to protect the health and safety of children in daycare, as well as foster care and other types of 24-hour care. We do this through investigations, services and referrals, regulation, and prevention programs.

DFPS has five major programs that accomplish this important work:

Adult Protective Services

Protects the elderly and people with disabilities from abuse, neglect, and exploitation through investigations and services.

FY 2016 APS results:

- Received 110,826 in-home intakes and completed 83,534 in-home investigations.
- Received 22,447 provider intakes and completed 12,488 investigations.

Note: The numerical gap between intakes and investigations generally exists because many intake reports do not meet the threshold for an investigation into abuse/neglect.

Child Protective Services

Protects children from abuse and neglect through investigations, services, foster care, and adoption. In October 2016, there were 28,589 children in substitute care, 15,977 in foster care, and 12,612 in some other type of substitute care.

In FY 2016, a total of 166,753 CPS investigations were completed. Of those:

- 21,031 were referred to Family Based Safety Services.
- 8,490 were referred to substitute care.
- There were also 16,495 Alternative Response cases.

Child Care Licensing

Regulates day care, foster care, adoption agencies, residential treatment centers, before- and after-school programs, and maternity homes.

- In 2015, day care oversight regulated a total of 20,882 facilities.
- In 2015, residential care oversight regulated a

DFPS by the numbers

Agency staff

Fiscal year 2016	12,716 FTEs
Fiscal year 2017	12,855.6 FTEs

Agency budget

Fiscal year 2016	\$1,741,519,091
Fiscal year 2017	\$1,745,667,131

Agency contracts

Fiscal year 2016	4,009
Fiscal year 2017	3,341

total of 10,495 facilities.

Statewide Intake

Takes reports of abuse, neglect, and exploitation from across the state through its Texas Abuse Hotline (1-800-252-5400) and through the website TxAbuseHotline.org 24 hours a day, every day of the year.

- In 2015, a total of 781,935 contacts were made.

Prevention and Early Intervention

Manages community-based programs that prevent juvenile delinquency, child abuse, and neglect.

- More than 62,000 unique families received services - an increase of 23 percent over the previous fiscal year.
- 99.7 percent of children and youth remained safe from maltreatment while receiving services.

Insight from Henry 'Hank' Whitman, DFPS Commissioner

Please tell us about your background.

I am a former U.S. Marine and a graduate of Texas State University, where I received my Bachelor of Science degree in Law Enforcement. I hold a Master of Public Administration in Criminal Justice from Texas A&M University, Corpus Christi.

I served in law enforcement for more than 33 years. During that time, I held many positions: as a police officer, State Trooper, and finally as the head of the Texas Rangers. During my career, I've had to work many difficult cases that involved children.

Program Insight: Department of Family and Protective Services

I've seen the worst cases imaginable — and I've seen them up close. The faces of those children have stayed with me ... and have strengthened my resolve, my passion, to help and do whatever it takes to protect those delicate lives. That's why, when Governor Abbott called on me to take this position, I could not refuse the opportunity to once again try to make a difference.

The Governor made it abundantly clear that my charge would be to improve the Texas child welfare system and Child Protective Services. WE have many positive efforts under way to protect Texas children, and I am pleased to lead an agency committed to doing great work.



Henry 'Hank' Whitman

What is your vision for the agency over the next year?

DFPS protects children and adults and regulates child care. Over the next year, I want to make sure the agency becomes better at doing just that. I also want to make DFPS both a better place to work and better at protecting our clients.

The 10-point plan I released in July addresses four categories where we must grow and improve — accountability, investigation expertise, foster care, and child abuse prevention.

Accountability: One of our most important jobs is to protect children from abuse and neglect. To do this, we must create a new culture of accountability. We all must be accountable — every caseworker, every supervisor, every regional director, CPS state office, all the way up to me.

Managers must have complete command of what's happening with each child on their watch and why, because it's not just another case — it's a child's life.

Leaders must be accountable to those they lead. That means giving them the tools to succeed and treating all workers fairly at all times. With the right leadership, accountability, and fairness for all, CPS will be a better place to work and will do a better job of protecting children.

Investigation expertise: One of the most important things we can do to protect our clients

is improve the skills and knowledge of our investigators. That is why we are training our investigators in advanced forensics, as well as advanced interviewing techniques.

This advanced training will raise the overall knowledge and skill of our investigators. It will give them the tools to better understand physical evidence, to get to the truth in an interview, and to better identify victims of human trafficking.

Additionally, CPS investigators need to know everything they can about each household before they make contact. That is why the Texas Department of Public Safety is helping us develop a team of analysts to work with Statewide Intake. My goal is that every case that comes to a caseworker will have the most up-to-date information available about the people living at the house, including any criminal records, police contacts, and DFPS history.

This information will help caseworkers prepare and protect themselves and will help them make more informed decisions during each investigation.

Foster care: We need more capacity, especially for high-need children. Many children suffer from trauma or emotional and behavioral health problems caused by abuse or neglect. Some are medically fragile or have mental illnesses that demand high levels of care.

All children in state conservatorship deserve high quality care — care that meets their physical, emotional, and educational needs.

