

Audit Report

Parkland Community Health Plan Special Investigative Unit

A Texas Medicaid Managed Care
Organization



**Inspector
General**

Texas Health
and Human Services

August 10, 2023

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Parkland Community 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. This audit is the next audit in that series and was conducted for an MCO SIU that had not been previously reviewed.

In 2022, Parkland's total enrolled member months was 2,647,562 for Medicaid and 91,400 for the Children's Health Insurance Program (CHIP). It received total capitation payments of \$876 million for Medicaid and \$20 million for CHIP.

Summary of Review

The audit objective was to determine whether Parkland'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 year 2022.

Background

HHSC requires MCOs to have an SIU to investigate potential fraud, waste, or abuse by members and health care service providers.

Conclusion

The Parkland Community Health Plan (Parkland) 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).

Key Results

Parkland met certain requirements related to staffing, performing recovery efforts when fraud or abuse was identified, and remitting half the money recovered to the OIG.

However:

- Parkland's preliminary investigations did not always contain required elements or meet required timelines. Of the 12 preliminary provider investigations tested, 10 (83 percent) did not contain all the required elements. All 12 were completed later than the 15-working day requirement.
- All eight extensive investigations tested included at least one error with timelines, sample size requirements, required elements, or some combination of these things.
- Parkland did not refer the two tested extensive investigations that identified possible fraud, waste, or abuse to the OIG within required timelines. Parkland made the referrals, on average, 88 working days after being notified.
- Parkland did not provide two employees who were directly involved with Medicaid or the Children's Health Insurance Program (CHIP) fraud, waste, and abuse training within 90 days of their start dates.

Management Response

OIG Audit presented preliminary audit results, issues, and recommendations to Parkland in a draft report dated July 21, 2023. Parkland agreed with the audit recommendations and indicated corrective actions would be implemented by October 2023.

Parkland's management responses are included in the report following the recommendations.

Recommendations

Parkland should:

- Strengthen processes and controls to include all required elements of preliminary investigations.
- Develop and implement processes and controls to complete preliminary investigations within required timeframes.
- Develop and implement processes and controls to complete extensive investigations within required timeframes and document dates of completion.
- Select samples that meet minimum size requirements.
- Strengthen processes and controls to include all required elements of extensive investigations.
- Complete timely notification and referrals of possible acts of fraud, waste, or abuse to the OIG as required.
- Strengthen processes and controls to provide employees directly involved with Texas Medicaid or CHIP with fraud, waste, and abuse training within 90 days of employment.

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Table of Contents

Audit Overview	1
Overall Conclusion	1
Objective and Scope	1
Detailed Audit Results	4
Preliminary Investigations	5
Chapter 1: Preliminary Investigations Did Not Always Contain Required Elements or Meet Required Timelines	5
Extensive Investigations	10
Chapter 2: Extensive Investigations Did Not Always Comply With Required Elements, Sample Size, or Timeliness Requirements.....	12
SIU Responsibilities to the OIG	15
Chapter 3: Parkland Did Not Always Refer Possible Acts of Fraud, Waste, and Abuse to the OIG Within Required Timelines	16
Fraud, Waste, and Abuse Training Requirements	18
Chapter 4: Employees Did Not Always Receive Fraud, Waste, and Abuse Training	18
Appendices.....	20
A: Objective, Scope, and Criteria	20
B: Detailed Methodology	21
C: Summary of Recommendations	24
D: Related Reports	25
E: Resources for Additional Information	26
F: Report Team and Distribution	27
G: OIG Mission, Leadership, and Contact Information	29

Audit Overview

Overall Conclusion

The Parkland Community Health Plan (Parkland) 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).

Key Audit Results

The HHS OIG Audit and Inspections Division (OIG Audit) conducted an audit of SIU activities at Parkland, a Medicaid and Children’s Health Insurance Program (CHIP) managed care organization (MCO). Parkland met certain requirements related to staffing, performing recovery efforts when fraud or abuse was identified, and remitting half the money recovered to the OIG.

