



Driscoll Children's Health Plan Special Investigative Unit

A Texas Medicaid Managed Care Organization

Results in Brief

Why OIG Conducted This Audit

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) conducts regular audits of selected managed care organizations' (MCOs') Special Investigative Unit (SIU) activities. OIG Audit performed a similar audit of Driscoll's SIU in 2018.

In 2021, Driscoll's total capitation payments were \$956 million for Medicaid and \$11 million for the Children's Health Insurance Program (CHIP). In 2022, Driscoll's total capitation payments were \$1,213 million for Medicaid and \$5 million for CHIP.

Summary of Review

The audit objective was to determine if Driscoll's SIU complied with certain state and contractual requirements related to (a) preventing, detecting, and investigating fraud, waste, and abuse and (b) reporting reliable information on SIU activities, results, and recoveries to the OIG.

The audit scope covered SIU activities in state fiscal years 2021 and 2022.

Background

The Texas Health and Human Services Commission (HHSC) requires MCOs to have an SIU to investigate potential fraud, waste, or abuse by members and health care service providers.

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Conclusion

The Driscoll Children's Health Plan (Driscoll) Special Investigative Unit (SIU) did not consistently comply with certain state and contractual requirements related to (a) preventing, detecting, and investigating fraud, waste, and abuse and (b) reporting reliable information on SIU activities, results, and recoveries to the Texas Health and Human Services (HHS) Office of Inspector General (OIG). Several issues of noncompliance identified in the 2018 audit remained uncorrected.

Key Results

Driscoll met certain requirements related to investigation activities and training. However:

- Driscoll did not dedicate the personnel necessary to the SIU to effectively conduct investigations. This hindered Driscoll's ability to detect, investigate, recover, and refer instances of fraud, waste, and abuse. Driscoll management asserted it did not commit sufficient staff or resources to comply with all SIU requirements.
- Of the 11 tested preliminary investigations, Driscoll (a) could not support that any were completed within 15 working days, (b) could not support that any of the required preliminary investigation elements were completed for 5 investigations, and (c) did not conduct a review of three years or the full range of the provider's payment history to determine if there were any suspicious indicators of fraud, waste or abuse for 3 investigations.
- One of 11 tested investigations tested was missing from the incidence log. Of the 10 tested investigations that appeared on the incidence log, (a) the status was incorrect for 3, (b) the allegation description was different for one, and (c) the date Driscoll received an allegation was not supported for any of the 10. MCOs must maintain a log of all incidences of suspected fraud, waste, or abuse they receive, regardless of the source. The incidence log is the record of all preliminary investigations for the SIU. If it contains errors, those errors are carried throughout the process and can lead to errors in reporting to the OIG.

Recommendations

Driscoll should:

- Strengthen resource commitment to the SIU to perform all tasks required by the SIU function.
- Strengthen or implement processes and controls for preliminary investigations to (a) include all required elements, (b) complete investigations within required timeframes, and (c) document dates of completion.
- Capture all required data accurately in its internal incidence log.
- Ensure it meets and adequately documents the timelines of completion of all extensive investigation elements.
- (a) Capture complete and accurate data on the Open Case List and (b) submit the Open Case List to the OIG by the required deadlines.
- (a) Submit referrals to the OIG for the four investigations that were not referred in which the SIU investigation determined possible acts of fraud, waste, or abuse had occurred in Medicaid or CHIP and (b) submit all findings of possible fraud, waste, or abuse to the OIG.
- (a) Remit the remaining \$2,500 to the OIG and (b) designate sufficient staff or other resources to timely remit half of recovered funds when an SIU investigation determined fraud or abuse occurred in Medicaid or CHIP.
- Include training requirements in subcontracts and verify subcontractors directly involved with Texas Medicaid or CHIP receive fraud, waste, and abuse training within 90 days of employment and annually thereafter.

- Driscoll did not support that it met required timelines for extensive investigations. Driscoll could not support that it selected samples within 15 working days of completing preliminary investigation activities or requested medical or dental records and encounter data from the provider related to the samples within 15 working days of sample selection.
- The MCO Open Case List Report was not always complete, accurate, or timely. Of the 11 investigations tested, 4 were omitted from the report and 7 contained inaccuracies.
- Driscoll did not always refer all possible acts of fraud, waste, and abuse to the OIG. Four of the five (80 percent) completed extensive investigations that identified possible acts of fraud, waste, or abuse were not referred to OIG.
- Five of the six extensive investigations tested identified fraud or abuse and resulted in recoveries in the amount of \$28,738.55. Driscoll did not timely remit \$14,369.28—half of the amount recovered from the five investigations—to the OIG.
- Driscoll did not verify that all its subcontractors' employees received required fraud, waste, abuse training. Driscoll's contract with one of three subcontractors reviewed by OIG Audit did not include a requirement for subcontractor employees to receive fraud, waste, and abuse training.

Management Response

OIG Audit presented preliminary audit results, issues, and recommendations to Driscoll in a draft report dated July 25, 2023. Driscoll agreed with the audit recommendations and indicated corrective actions would be implemented by December 2023. Driscoll's management responses are included in the report following the recommendations.