



# House Committee on General Investigating & Ethics

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Executive Commissioner

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**Stephanie Muth, MPA**  
State Medicaid Director



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October 25, 2018



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# Procurement Update

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# SAO Audit Recommendations

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**All recommendations are implemented, pending further enhancements from the Procurement Improvement Plan**

- Ensure scoring is accurate and consistent for future procurements
- Ensure staff comply with proper procedures for scoring proposals and resolving outlier scores
- Retain all documentation for every procurement
- Establish a quality control process to ensure compliance with award justification and documentation requirements



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# OIG Review Recommendations

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## **HHSC implemented processes that have begun to address issues in the Office of the Inspector General (OIG) review**

- Ensure the Health and Human Services Commission's (HHSC's) Procurement & Contracting Services (PCS) Division complies with policies and procedures
- Strengthen evaluation and scoring processes to ensure consistency and transparency
- Retain complete and accurate documentation, including nepotism and conflicts of interest disclosure forms
- Seek opportunities to increase fair and open competition



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# Remediation

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- Created independent Compliance and Quality Control (CQC) Division
- HHSC, Department of Information Resources (DIR), and Comptroller of Public Accounts (CPA) developed a comprehensive checklist that includes all requirements from solicitation development to contract award
- Complex procurement operating procedures were updated to reflect current legal and regulatory compliance requirements



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# Remediation

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- CQC now designs score sheets to prevent unallowable scores (zeros and/or blanks) and aggregates evaluator score sheets into final score summaries
- Each individual score sheet and all final score summaries are completed by one CQC analyst and reviewed by a separate analyst to ensure consistency and accuracy
- The Procurement Improvement Plan will include projects designed to further enhance governance, risk management, personnel development, and technology functions



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# Next Steps & Best Practices

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- Fully integrate operating procedures into a redesigned Procurement and Contract Manual that is systematically updated
- Align risk-based organizational resources to ensure effective and efficient workflow
- Enhance reporting capabilities and coordinate, management-level oversight of all procurement and contract activities
- Regularly train agency staff on business and system processes and applications
- Continue building productive relationships with internal and external stakeholders



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# Medicaid Managed Care

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# Managed Care Oversight Initiatives

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Network  
Adequacy and  
Access to Care

Complaints  
Process and  
Data Analytics

Strengthening  
Clinical  
Oversight

Outcome  
Focused  
Performance  
Management

Service  
Coordination



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# Network Adequacy

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- Improving the accuracy of provider directories
- Addressing the special needs of rural counties
- Increasing the use of telemedicine
- Reducing administrative burden, including process automation\*
- Integrating network adequacy data\*
- Adding network adequacy standards for Long-term Services and Supports (LTSS) provider types\*

\* Denotes opportunity recommended by Rider 61(b) Report



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# Complaints Trending and Analysis

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- Standardizing definition and categorization of complaints across HHSC and managed care organizations (MCOs)
- Improving data analysis to efficiently identify patterns and resolve issues early\*
- Streamlining the member complaints process\*
- Improving transparency by publicly sharing complaints data\*
- Enhancing education on the issue resolution process\*

\* Denotes opportunity recommended by Rider 61(b) Report



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# Strengthening Clinical Oversight

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- Expanding utilization reviews to include STAR Kids and STAR Health Medically Dependent Children Program (MDCP) recipients\*
- Collecting and analyzing prior authorization data to inform oversight activities
- Creating a Chief Medical Officer position
- Improving guidance on utilization management and medical necessity determinations\*

\* Denotes opportunity recommended by Rider 61(b) Report



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# Outcome Focused Performance Management

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- Enhancing onsite operational reviews of MCO performance by refining the process and adding modules for review
- Reviewing required MCO deliverables and streamline when appropriate\*
- Continuing to strengthen integration on managed care oversight across divisions\*

\* Denotes opportunity recommended by Rider 61(b) Report



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# Service Coordination

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- Examining service coordination requirements by product line
  - Initial focus on STAR Health
- Aligning terminology and definitions across product lines
- Enhancing oversight of service coordination activities



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# Superior Audit Update

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## HHSC amended contracts on May 15, 2018:

- To clarify bonus practices
- To clarify requirements related to affiliate contracting
- To update language regarding regulations on compensation caps



# Appendix

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## Financial Contract Oversight



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# Contract Financial Oversight



## Contract formation with clear terms

- Set standards for reported financial data
  - ✓ Principles
  - ✓ Timing
  - ✓ Templates
- Cap administrative expenses
- Limit profits



## Management by specialized expertise

- Reconcile and validate financial data
- Define scope of annual financial audit based on compliance
- Manage other additional financial audits & reviews



## Audits annually & as needed

- Conduct annual audit by two independent contractors for additional data validation
- Conduct supplemental audits or reviews based on other identified issues

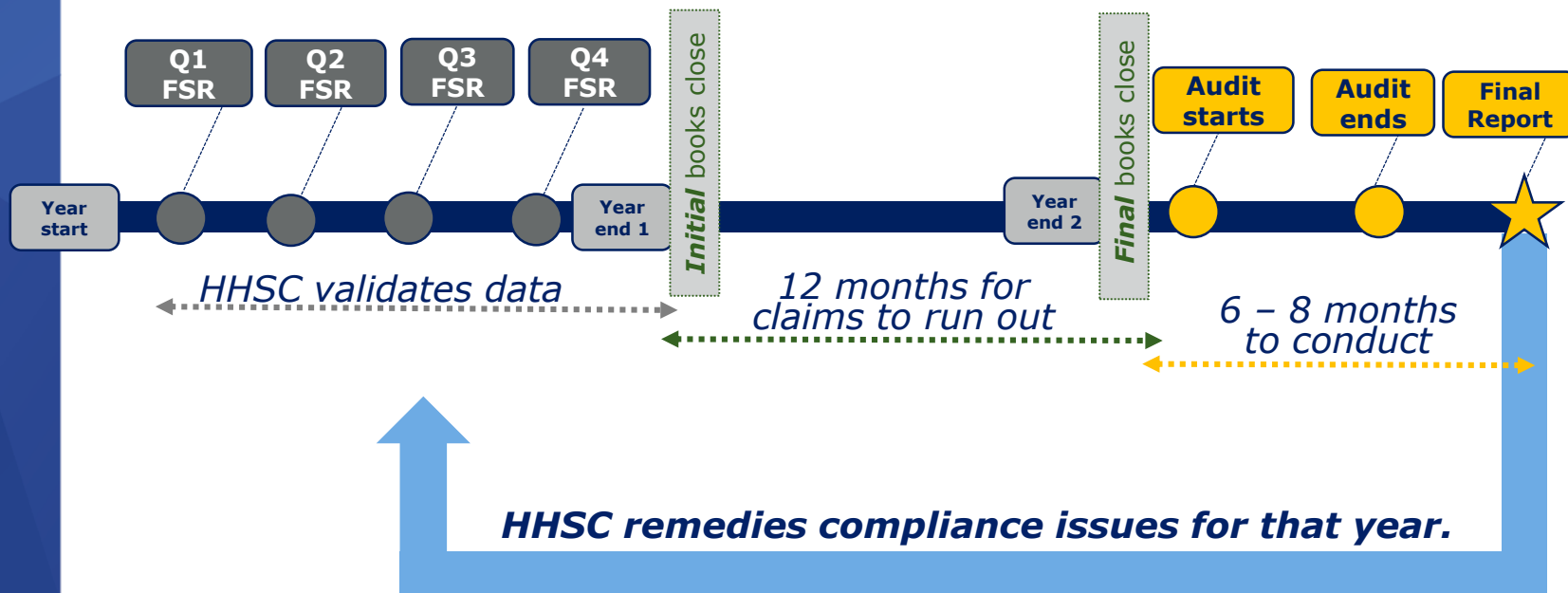
*Non-compliance discoveries enforced as established in the contract, including liquidated damages or recovery of the Experience Rebate (i.e. recovery of "excess profit").*



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# Financial Oversight Timeline for Managing Compliance

An 18-20 month audit process post-year end.





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# Contract Financial Structure

## Safeguards to Ensure Fiscal Responsibility

Major components are caps on administrative expenses, conversions to income, and rebates on excessive profit.