However, Parkland did not:

- Complete all preliminary or extensive investigations with required elements, with minimum sample sizes, or within required timelines.
- Refer all possible acts of fraud or abuse to the OIG timely.
- Provide all its employees with fraud, waste, and abuse training within 90 days of their start dates.

The “Detailed Audit Results” section of this report presents additional information about the audit results and is considered written education in accordance with

Objective

The audit objective was to determine if Parkland’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.

Scope

The audit scope covered SIU activities for the period from September 1, 2021, to August 31, 2022.

Texas Administrative Code.¹ In addition, other audit issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,² including administrative penalties.³ Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

OIG Audit presented preliminary audit results, issues, and recommendations to Parkland in a draft report dated July 21, 2023. Parkland agreed with the audit recommendations and indicated corrective actions would be implemented by October 2023. Parkland’s management responses are included in the report following the recommendations. OIG Audit communicated other, less significant issues to Parkland in a separate written communication.

OIG Audit thanks management and staff at Parkland for their cooperation and assistance during this audit.

Key Program Data

The Texas Health and Human Services Commission (HHSC) contracts with Parkland to coordinate health services in Texas for members enrolled in the Medicaid State of Texas Access Reform (STAR) program and CHIP. Parkland is a Texas Department of Insurance–licensed MCO that provides Medicaid and CHIP services through its network of providers.

Table 1 shows Parkland’s member months and capitation payments by program.

Table 1: Parkland’s Member Months and Capitation Payments by Program in 2022

Program	Member Months	Capitation Payments ⁴
Medicaid STAR	2,647,562	\$876,449,138
CHIP	91,400	20,395,891
Total	2,738,962	\$896,845,029

Source: HHSC 2022 Q-4 Financial Statistical Reports

¹ 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

² 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

³ Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

⁴ Amounts reflect only medical and pharmacy capitation payments.

HHSC requires MCOs to establish and maintain an SIU to investigate potential fraud, waste, or abuse by members and health care service providers.⁵

Auditing Standards

Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁵ Uniform Managed Care Contract, Attachment B-1 § 8.1.19.1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

Detailed Audit Results

Parkland 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. Specifically, Parkland:

- Allocated the required staff and resources to the SIU function.
- Included all required elements in its fraud, waste, and abuse referrals to the OIG.
- Performed payment recovery efforts when its SIU investigations discovered fraud or abuse in Medicaid or CHIP.
- Remitted to the OIG half the recoveries related to fraud or abuse findings as a result of SIU investigations.
- Provided required annual fraud, waste, and abuse training to its employees.

The following sections of this report provide details about the findings of noncompliance identified by OIG Audit.

Preliminary Investigations

MCOs are responsible for investigating possible acts of fraud, waste, and abuse for all services, starting with a preliminary investigation. Parkland must complete a preliminary investigation within 15 working days of the identification or reporting of suspected or potential fraud, waste, or abuse by providers.

Preliminary provider investigations must include the following elements:⁶

- Determining if the MCO has received any previous reports of suspected fraud, waste, or abuse or if it has conducted any previous investigations of the provider in question.
- Determining if the provider has received educational training from the MCO regarding the allegation.
- Reviewing the provider's billing patterns for any suspicious indicators.
- Reviewing the provider's payment history for the past three years, if available, to identify any suspicious indicators.
- Determining whether the investigated allegation is a violation of program policy or procedure.

Chapter 1: Preliminary Investigations Did Not Always Contain Required Elements or Meet Required Timelines

Out of 12 preliminary investigations tested:

- 4 were conducted by Parkland's SIU.
- 8 were conducted by its subcontracted pharmacy benefits manager or its subcontracted provider of behavioral health management services.⁷

⁶ 1 Tex. Admin. Code §§ 353.502 (c)(2) (July 18, 2019) and 370.502 (c)(2) (Mar. 1, 2012); Uniform Managed Care Contract, Attachment B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

⁷ The pharmacy benefits manager and behavioral health management company both have their own SIUs, and neither SIU operates under the direction of Parkland's SIU.

