

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

**MANAGEMENT OF THE STAR KIDS
AND STAR HEALTH PROGRAMS
THROUGH MONITORING CONTRACT
ACTIVITIES**

*Medicaid and CHIP Services, a Texas Health and
Human Services Commission Division*



August 30, 2019
OIG Report No. AUD-19-033



HHSC OIG

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WHY OIG CONDUCTED THIS AUDIT

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of HHSC Medicaid and Children’s Health Insurance Program (CHIP) Services (MCS) processes to monitor and enforce contract requirements related to the Medicaid State of Texas Access Reform (STAR) Kids and STAR Health programs. The audit focused on monitoring and enforcement of selected deliverables related to service coordination, service planning, and utilization of services.

The audit objective was to determine whether MCS, through monitoring selected contract deliverables, effectively managed the STAR Kids and STAR Health programs for the Medically Dependent Children Program (MDCP).

The audit scope included a review of MCS processes to monitor and enforce contract requirements as they related to MDCP for the period of September 2016 through June 2019.

WHAT OIG RECOMMENDS

MCS should:

- Implement consistent policies and procedures that include activities to proactively enforce timely submittal, determine completeness and accuracy, analyze provided information, and store contract deliverables.
- Work with the MCOs to improve technical guidance and data sources chosen for contract deliverable inclusion.
- Update contract deliverable requirements of the STAR Kids and STAR Health contracts, UMCM report deliverable instructions, and the UMCM Consolidated Deliverable Matrix, as appropriate.
- Use information obtained from contract deliverables to measure performance, enforce compliance, and identify opportunities for improvement.

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WHAT OIG FOUND

MCS is engaged in monitoring activities including operational reviews of managed care organization (MCO) administrative functions, targeted reviews of processes that support medical necessity determinations, reviews of utilization of services for specific members, and overseeing the receipt and review of deliverables.

As of April 15, 2019, the STAR Kids and STAR Health contracts have more than 102 and 101 deliverables, respectively. According to MCS, the deliverables selected for this audit were substantially the only deliverables to report on the service coordination, service planning, and utilization of services for STAR Kids and STAR Health members.

Results indicate MCS did not develop consistent policies and procedures for the receipt, review, and use of the tested contract deliverables. The table below provides a summary of MCS monitoring activities by report deliverable.

MCS Monitoring Activities by Report Deliverable

Deliverable	Reviewed for Timeliness	Reviewed for Completeness	Reviewed for Accuracy
MDCP Waiver Performance Measure Data Report	Yes	No	No
LTSS Actions report	N/A	N/A	N/A
Long-Term Services and Supports Report	Yes	Yes	No
Service Management Summary Report	Yes	Yes	No

Source: *OIG Audit Division*

Additionally, audit results indicated:

- The LTSS Actions report deliverable was not established. MCS did not create a template, technical specifications, or other instructions for this deliverable.
- The LTSS Actions report was not completed by MCOs or submitted to MCS.
- The Uniform Managed Care Manual (UMCM) Consolidated Deliverables Matrix conflicted with the STAR Kids and STAR Health contracts regarding which report deliverables were required under each contract.
- Additional inconsistencies included technical guidance that did not produce stated performance measures.

These deliverables were not used as a performance measure or for program improvements.

By not (a) verifying completeness or accuracy, (b) providing consistent guidance on report deliverable requirements, and (c) using the information submitted for contract enforcement or program improvement, MCS did not effectively use the contract deliverables related to service coordination, service planning, and utilization of services for the STAR Kids and STAR Health programs.

MCS agreed with the audit recommendations and indicated some action plans have already been implemented and others were in progress.

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INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of processes established by HHSC Medicaid and Children's Health Insurance Program (CHIP) Services (MCS) to monitor and enforce contract requirements as they relate to the Medicaid State of Texas Access Reform (STAR) Kids and STAR Health programs. Specifically, the audit focused on monitoring and enforcement of selected deliverables related to service coordination, service planning, and utilization of services within STAR Kids and STAR Health programs.

MCS is engaged in monitoring activities including operational reviews looking at managed care administrative functions, targeted reviews of processes that support medical necessity determinations, reviews of utilization of services for specific members, and overseeing the receipt and review of deliverables.

