

Health and Human Services Commission - Office of Inspector General
Summary of Recommendations - House

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Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$45,624,772	\$45,507,980	(\$116,792)	(0.3%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$45,624,772</i>	<i>\$45,507,980</i>	<i>(\$116,792)</i>	<i>(0.3%)</i>
Federal Funds	\$50,613,356	\$53,403,127	\$2,789,771	5.5%
Other	\$12,352,995	\$11,361,989	(\$991,006)	(8.0%)
All Funds	\$108,591,123	\$110,273,096	\$1,681,973	1.5%

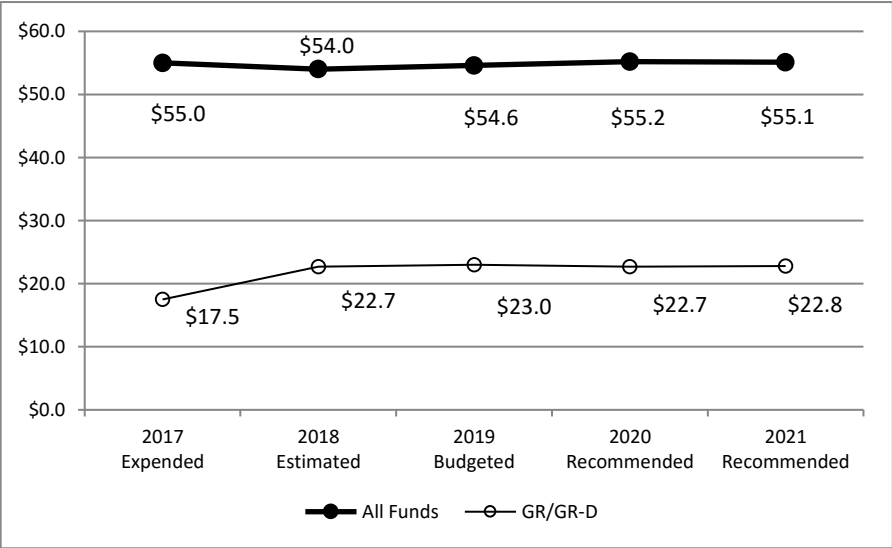
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	751.2	602.2	(149.0)	(19.8%)

Agency Budget and Policy Issues and/or Highlights

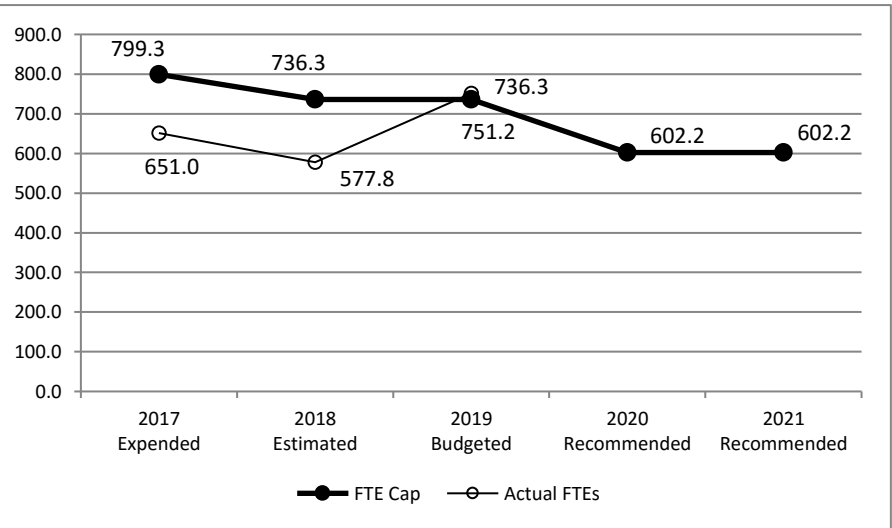
The Health and Human Services Commission Office of the Inspector General (OIG) is under Strategic Fiscal Review (SFR) for the Eighty-sixth Legislative Session. The 2020-21 recommendations for OIG incorporate SFR findings.

SFR analysis also includes an additional \$23.8 million in All Funds outside of strategies in Goal K, Office of Inspector General, including allocated indirect administrative costs from HHSC and funding in certain HHSC strategies that support functions of the OIG (such as WIC Vendor Monitoring and Disability Determination Services Investigations).

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)

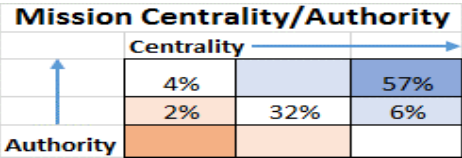


Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Program Summary - House

Section 1a

Health and Human Services Commission - Office of Inspector General

The mission of the OIG is to prevent, detect, audit, inspect, review, and investigate fraud, waste, and abuse in the provision and delivery of all state and federal health and human services, and enforce state law related to the provision of those services.