Parkland or its subcontractor performed all the required elements for 2 of 12 preliminary provider investigations (17 percent).




For example, of the 10 preliminary investigations (83 percent) without all the required elements:

- 2 did not determine if the MCO had received any previous reports of fraud, waste, or abuse or if it had conducted any previous investigations of the provider in question.
- 9 did not determine if the provider had received educational training from the MCO regarding the allegation.
- 3 did not review the provider's billing patterns for any suspicious indicators.
- 6 did not review three years of payment history or the full range of payment history available to identify any suspicious indicators.
- 7 did not determine whether the investigated allegation was a violation of program policy or procedure.

In addition, Parkland and its subcontractors did not complete any of the 12 preliminary provider investigations within the 15-working day requirement. Parkland and its subcontractors completed the 12 preliminary investigations, on average, 60 working days from when it received the allegation.

Figure 1 summarizes Parkland’s compliance with requirements for 12 preliminary provider investigations tested, including completion of the preliminary investigations within 15 days.

Figure 1: Parkland’s Compliance with Preliminary Provider Investigation Requirements

	Parkland completed all required elements for 2 of the 12 tested preliminary investigations.
	Parkland did not complete any of the 12 tested preliminary investigations within 15 working days of the identification or reporting of suspected or potential waste, abuse, or fraud.
	Parkland could not support that all of the required elements were completed for 10 of the 12 tested preliminary provider investigations.

Source: OIG Audit

Parkland did not have sufficient processes and controls to ensure that it (a) completed preliminary investigations within 15 working days of suspected fraud, waste, or abuse being identified or reported and (b) consistently completed all required preliminary investigation elements.

Omitting required elements from review hinders the effectiveness of the preliminary investigation and may impede detection of potential fraud, waste, and abuse committed by the provider. Performing the required elements may help determine whether a pattern of inappropriate behavior exists. Additionally, conducting timely preliminary investigations and performing all required elements helps Parkland (a) effectively investigate potential fraud, waste, and abuse, (b) timely identify overpayments and recover Medicaid and CHIP funds, and (c) appropriately report SIU activities and results to the OIG.

Recommendation 1

Parkland should:

- Strengthen processes and controls to include all required elements of preliminary investigations.
- Develop and implement processes and controls to complete preliminary investigations within required timeframes.

Management Response

Action Plan

1. The PCHP case management system is being enhanced to capture documentation of case actions. Preset field dependencies are built into the solution based on regulatory requirements to ensure investigators capture and log all required information. Tracking, logging, and linking capabilities capture status, case history and investigator steps are timestamped.
2. Staff training will be developed on all required elements of a preliminary investigation including the completion of the preliminary investigation within 15 working days of identification or reporting of suspected or potential fraud, waste, or abuse.
3. Develop a Preliminary Investigation checklist to assist the investigators with ensuring proper documentation and the required elements are included for both member and provider investigations. The checklist of required elements will be provided to all subcontractors.
4. Review and update workflow processes to ensure PCHP SIU and subcontractor responsibilities are aligned to all the required elements.
5. Monitoring reviews will be performed for six months post implementation to ensure the corrective actions have been fully implemented. Results of the monitoring report will be shared with Executive Leadership and the PCHP Compliance Committee.