Objective, Scope, and Methodology

The audit objective was to determine whether MCS, through monitoring selected contract deliverables, effectively managed the STAR Kids and STAR Health programs for the Medically Dependent Children Program (MDCP).

The audit scope included a review of MCS processes to monitor and enforce contract requirements as they related to MDCP for the period of September 2016 through June 2019.

As of April 15, 2019, the STAR Kids and STAR Health contracts have more than 102 and 101 deliverables, respectively.¹ The OIG Audit Division worked with MCS to identify and review the monitoring efforts for contract deliverables related to service coordination, service planning, and utilization of services within STAR Kids and STAR Health. These deliverables contain information that could be used by MCS to assess program performance, monitor MCO compliance, and identify trends and outliers in service coordination, service planning, and utilization of services for members in MDCP.

The OIG Audit Division selected four contractually required reports that MCOs are required to submit as deliverables to HHSC: (a) the MDCP Waiver Performance Measure Data Report,^{2,3} (b) the Long-Term Services and Supports (LTSS) Report,⁴

¹ Uniform Managed Care Manual, Chapter 5.0, v. 2.6 (Apr. 15, 2019).

² STAR Kids Contract, Attachment B-1, § 8.1.22.2(x), v. 1.7 (Sept. 1, 2018) through v. 1.9 (Mar. 1, 2019).

³ STAR Health Contract, Attachment B-1, § 8.1.26.2(y), v. 2.7 (Sept. 1, 2018) through v. 2.9 (Mar. 1, 2019).

⁴ STAR Kids Contract, Attachment B-1, § 8.1.22.2, v. 1.1 (Mar. 1, 2016) through v. 1.9 (Mar. 1, 2019).

(c) the LTSS Actions report,^{5,6} and (d) the Service Management Summary Report.⁷ According to MCS, the selected deliverables were substantially the only deliverables to report on the service coordination, service planning, and utilization of services for STAR Kids and STAR Health MDCP members. These deliverables contain self-reported information about the services provided to MDCP members through MCOs and have the potential to be used by HHSC to monitor and enforce contract requirements as they relate to MDCP and the greater STAR Kids and STAR Health populations.

- The MDCP Waiver Performance Measure Data Report contains information about whether service plans (a) address all assessed needs and personal goals, (b) are updated at least annually and when warranted by changes in needs, and (c) are adhered to in the scope, amount, duration and frequency of delivered services.
- The LTSS Actions report contains information about the suspension, termination, or reduction, or denial of LTSS services.
- The Long-Term Services and Supports Report contains information about timeliness of personal care services (a) in-person assessments, (b) authorizations, and (c) initiation. In addition, it includes information regarding service coordination turnover and compliance with in-person service coordination requirements.
- The Service Management Summary Report contains information about (a) compliance with telephonic screenings requirements and (b) the timing of service plan creation.

This report presents information obtained during interviews with MCS and through review and comparison of contract deliverables received to fulfill contract requirements. Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

⁵ STAR Kids Contract, Attachment B-1, § 8.1.22.2, v. 1.3 (Mar. 1, 2017) through v. 1.9 (Mar. 1, 2019).

⁶ STAR Health Contract, Attachment B-1, § 8.1.26.2, v. 2.4 (Mar. 1, 2017) through v. 2.9 (Mar. 1, 2019).

⁷ STAR Health Contract, Attachment B-1, § 8.1.26.2(o), v. 2.3 (Sept. 1, 2016) through v. 2.9 (Mar. 1, 2019).

Background

MCS is responsible for the overall management and monitoring of MCOs and the MCOs' administration of health care services. MCOs are responsible for authorizing needed services for members and for ensuring those services are delivered through their network providers. For providing these health care services, MCOs receive capitation payments, which are monthly prospective payments HHSC makes to MCOs for the provision and coordination of covered services.

The STAR Kids and STAR Health programs began in November 2016 and April 2008, respectively. In the two-completed state fiscal years since the STAR Kids implementation, MCOs received capitation payments for STAR Kids and STAR Health members totaling almost \$6.5 billion⁸ combined. Table 1 outlines the average enrollment, capitation payments, and medical and prescription claims expenses for each program in 2017 and 2018.

