



Texas Health and Human Services Office of Inspector General Audit and Inspections Division

Follow-Up Assessment on Previously Issued Audit Recommendations

Financial Statistical Reports and Information Security at DentaQuest USA Insurance Company, Inc.

AUD-23-013

July 28, 2023

Dear Steve Pollock and Shannon Kelley:

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) conducted a follow-up assessment of the previously issued audit report titled "DentaQuest USA Insurance Company, Inc.: A Texas Medicaid and CHIP Dental Maintenance Organization" to determine the implementation status of audit recommendations previously issued by OIG Audit.

Based on the results of our assessment, OIG Audit determined that HHS Medicaid and CHIP Services (MCS) and DentaQuest USA Insurance Company, Inc. (DentaQuest) fully implemented all reported audit recommendations. As a result, OIG Audit did not reissue any recommendations from the previous audit.

OIG Audit thanks management at MCS and DentaQuest for their responsiveness, cooperation, and assistance during this assessment. The attachment to this letter contains additional details on the assessment.

Sincerely,

Kacy J. VerColen, CPA, CIGA
Chief of Audit and Inspections

Attachment

cc: Cecile Erwin Young, HHS Executive Commissioner
Sylvia Hernandez Kauffman, HHS Inspector General

Background

The previously issued audit report was published on January 9, 2020. The objective of the original audit was to evaluate the effectiveness of DentaQuest's performance in complying with selected contract requirements, achieving related contract outcomes, and reporting financial and performance results to the Texas Health and Human Services Commission (HHSC).




The scope of the original audit included DentaQuest policies, practices, and activities related to claims processing and financial and performance reporting for the period from September 2016 through February 2018, and other relevant activities through May 2019.

Attachment

Figure 1 summarizes the implementation status of the recommendations included in the previously issued audit report, "DentaQuest USA Insurance Company, Inc.: A Texas Medicaid and CHIP Dental Maintenance Organization," [AUD-20-003](#), issued January 9, 2020.

A fully implemented recommendation was successfully implemented using a process, system, or policy.

Figure 1: Implementation Status of Audit Recommendations to MCS and DentaQuest

	Implementation Status	Recommendation
	Fully Implemented	1.a MCS, through its contract oversight responsibility, including the use of tailored contractual remedies as appropriate, should require DentaQuest to address and correct unallowable and overstated expenses reported on the 2017 Administrative Expenses financial statistical report (FSR).
	Fully Implemented	1.b MCS, through its contract oversight responsibility, including the use of tailored contractual remedies as appropriate, should ensure DentaQuest corporate allocations are effectively tracked, appropriately recorded in its financial system, and accurately reported to HHSC.
	Fully Implemented	2 MCS, through its contract oversight responsibility, including the use of tailored contractual remedies as appropriate, should ensure DentaQuest timely disables individuals' access to its financial and claims system upon termination of employment.

Source: OIG Audit

Through MCS's and DentaQuest's implementation of the audit recommendations, DentaQuest more effectively (a) reported administrative expenses and corporate allocations to HHSC and (b) protected confidential HHS information.

Objective, Scope, Methodology, Criteria, and Standards

Objective and Scope

The objective of this follow-up assessment was to determine the implementation status of OIG Audit's previously issued recommendations to MCS, which included testing the effectiveness of MCS and DentaQuest management activities designed to remediate identified recommendations.

The scope of the assessment was limited to reviewing the implementation status of recommendations identified in the previously issued audit report.

Methodology

OIG Audit issued engagement letters to MCS and DentaQuest on April 28, 2023, providing information about the upcoming assessment, and conducted testing from April 28, 2023, through June 30, 2023.

OIG Audit reviewed the previously issued audit report and performed a follow-up assessment of the reported findings, recommendations, and management responses.

Data Reliability

OIG Audit assessed the reliability of DentaQuest's user account data by reviewing parameters of reports DentaQuest provided, observing reports being generated from DentaQuest's systems, and interviewing relevant DentaQuest personnel knowledgeable about the systems and data. OIG Audit determined that the data was sufficiently reliable for the purposes of this assessment.

Testing Methodology

To determine the effectiveness of the implemented audit recommendations, OIG Audit:

- Reviewed (a) the corrective action plans¹ issued by MCS and (b) DentaQuest's policies and procedures submitted in response to the corrective action plans to address the audit recommendations.

¹ A corrective action plan is a detailed written plan for managed care organizations (MCOs) and dental maintenance organizations (DMOs) that HHSC may require to correct or resolve a deficiency or event that caused a remedy or damages assessment.

- Reviewed agreed upon procedures² reports for the DentaQuest engagements performed following the previously issued audit report.
- Examined user account access to DentaQuest’s (a) internal network and (b) financial and claims management systems.
- Determined whether DentaQuest disabled access to its financial and claims management systems upon termination of employment.

OIG Audit collected information for this assessment through interviews and electronic communications with MCS and DentaQuest management. Auditors assessed the effectiveness of management activities designed to remediate the findings from the original report and conducted testing for recommendations MCS asserted had been fully implemented.

Criteria

OIG Audit used the following criteria to evaluate the information provided:

- Uniform Managed Care Manual, Chapter 5.3.1.66, v. 2.0 (2016); and Chapter 5.3.1.84, v. 2.0 (2018) through v. 2.1 (2021)
- Uniform Managed Care Manual, Chapter 6.1, v. 2.5 (2016) through v. 2.9 (2021)
- HHSC Dental Contract, v. 1.12 (2016), as amended
- HHS Information Security Controls (IS-Controls), v. 1.2.2 (2021)

Auditing Standards

Generally Accepted Government Auditing Standards

OIG Audit conducted the original audit in accordance with generally accepted government auditing standards (GAGAS) and performed the work in accordance with the IT Standards, Guidelines, and Tools as well as the Techniques for Audit

² Agreed upon procedures engagements are attestation engagements performed on each MCO’s and DMO’s 334-day financial statistical reports by independent, external accounting firms contracted by HHSC to gain confidence on reported FSR data.

and Assurance and Control Professionals published by ISACA (formerly known as the Information Systems Audit and Control Association).

In accordance with GAGAS, providing audit, investigative, and oversight-related services—such as periodic audit recommendation follow-up engagements and reports—does not involve a GAGAS engagement. OIG Audit planned and performed this follow-up assessment to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions included in this report based on the assessment objectives.