Responsible Manager

Chief Compliance, Ethics, and Privacy Officer

Target Implementation Date

October 1, 2023

Extensive Investigations

Parkland must perform an extensive investigation if it determines during the preliminary provider investigation that suspicious indicators of possible fraud, waste, or abuse exist. An extensive investigation involves additional required elements, including (a) selecting a sample of claims for review, (b) requesting the records, and (c) reviewing the records.⁸

Parkland has 15 working days after completing a preliminary investigation to select a sample of claims for review. Parkland must select a minimum sample of claims related to the suspected fraud, waste, or abuse to review based on either a percentage or a minimum number of members. It may select either:⁹

- 15 percent of claims, as long as it represents at least 30 Medicaid or 50 CHIP members.
- A minimum of 30 Medicaid or 50 CHIP members.

After selecting the sample, Parkland has an additional 15 working days to request medical or dental records and encounter data from the provider.¹⁰

⁸ 1 Tex. Admin. Code § 353.502 (c)(2)(C) (July 18, 2019) and 1 Tex. Admin. Code § 370.502 (c)(2)(C) (Mar. 1, 2012); Uniform Managed Care Contract, Attachment B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

⁹ 1 Tex. Admin. Code § 353.502 (c)(2)(C) (July 18, 2019) and 1 Tex. Admin. Code § 370.502 (c)(2)(C) (Mar. 1, 2012); Uniform Managed Care Contract, Attachment B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

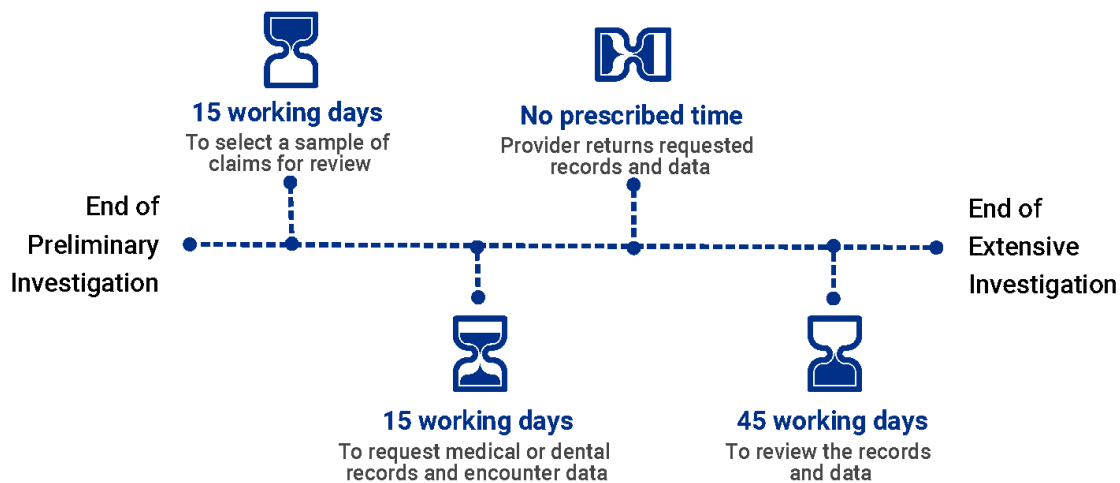
¹⁰ 1 Tex. Admin. Code § 353.502 (c)(2)(C)(i) (July 18, 2019) and 1 Tex. Admin. Code § 370.502 (c)(2)(C)(i) (Mar. 1, 2012); Uniform Managed Care Contract, Attachment B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

Parkland must review the requested records and encounter data within 45 working days of receipt of those records to:¹¹

- Validate the sufficiency of service delivery data and to assess utilization and quality of care.
- Ensure encounter data submitted by the provider are accurate.
- Evaluate whether review of other pertinent records is necessary to determine whether fraud, waste, or abuse has occurred. If review of additional records is necessary, then conduct such a review.

Figure 2 details the required timelines for each task in an extensive investigation.