Table 1: STAR Kids and STAR Health Enrollment, Capitation Payments, and Medical Claims Expenses for 2017 and 2018

Managed Care Program	Members	Capitation Payments	Medical and Prescription Expenses
STAR Kids	162,907	\$5,721,321,727	\$5,416,751,241
STAR Health	34,604	729,209,448	655,029,659
Total	197,511	\$6,450,531,175	\$6,071,780,900

Source: HHSC 2017 and 2018 Year-End 90-Day Financial Statistical Report (FSR)

The implementation of the STAR Kids program in November 2016 represented the transition of MDCP into managed care. MDCP members require the level of care provided in a nursing facility, but program services are intended to help these children and young adults remain in their homes and communities. As of August 2018, this population consisted of 5,291⁹ members across 10 MCOs. Contract report deliverables are an avenue by which MCS could gain significant insight to STAR Kids and STAR Health MDCP members' care.

⁸ This figure represents medical and pharmacy premiums made to MCOs for STAR Kids and STAR Health members as reported on the fiscal year 2017 and 2018 Financial Statistical Reports.

⁹ This represents the number of members enrolled during August 2018 as reported on the 2018 Financial Statistical Reports for MCOs that administered STAR Kids combined with the number of STAR Health members enrolled in MDCP as identified by the OIG Data and Technology Division. The 2018 Financial Statistical Report for STAR Health did not specify the number of STAR Health members enrolled in MDCP.

STAR Kids

STAR Kids is a statewide Texas Medicaid managed care program implemented on November 1, 2016, designed to improve outcomes, coordination of care, and access to services for children and adults age 20 and younger who have disabilities. To address these needs and reduce administrative complexity, STAR Kids was developed to integrate and deliver acute care and LTSS through the managed care model.

STAR Health

STAR Health is a Texas Medicaid managed care program implemented on April 1, 2008, specifically designed to better coordinate and improve access to health care for children in Department of Family and Protective Services (DFPS) conservatorship, young adults in DFPS extended foster care placements, and young adults eligible for Medicaid for Former Foster Care Children. The main goal of STAR Health is to quickly provide necessary coordinated medical and behavioral health services to children and young adults in state care.

Criteria

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

- STAR Kids Contract, v. 1.2 (2016) through v. 1.7 (2018)
- STAR Health Contract, v. 2.3 (2016) through v. 2.7 (2018)
- HHS Contract Management Handbook (2017) through (2019)

Auditing Standards

Generally Accepted Government Accounting Standards

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

The OIG Audit Division presented audit results, issues, and recommendations to MCS in a draft report dated August 15, 2019. MCS was provided with the opportunity to study and respond to the report. The MCS management responses

follow the audit recommendations. MCS agreed with the audit recommendations and indicated some action plans have already been implemented and others were in progress.

AUDIT RESULTS

The OIG Audit Division obtained and evaluated information including STAR Kids and STAR Health contracts, HHSC Uniform Managed Care Manual (UMCM) requirements, report deliverables submitted to MCS, and MCS policies for the receipt, review, and use of contract deliverables.

The sections that follow include detailed results related to:

- Policies and procedures
- Contract language and UMCM requirements
- Performance measures and program improvement

Policies and Procedures

Results indicated MCS did not develop consistent policies and procedures for the receipt, review, and use of the tested contract deliverables. MCS uses a matrix-based approach to assign responsibility for monitoring contract deliverables to appropriate business units within MCS. Each unit developed its own monitoring processes, and as a result, deliverables were not always reviewed for completeness and accuracy. Additionally, MCS has not adopted use of the HHS System of Contract Operation and Reporting (SCOR)^{10,11} for managed care contracts,¹² and contract deliverables were received through different systems and stored in different locations. Inconsistent processes may have contributed to monitoring activities that did not always include enforcing timeliness or reviewing deliverables for completeness and accuracy. Table 2 provides a summary of MCS monitoring activities by report deliverable.