To increase capacity, we will immediately do three things:

First, we will expand Foster Care Redesign, starting with Region 2. Our current contract in seven counties is showing impressive results — placements are more stable, brothers and sisters are staying together, and the provider network is strong. We will expand this model to other areas of the state and shift to performance-based contracting.

Second, we will reach out to the faith-based community. Frankly, we need the help. While CPS has had some faith-based efforts, we must do more to get faith communities involved in foster care and adoption.

Third, we need to engage all providers, judges,

Program Insight: Department of Family and Protective Services

and community partners to explore new ways to care for children. For example, we can ask local communities to buy and renovate run-down homes to use as temporary housing for the kids who are now sleeping in our offices. These children and teens deserve a hot meal, a shower, and a comfortable bed, while we find the best, most appropriate placement.

With time, effort, and an open mind to new ideas, we will make foster care better.

Prevention and early intervention: The very best outcome for children and their families is when they never need CPS in their lives in the first place.

The DFPS Prevention and Early Intervention program has released the first Texas strategic plan on child abuse prevention. Created in concert with stakeholders statewide, this five-year plan balances our investigative efforts with a public health approach of strengthening families.

Think about this — more than 99 percent of children served by the DFPS STAR program stay safe from abuse and neglect. This is just one of many prevention programs that make a huge difference. Now, we must cast a wider net to reach and strengthen more families.

To do this, we will rely heavily on community collaboration. We will partner with cities and counties, nonprofit organizations, schools and universities, businesses, faith-based organizations, as well as charities.

We will base our decisions on research, focus on the needs of each particular community, and target our efforts on the communities that need the most help.

We can't wave a magic wand and make all child abuse go away. But we can diminish it. Almost all parents want the best for their children. Our approach is to make parents and children more prepared for life's challenges and better able to bounce back when times are tough.

With greater accountability, better investigations, a more robust foster care system, and a greater focus on prevention, we will make CPS more effective and Texas a better place to be a kid.

What is your biggest challenge and biggest priority going into the 85th

Legislature?

The number one priority of DFPS is to fulfill its mission, and protect Texas' vulnerable populations.

Unfortunately, caseworker turnover has become a problem not only for the agency, but for the safety of the children and families the agency serves. Huge caseloads increase the amount of stress put on caseworkers, which increases the likelihood that they will leave the agency.

More importantly, a high turnover rate brings an increased risk that a child will not be seen with the regularity he or she deserves, and that the state demands to ensure their safety.

DFPS has been in a constant battle to improve caseworker retention and has had some successful initiatives. But to make a real shift, what we need is resources.

To meet the immediate workforce need, I asked that we be allowed to partially fund our exceptional item request for FY 18-19, to hire 829 additional FTEs, including 550 investigators, Special Investigators and caseworkers.

In addition to this critical needs ask, we must find ways to retain our workforce. I believe that the best way we can strive to retain a strong and tenured workforce is to pay them a higher wage.

Our caseworkers don't become social workers to make money. They do this because it is a calling. It is our responsibility to ensure that they can provide for their own children and families, while trying to help so many others around our state.

Settling on the ideal salary to diminish turnover is difficult. We have used locality pay increases to offset some of the rising costs of living due to the energy boom in West Texas and have decreased turnover by almost 50 percent.

Additional research of U.S. Labor Statistics shows that comparable jobs in the Texas market pay more than salaries at CPS.

Weighing this, along with the success of the locality pay program, I have proposed a \$1,000 a month increase in pay to caseworkers, supervisors and program directors across the state.

We must plug the hole at the bottom of the bucket instead of just pouring more and more water in. Retention is tied to many things, and we are doing our best to address them.

Program Insight: Department of Family and Protective Services

What has been your most personally rewarding experience as commissioner of DFPS?

So far, the most rewarding experience I have had is the opportunity to get to know the good people who come to work every day at our agency with the intention of protecting our most vulnerable Texans. I have personally gone on several ride-alongs with case workers and have observed their difficult work. I have also toured the state, visiting every region, so that I can hear the thoughts of the workers in the field. During my short time as DFPS Commissioner, I have had the opportunity to speak with everyone from our Regional Directors, to the administrative staff in the field, and everyone in-between. Out of this experience I can tell you that innovation will come from the practitioner, not from someone with a nice desk 1,000 miles away. That is why I encourage every one of my workers to reach out to me if they have a problem, a concern, and perhaps most important, a solution to an issue.

How does your office collaborate with the Inspector General to identify fraud, waste, and abuse?

The tragic death of an individual due to potential abuse or neglect is difficult at any time. When such a death occurs while an adult or child is under the care of the state system, it is the duty of the state to determine what could have been done to prevent the death.

We are committed to collaborating on these cases to determine what systemic issues may have inhibited DFPS' investigative or safety efforts before the death, and what processes can be put in place to prevent a re-occurrence. That is why I am grateful that the IG reviews fatalities investigated by DFPS Programs.

Additionally, the IG has a close working relationship with the DFPS Internal Audit office as well as our General Counsel and Legal Services unit.



Roland Luna, the new Deputy IG of Investigations, addresses attendees at an investigators training conference.

Investigations

Section

3

Investigations

Overview

IG Investigations protect taxpayer dollars by ensuring that providers abide by the rules of the Medicaid system. They protect dollars invested in the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and WIC by making sure that recipients do not defraud the system.