Figure 2: Timeline of Tasks in an Extensive Investigation



Source: OIG Audit

¹¹ 1 Tex. Admin. Code § 353.502 (c)(2)(C)(ii) (July 18, 2019) and 1 Tex. Admin. Code § 370.502 (c)(2)(C)(ii) (Mar. 1, 2012); Uniform Managed Care Contract, Attachment B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

Chapter 2: Extensive Investigations Did Not Always Comply With Required Elements, Sample Size, or Timeliness Requirements

Parkland found suspicious indicators of fraud, waste, and abuse in 8 of the 12 preliminary provider investigations tested. Parkland performed extensive investigations to determine whether fraud, waste, or abuse had occurred in all eight of those investigations. Out of eight extensive investigations tested:

- Parkland initiated three from internal sources.
- Five were referred by its subcontracted pharmacy benefits manager or its subcontracted provider of behavioral health management services.

In all five instances of investigations referred by a subcontractor, the referring subcontractors had performed some investigative work before making the referral to Parkland.

Of the eight extensive investigations, all had at least one error. Specifically:

- Seven sample selections did not support meeting the 15-working day deadline.
- Four medical record requests did not support meeting the 15-working day deadline.
- Four medical record reviews did not support meeting the 45-working day deadline.
- One sample did not meet size requirements.
- Two investigations did not include three required elements of review.

Delays and incomplete reviews in extensive investigations can impair Parkland's ability to mitigate fraud, waste, and abuse in Medicaid or CHIP. Delays and incomplete reviews are also obstacles to (a) effectively investigating potential fraud, waste, and abuse, (b) timely identifying overpayments and recovering Medicaid and CHIP funds, and (c) accurately and timely reporting SIU activities and results to the OIG.

Limiting sample sizes can prevent Parkland from identifying claim patterns and may impede detection of potential fraud, waste, and abuse. Reviewing a sufficient number of claims may help determine if there is a pattern of inappropriate behavior. Additionally, limited sample sizes may result in incomplete recoveries of Medicaid and CHIP overpayments and could result in Parkland not referring possible fraud, waste, or abuse to the OIG.

Parkland did not have sufficient processes and controls to (a) meet extensive investigation timeline requirements, (b) select required minimum sample sizes, and (c) include all required elements of review.

Recommendation 2

Parkland should:

- Develop and implement processes and controls to complete extensive investigations within required timeframes and document dates of completion.
- Select samples that meet minimum size requirements.
- Strengthen processes and controls to include all required elements of extensive investigations.

Management Response

Action Plan

1. The PCHP case management system is being enhanced to capture documentation of case actions. Preset field dependencies are built into the solution based on regulatory requirements to ensure investigators capture and log all required information. Investigators will log the date the medical records review was completed in the case management system.
2. Revise the existing job aid to include the specific timelines related to extensive investigations.
3. Develop and implement an extensive investigations checklist to include the elements for selection of the required sample size and required elements of an extensive investigation.

4. The SIU Manager will conduct monthly case file reviews to confirm the required sample size is included in the preliminary investigations.
5. SIU Staff refresher training will be provided on the required documentation and elements of an extensive investigation to include the following:
 - Samples of providers' claims related to suspected fraud, waste, or abuse are selected within 15 working days of completing a preliminary investigation that had suspicious indicators of fraud, waste, or abuse.
 - Medical records, dental records, and encounter data related to claims selected for review are requested within 15 working days of choosing the sample.
 - The review of requested medical records, dental records, and data is completed within 45 working days of receipt.
6. Monitoring reviews will be performed for six months post implementation to ensure the corrective actions have been fully implemented. Results of the monitoring report will be shared with Executive Leadership and the PCHP Compliance Committee.

Responsible Manager

Chief Compliance, Ethics, and Privacy Officer

Target Implementation Date

October 1, 2023

SIU Responsibilities to the OIG

MCOs are responsible to the OIG for the following:

- Submitting referrals for possible acts of fraud, waste, or abuse to the OIG within the required timeframe.¹²
- Remitting to the OIG half the recoveries related to fraud or abuse findings as a result of an SIU investigation.¹³

The OIG's ability to effectively analyze encounter data, evaluate evidence, determine whether to pursue fraud, waste, and abuse recoveries, and coordinate and oversee efforts to mitigate fraud, waste, and abuse throughout Texas Medicaid and CHIP is strengthened when MCOs report consistently and timely.