Table 2: MCS Monitoring Activities by Report Deliverable

Deliverable	Reviewed for Timeliness	Reviewed for Completeness	Reviewed for Accuracy
MDCP Waiver Performance Measure Data Report	Yes	No	No
LTSS Actions report	N/A	N/A	N/A
Long-Term Services and Supports Report	Yes	Yes	No
Service Management Summary Report	Yes	Yes	No

Source: OIG Audit Division

¹⁰ According to the HHS Contract Management Handbook, SCOR allows HHS to meet legislative mandates and will operate a single system of record for the management and reporting of contract information.

¹¹ HHS Contract Management Handbook, § 7.1 (Apr. 25, 2019).

¹² Tex. Gov. Code § 2155.144(k) (Sept. 1, 2007).

Contract Language and UMCM Requirements

Audit results indicated:

- LTSS Actions report deliverable was not established. MCS did not create a template, technical specifications, or other instructions for this deliverable.
- The LTSS Actions report was not completed by MCOs or submitted to MCS.
- The UMCM Consolidated Deliverable Matrix conflicted with the STAR Kids and STAR Health contracts regarding which report deliverables were required under each contract.

Additional inconsistencies included technical guidance that did not produce stated performance measures. For example, one of the reporting elements in the MDCP Waiver Performance Measure Data Report discloses the number of MDCP members who are receiving services in accordance with their service plan.

This measure could provide MCS with direct knowledge about MDCP members, including contractually required adherence to service plans in the type, scope, amount, duration, and frequency of services received by members.

However, the UMCM technical guidance¹³ provided by MCS does not instruct MCOs to verify that services were provided or compare those services to the service plan. Instead, the MCOs are instructed that a service plan which (a) “contains text” and (b) is signed is representative of services occurring.¹⁴ Service plans are developed at the start of the service period and do not require or include an attestation that (a) services occurred or will occur or (b) services occurred or will occur in adherence with the service plan.

This information is required not only as a contract deliverable between MCOs and MCS but also as part of the Centers for Medicare and Medicaid Services regulation of MDCP. The discrepancy between stated reporting elements and the information reported may provide an inaccurate picture to MCS or Centers for Medicare and Medicaid Services about the status or effectiveness of MDCP.

¹³ MCS provides technical guidance and instructions for many of their deliverables through the UMCM, and MCOs are required to follow this guidance.

¹⁴ Uniform Managed Care Manual, Chapter 5.7.4.1, v. 2.0 (Sept. 1, 2018).

Performance Measures and Program Improvement

MCS did not use the service coordination, service planning, and utilization of services information contained in these reports as a basis for performance measures for the individual MCOs or for program improvement. According to MCS, the selected deliverables were substantially the only deliverables to report on the service coordination, service planning, and utilization of services for STAR Kids and STAR Health members.

The MDCP Waiver Performance Measure Data Report deliverable provides MCS with information specific to service planning and utilization of services. The contract description indicates the deliverable should provide visibility into the development and adherence to service plans by reporting if service plans:

- Addressed all assessed needs and personal goals
- Were developed in accordance with MCO policies and procedures
- Were updated at least annually or when warranted by changes in needs
- Adhered to, for the delivery of services, including the type, scope, amount, duration, and frequency specified in the service plan

This deliverable was not a requirement during the first 1.8 years of MDCP inclusion in the STAR Kids and STAR Health programs. Once the deliverable was required, enforcement actions were not taken when an MCO reported that only 40 percent of service plans addressed member needs.

The LTSS Actions report deliverable would provide MCS with unique insight into trends and outliers in LTSS utilization. The deliverable should include information relating to:

- The suspension, termination, or reduction of an LTSS service
- Adverse benefit determinations for LTSS services

MCS did not create a template, technical specifications, or other instructions for the LTSS Actions report deliverable. Consequently, MCS did not have access to the MCO data this deliverable would have provided to use as a performance measure or to inform the need for program improvements.

