

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

**UNITEDHEALTHCARE
ENCOUNTER DATA**

*Records of Provider Services Delivered Under a
Sub-Capitated Agreement Were Coded Incorrectly*



February 26, 2019
OIG Report No. AUD-19-011

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INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) initiated an audit of durable medical equipment (DME) and supplies provider Longhorn Health Solutions, Inc. (Longhorn). Part of the audit, which is currently in progress, includes testing authorization of certain supplies delivered under a sub-capitated agreement to members of UnitedHealthcare Community Plan of Texas, L.L.C. (UnitedHealthcare), a Texas Medicaid and Children's Health Insurance Program (CHIP) managed care organization (MCO).¹ UnitedHealthcare also uses Longhorn as a claims-based² DME provider outside of the sub-capitation³ agreement, in which UnitedHealthcare reimburses Longhorn for claims Longhorn submits for payment.

Under the sub-capitated agreement, UnitedHealthcare pays Longhorn a fixed monthly rate per member per month to provide certain incontinence supplies, as defined in the sub-capitated agreement, to certain members. Longhorn gathers information about the type and quantity of supplies it delivers, and information about to whom it delivered the supplies, and sends that information to UnitedHealthcare.

UnitedHealthcare submits the information, in the form of encounter data,⁴ to the Texas Medicaid and Healthcare Partnership (TMHP), which stores encounter data submitted by MCOs in its Vision 21 data warehouse. UnitedHealthcare submits encounter data for activity under its sub-capitated agreement with Longhorn, and encounter data based on its claims-based activity with Longhorn.

Objective and Scope

The objective of the audit was to determine the reliability of UnitedHealthcare sub-capitated encounter data and claims-based encounter data.

The audit scope included information representing approximately 133,557 DME and supplies provided by Longhorn with service dates of September 1, 2016, through August 31, 2017. This information included both sub-capitation activity Longhorn submitted to UnitedHealthcare, and claims Longhorn submitted to UnitedHealthcare for its claims-based activity. UnitedHealthcare combined the information and submitted it as encounter data to TMHP.

¹ UnitedHealthcare Facility Participation Agreement with Longhorn (May 15, 2011), as amended (Sept. 1, 2016).

² UnitedHealthcare refers to this as an internal fee-for-service agreement.

³ UnitedHealthcare refers to this as a capitated agreement.

⁴ "Encounter data" are detailed records an MCO submits to HHSC about services delivered to its managed care members by network providers.

Methodology

The OIG Audit Division collected information for this audit through discussions and electronic communications with UnitedHealthcare management and staff and by reviewing:

- UnitedHealthcare 2017 encounter data obtained from TMHP
- 2017 sub-capitation data Longhorn submitted to UnitedHealthcare
- UnitedHealthcare policies and procedures

The OIG Audit Division presented the audit results, issue, and recommendation to HHSC Medicaid and CHIP Services and to UnitedHealthcare in a draft report dated December 17, 2018. Each was provided with the opportunity to study and comment on the report. The HHSC Medicaid and CHIP Services management response to the audit recommendation is included in the report. UnitedHealthcare's comments are included in Appendix A.

HHSC Medicaid and CHIP Services concurred with the OIG Audit Division recommendation and will monitor UnitedHealthcare's correction of coding errors in its encounter data and require UnitedHealthcare to put corrective actions in place to strengthen its current and future encounter data reporting.

Criteria

- Uniform Managed Care Contract, Attachment B-1 § 8.1.18.1 v. 2.19 (Sept. 1, 2016) through v. 2.23 (June 1, 2017)
- UnitedHealthcare Facility Participation Agreement with Longhorn (May 15, 2011), as amended (Sept. 1, 2016)
- Uniform Managed Care Manual, Chapter 2.0 (VIII)(A) v. 2.6 (Sept. 1, 2016)
- Texas Medicaid "837P Medicaid Encounters Companion Guide," v.5.0

Auditing Standards

Generally Accepted Government Auditing 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, except for specific applicable requirements that were not followed which were identified as not relevant to the limited audit scope and objectives of this project. 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.