¹² 1 Tex. Admin. Code §§ 353.502 (c)(5) (July 18, 2019) and 370.502 (c)(5) (Mar. 1, 2012); Uniform Managed Care Contract, Attachments B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

¹³ Texas Government Code § 531.1131 (Sept. 1, 2019).

Chapter 3: Parkland Did Not Always Refer Possible Acts of Fraud, Waste, and Abuse to the OIG Within Required Timelines

Parkland must assign an officer to report all investigations resulting in a finding of possible acts of fraud, waste, or abuse to the OIG. The assigned officer must notify and refer these acts to the OIG within 30 working days of receiving reports of possible acts of fraud, waste, or abuse identified in an SIU extensive investigation.¹⁴

Parkland did not refer the two tested extensive investigations that identified possible fraud, waste, or abuse to the OIG within required timelines. Parkland's behavioral health subcontractor completed both investigations and recovered the identified overpayments. After receiving notification from their subcontractor, Parkland made the referrals, on average, 88 working days after being notified. The OIG's ability to effectively investigate potential fraud, waste, and abuse throughout Medicaid and CHIP is limited when MCOs do not complete timely referrals.

Recommendation 3

Parkland should complete timely notifications and referrals of possible acts of fraud, waste, or abuse to the OIG as required.

Management Response

Action Plan

1. Revise the existing job aid to include requirements for documenting the receipt of referrals of possible acts of fraud, waste, or abuse.
2. SIU Staff refresher training will be provided to ensure the investigators enter the date the referral was received and not the date the referral was assigned to the investigator.

¹⁴ 1 Tex. Admin. Code §§ 353.502 (c)(5) (July 18, 2019) and 370.502 (c)(5) (Mar. 1, 2012); Uniform Managed Care Contract, Attachments B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

Responsible Manager

Chief Compliance, Ethics, and Privacy Officer

Target Implementation Date

September 1, 2023

Fraud, Waste, and Abuse Training Requirements

Parkland must ensure that fraud, waste, and abuse training is provided annually to each employee and subcontractor who is directly involved in any aspect of Medicaid or CHIP. Additionally, Parkland must provide fraud, waste, and abuse training to all new MCO and subcontractor staff directly involved with any aspect of Medicaid or CHIP within 90 days of their employment date.¹⁵

Chapter 4: Employees Did Not Always Receive Fraud, Waste, and Abuse Training

OIG Audit tested training records for a sample of 40 Parkland employees who were directly involved in Medicaid or CHIP. Of the 40 employees, two were hired during the audit scope, and Parkland did not provide those two employees fraud, waste, and abuse training within 90 days of their start dates. The new hires received training 218 days and 291 days after starting, respectively. Parkland indicated the two employees did not receive the fraud, waste, and abuse training because this training was not assigned to their job codes.

The likelihood of detecting potential fraud, waste, and abuse may be decreased when training is not provided.

Recommendation 4

Parkland should strengthen processes and controls to provide employees directly involved with Texas Medicaid or CHIP with fraud, waste, and abuse training within 90 days of employment.

¹⁵ 1 Tex. Admin. Code §§ 353.502 (c)(6) (July 18, 2019) and 370.502 (c)(6) (Mar. 1, 2012); Uniform Managed Care Contract, Attachments B-1 § 8.1.19.1 and B-3, Item IG-1, v. 2.34 (Sept. 1, 2021) through v. 2.35 (Mar. 1, 2022).