The Long-Term Services and Supports Report and the Service Management Summary Report deliverables allow MCS visibility into service coordination and service management efforts. The deliverables include information relating to the:¹⁵

- Rate of completed face-to-face service coordination encounters.
- Quarterly turnover rate for field service coordinators.
- Rate of successful service management telephonic screenings for new members.
- Rate of unsuccessful service management telephonic screenings.
- Number of service plans created as a result of telephonic screenings.
- Number of service plans not completed within contract timeframes.
- Timeliness of personal care services related to (a) in-person assessments, (b) authorizations, and (c) initiation of services.

These deliverables were not used as a performance measure or for program improvements.

By not (a) verifying completeness or accuracy, (b) providing consistent guidance on report deliverable requirements, and (c) using the information submitted for contract enforcement or program improvement, MCS did not effectively use the contract deliverables related to service coordination, service planning, and utilization of services for the STAR Kids and STAR Health programs.

Overall Recommendations

MCS should:

- Implement consistent policies and procedures that include activities to proactively enforce timely submittal, determine completeness and accuracy, analyze provided information, and store contract deliverables.
- Work with the MCOs to improve technical guidance and data sources chosen for contract deliverable inclusion.

¹⁵ Not all information described was required by both the STAR Kids and STAR Health contracts.

- Update contract deliverable requirements of the STAR Kids and STAR Health contracts, UCMC report deliverable instructions, and the UCMC Consolidated Deliverable Matrix, as appropriate.
- Use information obtained from contract deliverables to measure performance, enforce compliance, and identify opportunities for program improvement.

Management Response

Overall Management Response

The number of Texans served by the Medicaid and CHIP managed care model has grown to over 4.5 million, an increase of over 1.2 million in the last 10 years. This is largely attributed to the shift from the fee-for-service model and caseload growth. Because of the size, scope, and complexity of the managed care delivery system, MCS continuously improves its oversight of the managed care organizations.

In early 2018, HHSC contracted with an independent consultant, to evaluate potential improvements to the agency's oversight of managed care organizations (MCOs). MCS's contract oversight scored on par with over 200 companies across 12 industries on the Contract Maturity Model. The report noted that MCS has the opportunity to make strides and move scores to perform at the 'integrated' and 'optimized' level. Efforts to do this are ongoing.

Contract deliverables, while a substantial aspect of oversight, are one piece of a larger array of tools used to drive accountability for MCOs. For example, MCS also conducts on-site reviews of MCO business operations on items like claims processing, member and provider training, complaints/appeals, encounter data, and prior authorization processes. In the coming year, MCS will expand to include a more advanced review of service coordination, finance and reporting, quality, and pharmacy benefits. The expansion will provide a more holistic view into performance. LTSS Utilization Reviews (UR), a critical way to validate service planning and delivery, are also expanding in size and number of programs reviewed, to include MDCP members in STAR Kids and STAR Health. MCS also leverages its External Quality Review Organization (EQRO) for a variety of oversight aspects such as health outcome improvements, access to services with tools like appointment availability studies, MCO report cards, and other custom evaluations such as pre- and post-implementation studies of STAR Kids. Third party audits are used to validate certain MCO self-reported data and take a closer look at any reoccurring negative trends found through monitoring.

As programs and requirements have grown, so have the number of contract deliverables. MCS continues to receive hundreds of contract deliverables with

ongoing efforts to refine and streamline them. New deliverables that provide more valuable information are being finalized, including modules that capture more robust, actionable data on service coordination and for prior authorizations. There continues to be opportunity to standardize processes across the multiple MCS business units that review contract deliverables. Given the limited resources MCS has for contract oversight, the level of the analysis of individual deliverables has to be prioritized based on risk and whether more advanced complementary tools exist.

The OIG plays a critical role in informing potential improvements MCS can make. This audit report is a result of reviewing four contract deliverables. MCS management responses to the recommendations were considered relative to how they inform larger improvements to our overall oversight practices.

Recommendation 1.1

Implement consistent policies and procedures that include activities to proactively enforce timely submittal, determine completeness and accuracy, analyze provided information.

Management Response

MCS agrees that efforts to standardize policies and procedures for consistency for the review of provided information should continue. As more MCS functional areas take a larger role in reviewing contract deliverables and performance related data, MCS has implemented compliance training for staff that includes the implementation of consistent corrective action plans and liquidated damages procedures - including templates and a resource library. This training includes a review of the Deliverables/Liquidated Damages Matrix, which describes performance standards for all components of the managed care contracts including timeliness, completeness, and accuracy.