It works to protect the safety of residents in State Supported Living Centers and State Hospitals by investigating allegations of criminal abuse. The Investigations Division supports the entire HHS system by pursuing allegations of misconduct by system personnel.

The Division comprises four Directorates:

- General Investigations
- Medicaid Provider Integrity
- Law Enforcement
- Internal Affairs

During the first quarter of fiscal year 2017, the division implemented many changes to enhance accountability and improve results.

Internal Affairs works with HHS to prioritize investigations

Internal Affairs (IA) collaborated with the Chief Counsel at HHS to develop a new approach to prioritizing IG investigations within the system, which will focus our efforts only on egregious conduct. The result will be better use of IA resources and leaving lesser matters to management regulation.

General Investigations

The General Investigations Directorate works to protect taxpayer dollars in the SNAP, TANF, Medicaid, Children's Health Insurance Program, and Women, Infants and Children program, as well as other Texas health and human services programs.

During this quarter, general investigators referred 62 cases for prosecution, received 35 court dispositions, identified \$9,641,622 for recovery, and collected \$3,778,260 in overpayments.

GI continues to work with Access and Eligibility Services on a Joint SNAP Integrity Initiative to improve the quality of referrals; this will produce

Top accomplishments this quarter

- General Investigations collected \$3.8 million in overpayments.
- Medicaid Provider Integrity opened 515 cases and completed 398 cases.
- Law Enforcement opened 273 investigations and completed 265 investigations.
- Internal Affairs received 235 complaints and completed 139 investigations.

a higher return from overpayments. A monthly newsletter provided AES employees with updates on this joint effort and outcomes of fraud referrals submitted to the Inspector General.

GI continued to work with HHSC IT to improve our burdened case management system, the Automated System for the Office of Inspector General. Our goal is to make ASOIG better for investigators and managers, which will improve timeliness and eliminate duplication of tasks.

On November 1, GI launched a new investigative Intake Unit developed from the TOC rapid process improvement initiative. The Intake Unit consists of 25 senior claims investigators located in Fort Worth, Arlington, San Antonio, Corpus Christi and Pharr. The Intake Unit's main job is screening and processing Income Eligibility and Verification System matches and fraud referrals, previously performed by all GI investigative staff.

GI reduced backlog referrals this quarter by two-thirds, from 19,817 pending to 5,941.

Successful GI investigations into fraud, waste, and abuse this quarter included:

- A \$54,903 SNAP and Medicaid case was referred to the Bexar County District Attorney's Office for prosecution. The recipient allegedly failed to report her husband and his income in order to obtain benefits.
- A \$117,201 SNAP, TANF and Medicaid case was referred to the Lubbock County District Attorney's Office for prosecution. The recipient failed to report her husband and his income in order to obtain benefits. The defendant pled guilty to a first degree

felony in the 364th District Court of Lubbock County and was sentenced to 10 years probation with a restitution order of \$117,201.

- A \$60,749 SNAP and Medicaid case was referred to the Nueces County District Attorney's Office for prosecution. The recipient allegedly failed to report her husband and his income in order to obtain benefits.

During this quarter, GI completed 60 referrals as part of our project focusing on SNAP redemptions outside of Texas. Of the 60 referrals, 21 cases were opened resulting in \$169,091 in identified overpayments.

GI participated in an Accenture EBT Vendor-Recipient Project this quarter. The Houston field office investigated eight cases, one of which was referred for criminal prosecution. Two more cases were processed as Administrative Disqualification Hearings. The identified overpayments totaled \$37,551. The Dallas field office investigated 17 cases and processed 14 as ADHs. The identified overpayment totaled \$49,525.

Medicaid Provider Integrity

MPI Intake opened 515 cases and completed 398 cases this quarter, while maintaining an average case processing time of 24.3 days. After preliminary investigation, 117 cases were transitioned for full-scale case development. The remainder were closed or referred to other divisions of the IG, Medicare, or other regulatory entities. At the end of the first quarter there were 160 cases in full-scale investigation.

Law Enforcement

The Law Enforcement Directorate investigates violations involving State Supported Living Centers and State Hospitals, trafficking of Supplemental Nutrition Assistance Program Electronic Benefits Transfers by retailers, and recipient Medicaid fraud.

During this quarter, the directorate opened 273 investigations, completed 265 investigations, presented 23 cases for prosecution, identified \$1,411 in overpayments, and collected \$8,985 in recoupments.

The following are examples of successful investigations by the Law Enforcement Directorate:

- An 18-month joint investigation involving three retailers in the El Paso area resulted in the execution of search warrants and seven arrest warrants for individuals suspected of trafficking cash in exchange for SNAP EBT benefits. The authorized retailers involved in this investigation averaged a total of \$28,000 in monthly SNAP redemptions. Agencies involved in this joint investigation included Texas Department of Public Safety Criminal Investigation Division, United States Department of Agriculture OIG, U.S. Homeland Security Investigations, and IG EBT Trafficking unit.
- An owner of an establishment in Vidor was arrested on allegations of exchanging cash at a discounted rate to an undercover IG investigator. Texas Alcoholic Beverage Commission and Orange County Sheriff's Office Warrants Division provided assistance. This matter is pending final disposition.