Management Response

Action Plan

1. The Office of Talent Management (OTM) reviewed all employees to ensure all employees received and completed fraud, waste, and abuse training within 90 days of employment. The FWA training course was assigned to identified employees.
2. The OTM implemented a new process to assign training codes by department instead of by job codes to ensure that all new employees will be assigned the required fraud, waste, and abuse training.
3. PCHP and OTM will meet monthly to review a list of new PCHP personnel and complete a review of training assignments.
4. Monitoring reviews will be performed for six months post implementation to ensure the corrective actions have been fully implemented. Results of the monitoring report will be shared with Executive Leadership and the PCHP Compliance Committee.

Responsible Managers

- Chief Compliance, Ethics, and Privacy Officer
- Director, Learning and Development

Target Implementation Date

September 1, 2023

Appendix A: Objective, Scope, and Criteria

Objective and Scope

The audit objective was to determine if Parkland'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 for the period from September 1, 2021, to August 31, 2022.

Criteria

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

- Texas Government Code § 531.1131 (2019)
- 1 Tex. Admin. Code §§ 353.502 and 505 (2019)
- 1 Tex. Admin. Code §§ 370.502 and 505 (2012)
- Uniform Managed Care Contract, v. 2.34 (2021) through 2.35 (2022)

Appendix B: Detailed Methodology

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

- A description of the SIU function and organizational structure.
- Policies and practices associated with prevention, detection, investigation, disposition, and reporting of fraud, waste, and abuse.
- Data and other supporting evidence related to SIU performance, including investigations and referrals in 2022.
- Significant system internal controls, including components of internal control, within context of the audit objectives.¹⁶

Specifically, OIG Audit tested a sample of cases to determine whether:

- Parkland's SIU performed preliminary and extensive investigative activities, as applicable, within required timelines and included required elements.
- Parkland made fraud, waste, and abuse referrals to the OIG within required timelines and included required information.
- Parkland started payment recovery efforts when it identified fraud or abuse.
- Parkland remitted half of all recoveries related to the identification of fraud or abuse to the OIG.

In addition, OIG Audit tested a sample of Parkland and subcontractor employees to determine whether they completed the required training.

¹⁶ For more information on the components of internal control, see the United States Government Accountability Office's "Standards for Internal Control in the Federal Government" (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

Data Reliability

To assess the reliability of data, auditors (a) traced and reconciled selected records to source documents, (b) observed the process of producing the datasets, and (c) interviewed relevant Parkland staff knowledgeable about the data.

Auditors concluded the data used in this audit was sufficiently reliable for the purposes of the audit except as follows. Parkland's subcontractors' employee lists were of undetermined reliability for purposes of sampling. The dataset provided was the best set of data available to OIG Audit; therefore, auditors used the data provided to select a sample for testing subcontractor compliance with employee fraud, waste, and abuse training and related requirements.

Sampling Methodology

Investigations

OIG auditors selected risk-based, nonstatistical samples of investigations for testing to address specific risk factors, such as investigation disposition and investigation type, identified in the population.

The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Training

Auditors selected risk-based, nonstatistical samples of employee and subcontractor populations for testing to address specific factors, such as position and start date, identified in the population. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Table 2 lists the populations and sample sizes tested for employees for Parkland and the identified subcontractors.

Table 2: Parkland and Subcontractor Employee Populations and Samples

Test	Population	Sample
Parkland	158	40
Subcontractor A	9	2
Subcontractor B	105	3
Subcontractor C	106	4
Subcontractor D	385	16

Source: OIG Audit

Appendix C: Summary of Recommendations

Table C: Summary of Recommendations to Parkland Community Health Plan

No.	Recommendation
1	Parkland should: <ul style="list-style-type: none"> • Strengthen processes and controls to include all required elements of preliminary investigations. • Develop and implement processes and controls to complete preliminary investigations within required timeframes.
2	Parkland should: <ul style="list-style-type: none"> • Develop and implement processes and controls to complete extensive investigations within required timeframes and document dates of completion. • Select samples that meet minimum size requirements. • Strengthen processes and controls to include all required elements of extensive investigations.
3	Parkland should complete timely notifications and referrals of possible acts of fraud, waste, or abuse to the OIG as required.
4	Parkland should strengthen processes and controls to provide employees directly involved with Texas Medicaid or CHIP with fraud, waste, and abuse training within 90 days of employment.