As previously mentioned regarding MCS's overall monitoring strategy, third party audits are used annually to validate certain self-reported data. All STAR Kids and STAR Health deliverables are evaluated as part of this process to determine which are appropriate for inclusion in the scope of work for the upcoming audits.

Additionally, MCS launched a technology solution, TexConnect, which will support this standardization and deliverable tracking even further (see management response to recommendation 1.2).

Action Plan

MCS will:

- *Continue to conduct compliance training for staff and evolve as needed to address outliers in standardization.*
- *Include more robust guidance in the compliance training with best practices for analyzing deliverables for accuracy and trends.*
- *Evaluate all STAR Kids and STAR Health deliverables to determine which are appropriate for inclusion in the scope of work for the upcoming third-party audits to assess the validity of self-reported data.*
- *Leverage TexConnect functionality to automate tracking and drive standardization*

Responsible Manager

Director, Managed Care Compliance and Operations

Target Implementation Date

December 2019: Continue to conduct quarterly compliance training for staff with additional instruction and guidance for deliverable review and analysis.

December 2020: Complete the evaluation of deliverables to be included in the third-party audit.

December 2020: Leverage TexConnect functionality to automate tracking and drive standardization (see recommendation 1.2).

Recommendation 1.2

Store contract deliverables.

Management Response

The SCOR system at HHSC is used during the MCO procurement process, it does not possess the custom functionality to support the complex needs for the oversight of the managed care contracts and associated contract deliverables. Historically MCS has used the Deliverables Tracking System (DTS), however, MCS recognized the need for a more sophisticated, custom system to support MCO contract deliverables and engaged HHSC Information Technology in the development of TexConnect in June 2017.

TexConnect launched in July 2019, with further development occurring in phases. Effective December 2020, TexConnect will support the submission of all MCO deliverables, establishing it as the single repository for all managed care deliverables by March 2021.

TexConnect was developed with additional features to support deliverable oversight such as:

- *Ability to distribute, track, and approve MCO reoccurring and custom deliverables*
- *Auto-generate notifications to MCOs regarding deadlines and deliverable status*
- *Single repository providing access and storage of data and reports*
- *Centralized communications center for MCO bi-weekly notifications and emails between HHSC staff and MCOs*
- *Auto-populated calendar for contract deliverables tracking*

Action Plan

MCS will fully implement TexConnect as the single repository for all deliverables using a phased approach to ensure system capacity and accuracy.

Responsible Manager

Director, Managed Care Compliance and Operations

Target Implementation Date

March 2021: All deliverables expected to be housed in TexConnect.

Recommendation 2

Work with the MCOs to improve technical guidance and data sources chosen for contract deliverable inclusion.

Management Response

MCS agrees with the recommendation to improve technical guidance and data sources chosen for contract deliverable inclusion. The four reports reviewed in this audit rely on self-reported data from the MCOs. MCS is moving toward measures that leverage Utilization Review (UR) monitoring reviews of the MCOs for MDCP deliverables rather than relying on self-reported data. Until those changes occur, MCS will work with the MCOs to clarify expectations in the data source for the existing deliverables and ensure technical guidance and data sources are clearly identified in contracts.

Moving forward, the replacement of MCO's MDCP self-reported measures with the UR measures will require CMS approval of a waiver amendment. This waiver amendment will be posted for public comment so that stakeholders, including the MCOs, will have an opportunity to provide feedback on the measures. Finalization of any new measures will include appropriate updates, including technical guidance, to the UMCM.

Action Plan

In the short term, until changes to the required measures can be updated in the MDCP waiver and associated contracts, MCS will clarify the contract requirement in the STAR Kids and STAR Health contracts correspond to the STAR Kids and STAR Health UMCM technical guidance and the self-reported metrics template by issuing an MCO notice.

Responsible Managers

Deputy Associate Commissioner, Office of Policy & Program

Director, Managed Care Compliance and Operations

Target Implementation Date

September 2019: MCO notice clarifying the contract requirement in the STAR Kids and STAR Health contracts.