The following are examples of successful investigations by the State Centers Investigative Team:

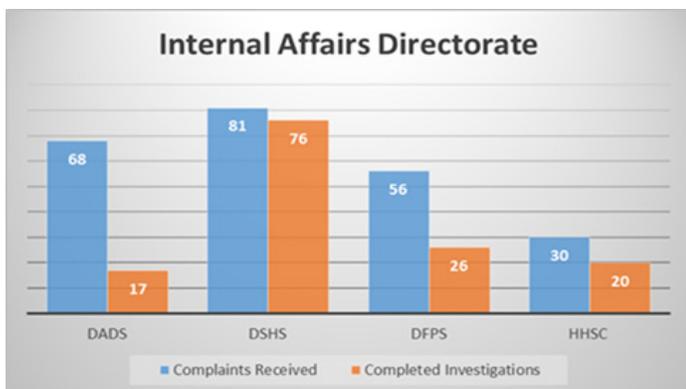
- A foster care provider was sentenced to 20 years in prison for neglect that resulted in a client's death.
- A former direct support professional at a State Supported Living Center was sentenced to five years in prison for pulling a client's hair and slamming the client's head on the floor.

Internal Affairs

During the first quarter of FY 2017, the Internal Affairs Directorate received 235 complaints and completed 139 investigations. Forty-one of those completed investigations were substantiated. Each investigator averaged 9 completed investigations during the quarter with an average completion time of 35 business days. The chart below shows the number of complaints received and investigations completed within the HHS system.

The following are examples of Internal Affairs accomplishments this quarter:

Investigations



- In November the IA lead forensic examiner testified at the trial of a former psychiatrist at the Austin State Hospital. The IA Forensic Research and Analysis Team analyzed the psychiatrist's state email and network data at the request of the IG Law Enforcement Directorate. The lead examiner's testimony established how digital forensic evidence was acquired and how the chain of custody was maintained. The psychiatrist was found guilty of four counts of sexual assault of a child, one count of indecency with a child by contact and one count of indecency with a child by exposure and sentenced to 40 years in prison.
- Investigated allegations that HHS employees fraudulently established benefits for themselves. The investigations resulted in the identification of \$18,902 in overpayments.

Q&A with Roland Luna, Deputy IG, Investigations

Tell us about your background and how it prepared you for this position.

I began my career with the Texas Department of Public Safety as a Texas State Trooper and later held various positions to include serving as an Agent on the Protective Detail for Texas Governor Greg Abbott (then Attorney General), a Criminal Investigations Division Sergeant responsible for investigating white-collar crimes, a Lead Lieutenant and supervisor for a Special Investigative Response Unit responsible for combating fraud, waste, and abuse, and as a Lieutenant in the Office of Professional Responsibility (Internal Affairs).

I also served as an Assistant Chief and Division Director of Field Operations at the Texas Alcoholic Beverage Commission where I was part of the executive management team.

In my most recent post, I served as the Chief Inspector General for the Texas Juvenile Justice Department Office of Inspector General, which is charged with investigating allegations involving criminal interests.

As Chief Inspector General, I was responsible for intake and incident reporting, the criminal investigations division, special investigations division, fugitive apprehension and recovery unit, security intelligence unit, analytics and reporting division, K9 unit, use of force monitoring, and representation on the Texas Violent Gang Task Force. I have also provided reports to legislative officials, testified at public meetings, and partnered with prosecutors, law enforcement agencies, government entities, elected officials, and other stakeholders.



Roland Luna

What is your vision for your division?

My vision for the Investigations Division is to be efficient, responsive, reliable, communicative, and productive, which will help us become the best investigations entity in the country! In order to be the best investigations division, it is important to incorporate qualitative strategies in our processes, policies, workflow, and training. Qualitative strategies will ultimately help our office improve efficiency and outputs. Communication is at the core of all successful organizations, whether the organization is a governmental entity, corporate, or athletic organization. My vision for the investigations division, and the success of the division, is contingent upon timely, thorough, and frequent communication with team members and stakeholders.

What are the core leadership principles you follow?

Public service is meaningful and rewarding. All leaders play a role in making Texas the best. I believe it is important to exemplify integrity, have heart for your work and your

responsibility, practice accountability, demonstrate professionalism, and appreciate others. In my previous position as Chief Inspector General, we practiced these principals and were able to improve our performance, training, employee retention, communication with stakeholders, and create and implement new programs in the agency. I am committed to the same unwavering focus and passion displayed in my last position in my role as the Deputy Inspector General of Investigations. I want us to be the best Inspector General.

What does success look like for you?

Success is about promoting and ensuring integrity of HHS programs, creating a positive

work environment for current and future staff members, producing excellent results, advancing all IG programs to further reduce fraud, waste, and abuse, and partnering with stakeholders to identify solutions to issues. In my career we have been able to perform comprehensive program evaluations for respective programs that experienced success and take the success to new levels of performance. All organizations have habits, attitudes, behaviors, expectations, and an identity. I hope to help our office experience the highest level of success by developing great habits, exemplifying professional behaviors, communicating expectations, and creating an organizational identity that is “can do.”