ISACA

The OIG Audit Division performs work in accordance with the IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals published by ISACA.

RESULTS

MCOs must provide complete and accurate encounter data to HHSC for all covered services. Encounter data must be submitted by the MCO in accordance with HHSC's required format and required data elements for Medicaid MCOs. Encounter data for supplies or services under a sub-capitated agreement must be submitted using a code that distinguishes those encounters from claims-based encounters.⁵

MCOs must make original records available for inspection by HHSC for validation purposes, and encounter data that does not meet quality standards must be corrected and returned within a time period specified by HHSC.^{6,7}

The OIG Audit Division reviewed 133,557 encounters submitted by UnitedHealthcare to the Vision 21 data warehouse, representing encounters for both sub-capitated and claims-based activities provided by Longhorn with service dates of September 1, 2016, through August 31, 2017, and identified coding errors for encounter data associated with activity under the sub-capitated agreement.

Issue 1: UnitedHealthcare Incorrectly Coded Longhorn Sub-Capitated Agreement Encounter Data

Sub-capitation encounter data reported by UnitedHealthcare was coded incorrectly. The incorrect coding began in October 2016 with the initiation of the UnitedHealthcare sub-capitated agreement with Longhorn. Because of the coding errors, Longhorn's sub-capitated DME and supplies activity could not be distinguished from Longhorn's claims-based DME and supplies activity.

Incorrectly reported encounter data is a contract and program violation. Inaccurate financial arrangement codes causes these transactions to be misclassified between line items in HHSC's financial reports. UnitedHealthcare acknowledged the coding was incorrect, and initiated a project to correct encounter data for Longhorn activity under the sub-capitated agreement. UnitedHealthcare estimates it will complete all corrections in February 2019.

⁵ Uniform Managed Care Manual, Chapter 2.0 (VIII)(A) v. 2.6 (Sept. 1, 2016) requires encounter data to follow the format, rules, and data elements as described in the 837 Professional Companion Guide, which is available to providers via TxMedCentral.

⁶ Uniform Managed Care Contract, Attachment B-1 § 8.1.18.1 v. 2.19 (Sept. 1, 2016) through v. 2.23 (June 1, 2017).

⁷ The managed care contracts relevant to this audit include the Uniform Managed Care Contract, the STAR+PLUS Medicaid Rural Service Area (MRSA) Contract, the Medicare-Medicaid Dual Demonstration (MMDD) Contract, and the STAR-KIDS Managed Care Contract. For the purpose of this report, the Uniform Managed Care Contract is used for referencing contract requirements.

Recommendation 1

HHSC Medicaid and CHIP Services, through its contract oversight responsibility, should monitor UnitedHealthcare's correction of coding errors in its encounter data, and require UnitedHealthcare to put corrective actions in place to strengthen its current and future encounter data reporting.

Management ResponseAction Plan

HHSC Medicaid and CHIP Services, through its contract oversight responsibility, will monitor UnitedHealthcare's correction of coding errors in its encounter data and require UnitedHealthcare to put corrective actions in place to strengthen its current and future encounter data reporting. Managed Care Compliance & Operations will coordinate the corrective action plan process and Operations Management Claims Administrator will monitor UnitedHealthcare's correction of encounter coding errors.

Responsible Manager

*Director, Managed Care Compliance and Operations
Director, Operations Management Claims Administrator*

Target Implementation Date

May 1, 2019

CONCLUSION

Sub-capitation encounter data reported by UnitedHealthcare was coded incorrectly. Because of the coding errors, encounter data for Longhorn's sub-capitated agreement DME and supplies activity, part of approximately 133,557 encounters reported by UnitedHealthcare, could not be distinguished from encounter data for Longhorn's claims-based DME and supplies activity. If not addressed, the incorrect coding will result in these transactions being misclassified in HHSC's financial reports.