Source: OIG Audit

Appendix D: Related Reports

- Community First Health Plan, Inc.: Special Investigative Unit, [AUD-22-008](#), April 28, 2022
- Aetna Better Health of Texas: Special Investigative Unit, [AUD-21-023](#), August 18, 2021
- Audit of Medicaid and CHIP MCO Special Investigative Units: Molina Healthcare of Texas, [AUD-20-011](#), May 22, 2020
- Audit of Medicaid and CHIP MCO SIUs: Blue Cross and Blue Shield of Texas, [AUD-19-001](#), September 28, 2018
- Audit of Medicaid and CHIP MCO SIUs: Driscoll Health Plan, [AUD-18-012](#), April 3, 2018
- Medicaid and CHIP MCO Special Investigative Units: Initiatives Underway to Improve Collaboration and Performance, [IG-16-018](#), February 28, 2017
- Audit of Medicaid and CHIP MCO SIUs: Christus Health Plan SIU, [IG-16-017](#), November 22, 2016
- Audit of Medicaid and CHIP MCO SIUs: Health Management Systems, Inc.: Third Party SIU, [IG-16-15](#), August 29, 2016
- Audit of Medicaid and CHIP MCO SIUs: Superior HealthPlan, Inc. SIU, [IG-16-014](#), August 26, 2016
- Audit of Medicaid and CHIP MCO SIUs: DentaQuest SIU, [IG-16-013](#), August 24, 2016
- Audit of Medicaid and CHIP MCO SIUs: Texas Children's Health Plan SIU, [IG-16-016](#), August 24, 2016
- Audit of Medicaid and CHIP MCO SIUs: Cigna Health-Spring SIU, [IG-16-012](#), August 24, 2016
- Audit of Medicaid and CHIP MCO Special Investigative Units: Seton Health Plan, [IG-16-011](#), June 9, 2016

Appendix E: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

For more information on Texas Health and Human Services Medicaid and CHIP Programs and Services:

Medicaid and CHIP Homepage, Texas Health and Human Services,
<https://www.hhs.texas.gov/services/health/medicaid-chip>
(accessed June 8, 2023)

For more information on Parkland Community Health Plan:

Homepage, Parkland Community Health Plan,
<https://www.parklandhealthplan.com>
(accessed June 8, 2023)

Appendix F: Report Team and Distribution

Report Team

OIG staff members who contributed to this audit report include:

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- Sarah Corinne Warfel, CPA, CISA, Audit Director
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Report Distribution

Health and Human Services

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- Kate Hendrix, Chief of Staff
- Maurice McCreary, Jr., Chief Operating Officer
- Jordan Dixon, Chief Policy and Regulatory Officer
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- Michelle Alletto, Chief Program and Services Officer
- Nicole Guerrero, Chief Audit Executive
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- Shannon Kelley, Deputy Executive Commissioner for Managed Care
- Dana L. Collins, Deputy Executive Commissioner for Operations, Medicaid and CHIP Services

Parkland Community Health Plan

- Victoria Mora, Interim Chief Operating Officer and Executive Director
- Nakia Smith, Chief Compliance, Ethics, and Privacy Officer
- Torey Johnson, Director, Learning and Development

Appendix G: 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
- Kacy J. VerColen, Chief of Audit and Inspections
- Diane Salisbury, Chief of Data Reviews
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

To Obtain Copies of OIG Reports

- OIG website: ReportTexasFraud.com

To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhs.texas.gov/report-fraud-waste-or-abuse>
- Phone: 1-800-436-6184

To Contact OIG

- Email: oig.generalinquiries@hhs.texas.gov
- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000