David Griffith, center, Deputy IG for Audit, meets with Audit Division staff.

Audit

Section

4

Overview

The IG Audit Division conducts risk-based audits of contractors, providers, and HHS programs to reduce fraud, waste, abuse, and mismanagement throughout the HHS system. Among other things, these audits examine the performance of medical service providers and HHS agency contractors, and provide independent assessments of HHS programs and operations.

Audit reform efforts aim to increase division productivity

This quarter, Audit implemented two new reform initiatives to improve audit quality and timeliness.

In November, a team of consultants assisting the IG in applying the principles of Theory of Constraints helped the Audit Division develop rapid improvement in the Audit process. Outcomes achieved included improving Audit's ability to manage timelines, streamlining the audit production processes, and reducing the time needed to issue draft audit reports.

The Audit Division also began restructuring its division, changing from a single pool of audit staff to two distinct groups of auditors. One will conduct performance audits, and the other will focus on provider audits. The organizational changes will increase results by having dedicated audit teams assigned within their respective groups to perform similar kinds of audits. The new structure will allow auditors to become experts in specific areas and thus will improve productivity. These changes, in conjunction with TOC improvement initiatives, will increase division productivity by 25 percent over the next 2 years.

Over \$8.5 million identified for recovery

In the first quarter of fiscal year 2017, the Audit Division identified over \$8.5 million for recovery through audits and reviews it performed, coordinated, or managed. IG Audit identified \$278,441 for recovery, the Medicaid Integrity Contractor identified \$566,600 for recovery, and the Recovery Audit Contractor identified \$7,707,193 for recovery.

Top accomplishments this quarter

- Initiated two new reform initiatives that will increase productivity by 25 percent over the next 2 years.
- Identified \$8.5 million in overpayments through audits and reviews performed, coordinated, or managed.
- Developed and implemented a new employee orientation for Audit staff.

Audit reports issued

Brain Synergy Institute contractor performance

The IG completed its audit of Brain Synergy Institute (BSI) contractor performance. The audit evaluated whether procurement of the BSI contract was in accordance with HHSC policy; whether BSI performed and complied with requirements of the contract; and whether contract funds were expended for their intended purpose.

In December 2013, BSI was awarded a sole source, proprietary contract to treat military veterans suffering from post-traumatic stress disorder and traumatic brain injury, and to conduct a clinical research study. Within 11 months of execution of the \$812,500 contract, HHSC signed 2 contract amendments that increased the value of the contract to \$2.2 million.

Audit results identified concerns with the contract procurement, contractor performance, and contract monitoring, and determined that BSI billed and was paid for the treatment of non-Texas veterans with state taxpayer funds. The IG recommended that HHSC follow its revised contracting and procurement practices and focus on procurement practices that successfully guard against losses due to waste and abuse. The IG also recommended that HHSC recover \$278,441 overpaid to BSI.

HHS Procurement and Contracting Services responded that HHSC's procurement policies and procedures were improved in 2015, and the BSI contract would not have been procured under the new processes.

Noncompetitive contractor procurements over \$10 million

The Audit Division completed its audits of PerkinElmer Health Sciences, Inc. (PerkinElmer) and the Alamo Area Council of Governments (AACOG) this quarter. The audits are two in a series of performance audits evaluating whether HHS contract funds were used as intended, and whether contractors performed in accordance with contract requirements.

In 2013, the Department of State Health Services (DSHS) awarded PerkinElmer a \$26.5 million contract to provide the supplies, equipment, and software needed for DSHS Newborn Screening program staff to conduct screening tests. In the same year, the Department of Aging and Disability Services (DADS) awarded AACOG a \$15 million contract to develop and allocate the resources needed to provide services for eligible individuals with intellectual and developmental disabilities in Bexar County.

Audit results indicated that while both contractors met key contract performance requirements and used contract funds as intended, opportunities for improvement exist.

The IG recommended that DSHS should post an open market solicitation at the end of the current contract term with PerkinElmer to ensure it identifies the best value offer for the state.

Additionally, the IG recommended that DADS direct AACOG to improve its equipment accountability and inventory process, and continue to periodically review AACOG’s accountability for equipment purchased with state funds.

DSHS and DADS management concurred with the IG’s recommendations, and will facilitate the implementation of actions designed to implement the recommendations included in the audit reports.

Special investigative unit performance

The Audit Division completed its audit of Christus Health Plan’s (Christus) special investigative unit’s (SIU) performance. The audit is the last in a series of performance audits determining how effective managed care organization SIUs are at preventing, detecting, and investigating fraud, waste, and abuse; and

Christus SIU recoveries

Year	Medical claims	SIU recoveries
2014	\$18,274,429	\$0
2015	\$19,534,814	\$500
Total	\$37,809,243	\$500

reporting reliable information on SIU activities, results, and recoveries.

In 2014 and 2015, Christus paid approximately \$37.8 million in medical claims dollars. From 2014 through 2016, Christus and its SIU contractor opened three SIU cases, identified and recovered \$500 in overpayments, and did not refer any fraud, waste, or abuse cases to the IG.