UnitedHealthcare indicated it will complete a project to correct the encounter data in February 2019.

Appendix A: UnitedHealthcare Management Response



February 14, 2019

Office of Inspector General
Texas Health and Human Services Commission
11501 Burnet Rd., Bldg 902
MC: 1310, Office 525
Austin, Texas 78758
Attention: Joel A. Brophy

RE: OIG Draft Audit Report - DME Longhorn UnitedHealthcare Encounter Data

Dear Mr. Brophy:

UnitedHealthcare (UHC) Community Plan received the draft audit report related to the DME Longhorn UnitedHealthcare Encounter Data from the HHSC Office of Inspector General Audit Division on December 17, 2018. Per your offer, UHC would like to offer the following Management Response as follows:

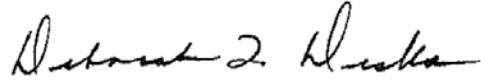
UnitedHealthcare's capitated arrangement with Longhorn is the first of its kind among Texas Medicaid MCOs and providers. The OIG audit found that the financial arrangement coding on encounter data did not correctly identify Longhorn services under the sub-capitation agreement. Instead, the coding was defaulted to be submitted with the traditional fee-for-service code. UnitedHealthcare's system has been corrected and sub-capitated encounters have been removed from the TMHP Warehouse and will be submitted with the corrected sub-capitated arrangement code during the week of January 7, 2019. The sub-capitated claims have zero dollar paid amounts therefore this has had no financial impact to any of the financial reporting that was provided to the state. Additionally, there was no negative impact to the providers or to UnitedHealthcare members as a result of this error.

2/7/19 Update

After the initial attempt to update the financial arrangement code on encounters to reflect the capitated arrangement for Longhorn incontinence supplies, it was observed that some HCPC codes outside of the contract were classified by the encounter system incorrectly as capitated. UnitedHealthcare is working to correct this data as "non-capitated" and the current estimate for resolution is February 15, 2019.

If you have any questions or need anything further, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah L. Hester". The signature is fluid and cursive, with the first name being the most prominent.

Compliance Officer for Texas
UnitedHealthcare Community Plan

Appendix B: Report Team and Distribution

Report Team

The OIG staff members who contributed to this audit report include:

- Joel A. Brophy, CIA, CFE, CRMA, CICA, Audit Director
- Priscilla Suggs, CIA, CFE, Audit Manager
- Donna Keel, CIA, CGAP, Audit Project Manager
- Babatunde Sobanjo, CGAP, Senior Auditor
- Leia Villaret, Staff Auditor
- Mo Brantley, 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
- Karen Ray, Chief Counsel
- Karin Hill, Director of Internal Audit
- Enrique Marquez, Chief Program and Services Officer, Medical and Social Services Division
- Stephanie Muth, State Medicaid Director, Medicaid and CHIP Services
- Katherine Scheib, Deputy Associate Commissioner, Medicaid and CHIP Services
- Caryl Chambliss, Director, Operations Management Claims Administrator
- Grace Windbigler, Director, Managed Care Compliance and Operations

UnitedHealthcare

- Don Langer, Chief Executive Officer
- Deborah Deska, Compliance Officer for Texas

Appendix C: OIG Mission and Contact Information

The mission of the 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
- Anita D'Souza, Chief of Staff and Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Olga Rodriguez, Chief Strategy Officer
- Brian Klozik, Deputy IG for Medicaid Program Integrity
- Lizet Hinojosa, Deputy IG for Benefits Program Integrity
- David Griffith, Deputy IG for Audit
- Quinton Arnold, Deputy IG for Inspections and Investigations
- Alan Scantlen, Deputy IG for Data and Technology
- Judy Hoffman-Knobloch, Assistant Deputy IG for Medical Services

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

- Online: <https://oig.hhsc.texas.gov/report-fraud>
- Phone: 1-800-436-6184

To Contact the OIG

- Email: OIGCommunications@hhsc.state.tx.us
- Mail: Texas Health and Human Services Commission
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000