September 2020: Anticipated waiver amendment effective date to include measures reported by UR. Appropriate updates to contract documentation will remove the self-reported measures with the new UR measures and reporting requirements.

Recommendation 3

Update contract deliverable requirements of the STAR Kids and STAR Health contracts, UMCM report deliverable instructions, and the UMCM Consolidated Deliverable Matrix as appropriate.

Management Response

MCS agrees with the recommendation as a standard practice to ensure alignment of deliverables information. Generally, MCS acknowledges there are some instances where contract deliverable requirements, UMCM report deliverable instructions, and the UMCM Consolidated Deliverable Matrix are not in alignment due to the varying timelines for updates and required reviews and approvals. MCS will remove the list of deliverables from the contract and point to the UMCM Consolidated Deliverables Matrix and associated instructions. This will allow for more flexibility in updates and provide one source for MCOs.

In the short term, MCS will make the appropriate updates for alignment until the list of deliverables can be removed from the contract.

Action Plan

- *MCS will post a new Chapter: 5.0.1 Deliverables, Report Formats, Due Dates to the Uniform Managed Care Manual, which will align with MCO deliverables that have an associated template.*

- *MCS will remove the list of deliverables from the contract and point to the UMCM Consolidated Deliverables Matrix and associated instructions as the primary source.*

Responsible Manager

Director, Managed Care Compliance and Operations

Target Implementation Dates

November 2019: Post new UMCM Chapter: 5.0.1 Deliverables, Report Formats, Due Dates

September 2020: Remove the list of deliverables from the contract and point to the UMCM Consolidated Deliverables Matrix and associated instructions.

Recommendation 4

Use information obtained from contract deliverables to measure performance and identify areas for program improvement.

Management Response

MCS agrees that information obtained from contract deliverables to measure performance should be utilized to identify areas for program improvement. MCS continues to make proactive improvements in response to input from various sources, including contract deliverables.

As previously noted, MCS has an established process for contract deliverable review. Staff assess reports for timely receipt and completeness. Some, as previously mentioned, undergo third party audits to validate self-reported data. The level of the analysis conducted on individual deliverables varies due to limited MCS resources and whether more advanced complementary tools exist. When contract requirements are not being met by the MCOs, as discovered based on deliverable review, MCS should take the appropriate contractual remedies. There are many recent examples of liquidated damages that have been assessed due to deliverable analysis including LTSS clean claims, encounters, late reporting, provider complaints, and member appeals.

Because of MCS's matrixed environment and the multiple business units conducting deliverable review, MCS acknowledges there are opportunities to ensure all business units are consistent in their approach to deliverable review and overall expectations. As stated in the management response to Recommendation 1.1, MCS conducts periodic contract compliance training for staff including guidance on deliverable review.

Action Plan

MCS will update the existing compliance training to include more robust guidance on recognizing areas of concern in contract performance and identifying opportunities for program improvement.

Responsible Manager

Director, Managed Care Compliance and Operations

Target Implementation Date

December 2019: Continue to conduct quarterly compliance training for staff with additional education on recognizing areas of concern in contract performance and identifying opportunities for program improvement.

CONCLUSION

Individual contract deliverables represent a portion of overall monitoring and enforcement efforts, and the deliverables reviewed in this audit are deliverables that report on service coordination, service planning, and utilization of services for the STAR Kids and STAR Health programs. The information contained in the deliverables is significant to providing insight to STAR Kids and STAR Health program members' care and could have been used by MCS to gain insight into the medical services and service coordination received by these members and program improvement.

The STAR Kids and STAR Health programs began in 2017 and 2008, respectively, but the results detailed in this audit report indicate that MCS did not always effectively monitor service coordination, service planning, and utilization of services deliverables related to STAR Kids and STAR Health program members. Due to the MCS matrix approach, MCOs were directed to submit contract deliverables to a variety of MCS units through different systems. MCS did not consistently perform centralized tracking to ensure that all deliverables were submitted or received timely. In addition, MCS depended on the individual units receiving deliverables to track receipt, enforce timeliness, verify completeness, and ascertain accuracy. Specifically, MCS did not always:

- Enforce the receipt of timely deliverables
- Review all deliverables for completeness
- Verify the content of deliverables for accuracy
- Provide consistent guidance for the creation and submission of deliverables
- Provide guidance about the content of deliverables that answered the deliverable objective

MCS did not use data from these deliverables to track performance, enforce contract requirements, or identify opportunities for program improvement.