Audit results indicated that although Christus’ annual fraud, waste, and abuse plan outlined the essential activities needed for an effective SIU, Christus can improve its SIU function to implement the plan more effectively. The IG recommended that HHSC require Christus to put corrective actions in place to strengthen Christus’ SIU fraud, waste, and abuse detection, investigation, and training activities.

The HHSC Medicaid and CHIP Services Department concurred with the IG’s recommendations, and will facilitate Christus’ development of a corrective action plan designed to improve its SIU function.

Acute care utilization management in MCOs

The IG completed its audit of Superior Healthplan, Inc.’s (Superior) acute care utilization management. The audit is one in a series of performance audits evaluating the effectiveness of MCO acute care utilization management practices in ensuring that health care services provided are medically necessary and efficient, and comply with state and federal requirements.

Audit results indicated that Superior’s utilization management program related to prospective utilization review met most requirements tested. However, opportunities for Superior to improve its utilization management function for acute care exist. The IG recommended that HHSC require Superior to implement corrective actions to strengthen its utilization management functions

related to prior authorization timeliness, data controls, and training.

The HHSC Medicaid and CHIP Services Department concurred with the IG's recommendation, and will facilitate Superior's development of a corrective action plan designed to improve its utilization management function.

New audit projects under way

Audit of IT security controls over HHS confidential information

Objective: Assess the effectiveness of logical and physical security controls over confidential information stored and processed by an enrollment broker's self-service portal.

Background: The contracted service organization selected for audit review provides outreach, education, and enrollment services for Medicaid recipients. Access to the organization's self-service portal is available to the public and allows clients to select health plans, obtain basic case information, and submit cost sharing information. Through the self-service portal and other enrollment methods, individual protected information is transmitted, processed, and stored.

Durable medical equipment claims

Objective: Determine whether selected durable medical equipment (DME) providers billed and were paid for services and supplies in accordance with applicable state and federal regulations and guidelines.

Background: The Centers for Medicare and Medicaid Services and the IG recognize that DME is a high-risk area. DME is medical equipment or appliances that are manufactured to withstand

repeated use, ordered by a physician for use in the home, and required to correct or ameliorate a client's disability, condition, or illness. Medicaid covers DME products and supplies that are certified by a physician as medically necessary for a beneficiary's home health needs.

Pharmacy audits

Objective: Determine whether the vendor properly billed the Texas Medicaid Vendor Drug Program and complied with contractual requirements and federal and state regulations, including Texas Administrative Code rules.

Background: The pharmacy selected for audit review is a 'closed shop' pharmacy that fills prescriptions for specific facilities and is not open to the public. The claims to be tested are fee-for-service claims from the period of September 1, 2011 through August 31, 2014. Claim amounts during this period totaled approximately \$6.8 million.

Audit projects in progress

The following projects are currently in progress:

- MCO SIU performance
- Acute care utilization management in MCOs
- Performance of contractors selected through non-competitive procurements of more than \$10 million
- Pharmacy audits
- Recovery of overpayment amounts identified in federal audits
- Claims Management System IT interfaces
- Assessment and evaluation practices at a long-term care nursing facility
- Council of governments use of state funds
- Selected speech therapy providers

Inspections

Section

5

Inspections

Overview

The Inspections Division conducts inspections of Health and Human services programs, systems, or functions focused on systemic issues and provides practical recommendations to improve effectiveness and efficiency to prevent fraud, waste, and abuse, and to ensure the greatest benefit to the citizens of Texas.

The Division comprises two Directorates:

- Inspections
- Women, Infants, and Children Vendor Monitoring Unit (WIC VMU)

Inspections

Inspections Division expertise leveraged in IG-wide initiatives

During the first quarter of fiscal year 2017, the Inspections Division participated in IG-wide initiatives. These included the pharmacy, home health, and speech therapy fraud detection operations.

- Inspections staff assisted with surveillance and interviewed pharmacy staff and Medicaid clients.
- Inspectors inspected a facility and collected and reviewed records.
- Inspections staff collected and reviewed records and interviewed clients and employees.

Multiple inspections aimed at identifying fraud, waste, and abuse

This quarter, the Inspections Division completed its first three inspections on the following topics:

- Pediatric dental sedation
- Speech therapy
- Prescription opioid abuse.

The inspection of pediatric dental sedation was conducted to determine if pediatric dental procedures involving sedation are medically necessary and meet the standard of care.

The speech therapy inspection was conducted to determine if the procedures used by managed care organizations to determine eligibility for speech therapy services are effective in preventing fraud, waste, and abuse.

Top accomplishments this quarter

- Completed three inspections: Medicaid pediatric dental sedation, speech therapy, and opioid prescription utilization.
- Inspections Division expertise leveraged in special investigations related to pharmacy, home health and speech therapy.
- Identified \$26,743 in funds put to better use.

The inspection of prescription opioid abuse was conducted to determine the efficacy of the Texas Medicaid procedures that are intended to reduce prescription opioid abuse and utilization. For these inspections, subject matter experts were engaged, relative provider records were reviewed, and onsite visits with managed care organizations and providers were conducted. Final reports will soon be published.

Preparation underway for upcoming inspections

The Inspections Division initiated its next four inspections this quarter. The issues under review include Long-term Services and Supports, Women's Health and Education Services (Healthy Texas Women), Inspector General Medicaid Recovery Process, and Treasury Offset Program. Formal initiation of each inspection is forthcoming.

