



House Committee on Human Services

Dr. Courtney N. Phillips
Executive Commissioner

Victoria Ford, MPA
Chief Policy Officer and
Interim Chief Operating Officer

Stephanie Muth, MPA
State Medicaid Director

Mike Maples
Deputy Executive Commissioner

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Procurement Update



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April 2018

- New management within the Procurement & Contracting Services (PCS) Division completed an extensive internal review of all stages of current solicitations, practices, and procedures
- A new independent Compliance and Quality Control Division was created to provide additional oversight
- New procedures were also put in place for large procurements, including a comprehensive checklist that identifies all requirements necessary to complete a solicitation



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Independent Audits and Reviews of PCS

Over the last six months, three audits have been conducted of HHSC's procurement and contracting processes

- HHSC Internal Audit
 - Purpose: Audit PCS' procurement processes
 - Report Issued: July 8, 2018
- State Auditor's Office
 - Purpose: Review the scoring and evaluation of selected HHSC procurements
 - Report Issued: July 13, 2018
- HHSC Office of Inspector General
 - Purpose: Review the HHS procurement process (2013-2018)
 - Report Issued: July 2018

HHSC has implemented many recommendations and responses to audit findings and continues its work to improve its procurement processes



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Audit Findings

Common audit findings relate to:

- Procurement policies and procedures
- Staff training
- Procurement files and documentation
- Evaluation criteria and scoring processes
- Statutory requirements



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Procurement Improvement Plan

- In July 2018, HHSC engaged Ernst & Young to perform an independent assessment of the agency's procurement processes, including a current state assessment, root cause analysis
- HHSC developed a steering committee to prioritize projects resulting from the assessment and develop implementation plans for those projects
- The Ernst & Young assessment, along with HHSC's Procurement Implementation Plan, will be issued in mid-November



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Implementation of Reforms

- Since April, HHSC has been highly focused on identifying and correcting deficiencies in the agency's procurement practices
- HHSC has also consulted and received guidance from other state agencies on how to improve the agency's procurement and contracting processes
- New PCS management continues to:
 - Address staffing issues
 - Implement audit findings
 - Review and revise policies and procedures
 - Implement a more effective staff training processes
 - Strengthen evaluation criteria and methods for all solicitations
- HHSC is currently developing a timeline and framework for successfully implementing system improvements to address the findings identified in the Ernst & Young assessment



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Oversight of Medicaid Managed Care



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Managed Care Oversight Initiatives

Network
Adequacy and
Access to Care

Complaints
Process and
Data Analytics

Strengthening
Clinical
Oversight

Outcome
Focused
Performance
Management

Service
Coordination



Network Adequacy

- 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

- 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

- 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

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

* Denotes opportunity recommended by Rider 61(b) Report



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Service Coordination

- 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



Bill Implementation

85th Legislature, Regular Session, 2017

Senate Bill 894

Relating to auditing and verification of information under certain health and human services programs, including the collection of certain payments following an investigation

Major Provisions

- Implement a strategy for coordinating audit resources and external quality review information to verify the accuracy and reliability of program and financial information reported by managed care organizations
- Provide notice of any proposed recoupment of an overpayment or debt to hospitals, no later than 90 days before the overpayment or debt must be paid
- Complete a review of the Electronic Visit Verification (EVV) system and establish a stakeholder workgroup

Implementation Status – On Target

- ✓ Establish and conduct MCO operational reviews
- ✓ Develop risk assessment instrument to assess the level of risk for MCO performance and help HHSC prioritize contract monitoring activities
- ✓ Develop policies and procedures for agency follow-up after an MCO operational review, including issuance of corrective action plans
- ✓ Develop procedures for MCO financial audits
- ✓ Establish EVV stakeholder group and submit report to the Legislature
- ✓ Complete review of current electronic visit verification system
- ❑ Complete EVV transition



House Bill 2025

Relating to the regulation of certain long-term care facilities, including facilities that provide care to persons with Alzheimer's disease or related disorders; authorizing an administrative penalty

Major Provisions

- Set the expiration date of licenses for certain long-term care facilities to the third anniversary of the date the license was issued
- Review and develop efficiencies in the methods used to issue materials to a licensed entity
- Develop and implement a system to track the scope and severity of violations of rules and standards regulating certain long-term care facilities

Implementation Status – On Target

- ✓ Adopt new policies and processes for developing and issuing internal regulatory policies and external provider communications
- Provide training and guidance to staff on policies and processes related to scope and severity tracking, right to correct, and Alzheimer's staffing requirements
- Adopt all necessary rules



Senate Bill 1021

Relating to reports on the consolidation and certain functions of the health and human services system, including advisory committees within the system

Major Provisions

- Recommend whether to continue DSHS as a separate state agency from HHSC
- Conduct an assessment of the data sharing, communication, and coordination between DFPS and HHSC
- Assess the progress in consolidating administrative support services
- Recommend whether to abolish, consolidate, or re-establish advisory committees in rule

Implementation Status – Complete

- ✓ Maintain current organizational structure and continue DSHS as an HHS system agency
- ✓ Form DSHS and DFPS Joint Operations Coordination Committees
- ✓ Maintain the House Bill 5 Executive Steering Committee
- ✓ Merge two advisory committees and allow one to expire
- ❑ Transfer Consumer Rights-Intellectual Disability unit from Regulatory Services to the Office of the Ombudsman



Senate Bill 547

Relating to the provision of services and resources to certain individuals by a state supported living center (SSLC) and to the creation of a schedule of support services a SSLC may provide and procedure for establishing applicable fees for those activities

Major Provisions

- Adopt rules establishing a schedule of support services that an SSLC may provide under a contract with a person that provides services to an individual with developmental disabilities
- Remove several eligibility requirements for individuals to receive non-residential services from an SSLC

Implementation Status – Complete

- ✓ Adopt all necessary rules