Contract deliverables cover an array of members and could provide more information than can be captured during on-site operational reviews or targeted utilization reviews. In the future, MCS could analyze trends, identify outliers, and use this information in selecting specific members when performing utilization reviews. MCS could also use information regarding service plan development and service coordination efforts to develop program initiatives and help determine the topics to be examined during operational reviews.

The OIG Audit Division offered recommendations to MCS, which, if implemented, will improve contract monitoring and program management by:

- Providing consistent contract monitoring guidance for all units.
- Providing technical guidance to improve contract deliverables submitted by MCOs.
- Obtaining consistent, critical information to measure performance and identify areas for program improvement.
- Ensuring MCOs are aware of required contract deliverables.
- Using deliverable report data to analyze trends, identify outliers, establish performance standards, and enforce contract compliance.

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

Appendix A: Methodology

To accomplish its objectives, the OIG Audit Division collected information for this audit through discussions and interviews with responsible staff at HHSC, and through request and review of the following information:

- STAR Kids Contract
- STAR Health Contract
- HHSC Uniform Managed Care Manual
- HHSC Contract Management Handbook
- MDCP Waiver Performance Measure Data Report
- LTSS Actions report
- Long-Term Services and Supports Report
- Service Management Summary Report deliverables
- MCS Polies and Procedures

The OIG Audit Division issued an engagement letter on June 28, 2019, to HHSC providing information about the upcoming audit, and conducted fieldwork in July 2019. The OIG Audit Division interviewed responsible personnel and evaluated policies and processes related to monitoring of STAR Kids and STAR Health contract deliverables.

The OIG Audit Division analyzed information and documentation it collected to determine whether selected STAR Kids and STAR Health deliverables were complete, accurate, supported by consistent guidance, and utilized for program management.

Appendix B: Report Team and Distribution

Report Team

OIG staff members who contributed to this audit report include:

Audit Division

- David Griffith, CPA, CIA, CGFM, Deputy IG for Audit
- Kacy VerColen, CPA, Audit Director
- Sarah Warfel, CPA, CISA, Audit Project Manager
- Susan Parker, CPA, Audit Project Manager
- Richard Kukucka, CFE, Audit Project Manager
- Aaron Christopher, CGAP, Senior Auditor
- Keven Holst, CPA, CIGA, Senior Auditor
- Ashley Rains, CFE, Senior Auditor
- Errol Baugh, Staff Auditor
- Rebecca Weaver, Associate Auditor
- Kathryn Messina, Senior Audit Operations Analyst

Report Distribution

Health and Human Services

- Dr. Courtney N. Phillips, Executive Commissioner
- Cecile Erwin Young, Chief Deputy Executive Commissioner
- Victoria Ford, Chief Policy Officer
- David Kostroun, Deputy Executive Commissioner, Regulatory Services
- Karen Ray, Chief Counsel
- Nicole Guerrero, Director of Internal Audit
- Stephanie Muth, State Medicaid Director, Medicaid and CHIP Services
- Michelle Erwin, Director of Policy and Program Development, Medicaid and CHIP Services
- Grace Windbigler, Director, Managed Care Compliance and Operations, Medicaid and CHIP Services

Appendix C: OIG Mission, Leadership, and Contact Information

The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG’s mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Susan Biles, Chief of Staff
- Dirk Johnson, Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Olga Rodriguez, Chief of Strategy and Audit
- Quinton Arnold, Chief of Inspections and Investigations
- Steve Johnson, Interim Chief of Medicaid Program Integrity

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- Phone: 1-800-436-6184

To Contact OIG

- Email: OIGCommunications@hhsc.state.tx.us
- Mail: Texas Health and Human Services Commission
Office of Inspector General
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