Inspections Division benefits from federal training opportunity

Selected staff received training at a two-and-a-half day seminar presented by the Medicaid Integrity Institute. Seminar topics included risk-based screening for provider enrollment along with compliance with federal regulations and opportunities to share best practices and collaborate with the Centers for Medicare & Medicaid Services. The institute was developed by CMS in collaboration with the U.S. Department of Justice, Office of Legal Education to meet the training and educational needs of state Medicaid program integrity employees.

Ongoing training efforts lead to quality enhancement

Among other professional development

opportunities, staff received various training during the reporting period. Most notable is curriculum related to management and leadership excellence; developing effective teams; theory of constraints; inspection processes; extrapolation; and a number of trainings related to specific inspection topics.

WIC Vendor Monitoring Unit

This unit conducts in-store evaluations, covert compliance buys, and invoice audits to monitor vendors participating in the WIC program. During this reporting period, the unit conducted 67 compliance buys and 59 in-store evaluations. There were 67 cases closed during the quarter with \$26,743 identified as funds put to better use.

New and innovative inspection process unveiled by WIC VMU

The Women, Infants, and Children (WIC) Vendor Monitoring Unit met with Texas retail

industry leaders in September and unveiled a new innovative practice combining two independent monitoring activities into one new comprehensive on-site inspection process. Previously an on-site inspection focused solely on the store's internal operations and did not address any of the potential issues at the point of sale. The WIC team added a transactional buy into the on-site inspection process. This significant enhancement addresses the transaction which poses the greatest potential for error and non-compliance. With this new procedure, WIC inspectors are able to give immediate feedback to the retailer including the critical transaction process. This new inspection process has been conducted at several WIC retailers, and the feedback has been very positive. The on-site Inspection is an educational procedure for retailers that are not considered to be high-risk.



Debbie Weems (at head of table), Deputy IG for Medical Services, meets with division leaders.

Support Services

Section

6

Operations

The Operations Division promotes a culture of collaboration, innovation, and accountability throughout the IG. Its goal is to enhance efficiency and effectiveness within the IG, promote accountability and responsibility for the use of agency resources, and increase transparency for our customers.

In the first quarter of FY 2017, the IG Operations Integrity Line answered 9,100 calls reporting fraud, waste and abuse. In addition, the IG Operations Provider Enrollment Integrity Screening team conducted screenings for nearly 30,000 individuals (representing more than 7,500 provider applications) seeking to enroll or validate their Texas Medicaid enrollment.

Finance

In the first quarter of FY 2017, the Finance team made significant progress in building the IG's revenue tracking process, a project designed to identify the funding streams for recoveries made by the organization and maximize the amount of revenue (recoveries and offset costs) that is returned to the State of Texas as a result of IG oversight activities. Additionally, the Finance team

Medical Services

The Division of Medical Services was formed in May 2016. Its mission is to identify and recover inappropriate Medicaid billing by analyzing Medicaid fee-for-service claims and managed care encounter data, conducting medical policy research, and performing review activities. A comprehensive needs assessment was conducted to improve the clinical support abilities and range of the division. To accomplish this mission, three distinct departments have been developed: Clinical Subject Matter Experts Team; Site Specific Quality Review Team; and the Record Review, Resolution and Recovery Team.

As the Texas Medicaid program grows the role of the managed care organizations, the Division of Medical Services is mirroring this alignment. This is accomplished through multiple avenues highlighted in the sections below.

partnered with IG Division leadership to determine opportunities to implement and increase cost containment initiatives, an effort which is expected to both increase recoveries and strengthen fiscal responsibility across the organization.

Fraud, waste, and abuse training

The Inspector General and Medicaid/CHIP Services jointly conducted a webinar training on November 17, 2016, for all Texas Medicaid health plans addressing fraud, waste, and abuse in the Medicaid program.

The objectives of the training included identifying state and federal agencies involved in fraud, waste, and abuse and pertinent federal regulations; reviewing the referral process; discussing possible consequences of fraud, waste, and abuse; discussing the importance of identifying and reporting; and reviewing the health plans' responsibilities associated with fraud, waste, and abuse in the Medicaid program. In attendance were more than 150 participants, including clinical staff, special investigators, claims administrators, compliance officers, and managers representing medical, dental, and pharmaceutical organizations.

Clinical Subject Matter Experts

The dental SME team of Dr. Janice Reardon, DDS, and Sherry Jenkins, Dental Hygienist, has been integral to supporting Investigations and Inspections with their dental cases. Hundreds of dental records have been reviewed, along with supporting teams with on-site inspections and investigations. As specific issues and trends have been identified, the Dental SME team has worked closely with the dental maintenance organizations (DMOs) to share findings. Dr. Reardon presented a "Grand Rounds" case during the MCO Special Investigative Unit training to help underscore some of the specific patient harm these cases have identified.

Dr. Ted Spears, Chief Medical Officer, has also worked specifically with the Medicaid/CHIP Office of Medical Director and MCO medical directors to improve training and collaboration. The Clinical

Subject Matter Experts Team will maintain focused communication with the MCO-DMO compliance departments to educate and clarify questions on clinical documentation and policy interpretation.

Site Specific Quality Review

The Hospital Utilization Review team recently started a pilot to analyze the coding changes that have been implemented in the transition from Medicaid fee-for-service to STAR-Plus managed care. This involves reviewing records for a single large provider hospital over a period of seven years. A report will be issued in March 2017.

The Nursing Facility Utilization Review team recently concluded a pilot to analyze the impact of STAR Plus managed care enrollment on residents in ten facilities. These facilities crossed a variety of settings from urban to rural and across multiple MCO plans. This pilot looked not only at resource utilization group review, but also at service coordination, prior authorization, claims management and quality of care. A report will be issued in March 2017.

Record Research, Resolution and Recovery

The Record Research and Recovery (RRR) unit identifies inappropriate Medicaid payments. The unit conducts a variety of research activities designed to identify potential fraud, waste, and abuse within the Medicaid program. The RRR unit is responsible for meeting the Centers for Medicare & Medicaid Services' Surveillance Utilization Review requirements. They monitor various sources of information such as Medicare alerts, Medicaid Integrity Institute newsletters, as well as the U.S. Health and Human Services Office of Inspector General reports and audits to identify patterns of potential aberrant billing. The information is used to comparatively analyze Texas Medicaid claims and encounter billing data to

Top accomplishments this quarter

- \$9,555,073 recovered from Hospital Utilization Reviews.
- \$1,033,864 recovered from Nursing Facility Utilization Reviews.
- \$615,852.81 (FFS Medicaid) RAD dollars recovered.
- \$45,710 identified as underpayments to Nursing Facilities.
- \$178,135.62 (Managed Care Medicaid) RAD Identified MCO/DMO overpayments.
- 453 cases opened.
- 384 cases closed.

ensure compliance.

Registered nurses within the Resolution unit of Medical Services provide the initial research and triage of allegations of fraud, waste, and abuse. They use the Medicaid Fraud Abuse Detection System and predictive models to allow for a more robust method of fraud, waste, and abuse detection. Research specialists use targeted queries to identify patterns of incorrect billing, such as therapy provided after date of death and multiple "once-in-a-lifetime" events for the same recipient.

When a potential billing error is identified, the Registered Nurse assigned to the case sends the provider and the managed care organization an educational letter notifying them of the specific claim reviewed, error, citation and proposed resolution. The provider is also given information for filing an appeal of the identified billing error. Once the provider has been educated on the appropriate billing procedure, they are not audited for that procedure code again for at least six months to allow sufficient time to correct their processes. After that time has passed, another review is conducted to ensure that the provider is current with appropriate processes and procedures.

Data and Technology

Overview

The Data and Technology Division continues to support the IG Audit, Investigations, Inspections, and Operations divisions by implementing tools, solutions, and innovative data analytic techniques to streamline operations and increase the identification of fraud, waste, and abuse in the Texas health and human services programs.

The Data and Technology Division is comprised of the Data Research Unit, Data Intelligence Unit, Fraud Analytics Unit, Statistics and Actuarial Services Unit, and Data Operations staff. Working together, these units have made significant strides in improving support through targeted selection of areas most at risk of fraud, waste, and abuse. The Data and Technology Division has already accomplished some quick wins by using data across all IG lines of business.

Investigations support

Data and Technology Division supports the Investigations Division by identifying outliers to help focus investigative actions in the General Investigations, Medicaid Provider Integrity, and Law Enforcement directorates. The Data and Technology team also assists by identifying areas of interest that may warrant further review by Investigations. Through collaboration with members of the Investigations Division the team clarifies details pertaining to the data, processes, and regulations within the Medicaid program.

Inspections support

The Data and Technology team has supported the Inspections Division by providing assistance in the acquisition, processing, and interpretation of data relevant to actions pursued by the Inspections Division. The team also confers with members of the Inspections Division to explain aspects of the data and related processes within Medicaid to refine the focus of the Inspections Division during the planning stage of projects.

Audit support

Support for the Audit Division is comprised of planning actions such as discussing categories of Medicaid Services and the underlying data, providing structured information for review, and assisting in the development of a sample methodology and related samples.

Operations support

Members of the Data and Technology Division are responsible for recurring actions that support the internal dashboards and applications that provide timely information to both executive and program areas of the IG. Working with other areas within the IG and within HHSC, Data and Technology staff engage in the review and refinement of processes that improve data acquisition and maintain an awareness of changes in policies and processes that impact the information content for areas such as Client Eligibility and Enrollment, Claims Processing, and Provider Enrollment.



PROFESSIONALISM
PRODUCTIVITY
PERSEVERANCE

Produced by IG Policy and Publications

Director: Olga Rodriguez

Report design and editing: Art Moore

HHSC Inspector General

11501 Burnet Road, Building 902

Austin, Texas 78758

512-491-2000

Email: OIGCommunications@hhsc.state.tx.us

Online: oig.hhsc.texas.gov

To report fraud, waste, or abuse

800-436-6184

If you suspect a provider or recipient of state benefits
is committing fraud, waste, or abuse
call the HHSC Inspector General Integrity Line

800-436-6184