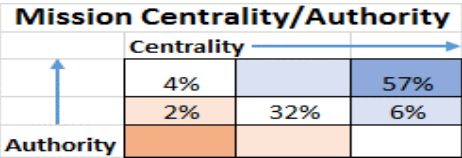
					2018-19 Base Funding	2020-21 Recommendations*	Percent Change from Base	GR-Related Percentage of Rec. Total	2020-21 Agency Total Request*
Total Budget	100%	Budget, Ordered by Mission Centrality and Authority	Strategy	Agency Ranking	\$134,351,228	\$134,034,382	-0%	40%	\$154,400,794
		System Oversight & Program Support (from HHSC)*	Goal 12, System Oversight & Program Support	20	\$19,759,671	\$17,805,548	-10%	36%	\$17,805,548
	87%	Agency Allocated Support Cost (From HHSC)	11.1.2 OIG Administrative Support	19	\$9,772,593	\$8,723,902	-11%	33%	\$8,723,902
	80%	Provider Enrollment Integrity Screening (PEIS)	11.1.1 Office Of Inspector General	15	\$1,573,266	\$1,598,144	2%	50%	\$1,598,144
	79%	Finger Print Checks*	2.1.1 Medicaid Contracts & Administration	14	\$163,244	\$163,244	0%	50%	\$163,244
	79%	Disability Determination Services Investigations*	10.1.1 Disability Determination Svcs	18	\$381,282	\$289,616	-24%	0%	\$289,616
	79%	WIC Vendor Monitoring Unit*	5.1.2 Provide WIC Services	17	\$1,103,697	\$1,071,918	-3%	0%	\$1,071,918
	78%	Internal Affairs (IA)	11.1.1 Office Of Inspector General	13	\$4,835,400	\$4,600,712	-5%	35%	\$4,600,712
	74%	Fraud Hotline	11.1.1 Office Of Inspector General	12	\$599,668	\$586,616	-2%	35%	\$586,616
	74%	Clinical Subject Matter Expert (CSME)	11.1.1 Office Of Inspector General	11	\$926,717	\$940,248	1%	25%	\$940,248
	73%	Other Support Services (Direct Support Services)	11.1.2 OIG Administrative Support	10	\$23,155,396	\$23,155,396	0%	32%	\$44,260,996
	56%	State Centers Investigative Team (SCIT)	11.1.1 Office Of Inspector General	8	\$5,586,454	\$3,993,496	-29%	78%	\$3,993,496
	53%	Inspections	11.1.1 Office Of Inspector General	6	\$3,904,429	\$3,690,922	-5%	35%	\$3,690,922
	50%	Chief Counsel	11.1.1 Office Of Inspector General	9	\$6,275,294	\$6,513,564	4%	50%	\$6,513,564

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Program Summary - House

Section 1a

Health and Human Services Commission - Office of Inspector General

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					2018-19 Base Funding	2020-21 Recommendations*	Percent Change from Base	GR-Related Percentage of Rec. Total	2020-21 Agency Total Request*
Total Budget 100%	Budget, Ordered by Mission Centrality and Authority		Strategy	Agency Ranking	\$134,351,228	\$134,034,382	-0%	40%	\$154,400,794
	45%	Medicaid Fraud Law Enforcement	11.1.1 Office Of Inspector General	16	\$1,185,980	\$1,245,140	5%	50%	\$1,245,140
	45%	Electronic Benefit Transfer (EBT) Trafficking Unit	11.1.1 Office Of Inspector General	7	\$2,136,678	\$2,090,728	-2%	50%	\$2,090,728
	43%	General Investigations (GI)	11.1.1 Office Of Inspector General	5	\$13,598,655	\$14,793,156	9%	49%	\$14,053,968
	32%	Audit*	11.1.1 Office Of Inspector General 2.1.1 Medicaid Contracts & Administration	4	\$14,602,465	\$17,126,374	17%	48%	\$17,126,374
	19%	Medicaid Provider Integrity (MPI)	11.1.1 Office Of Inspector General	3	\$10,496,196	\$10,991,268	5%	50%	\$10,991,268
	11%	Acute Care Surveillance Team (ACS)	11.1.1 Office Of Inspector General	2	\$3,149,563	\$3,256,212	3%	30%	\$3,256,212
	9%	Quality Review (QR)	11.1.1 Office Of Inspector General	1	\$11,144,580	\$11,398,178	2%	29%	\$11,398,178

Notes: Indirect administration program names are italicized, and not included in the Mission Centrality / Authority Matrix.
* Programs are partially or fully funded in certain other strategies at HHSC. Recommendations for Strategies in Goal K, Office of Inspector General, total \$110.3 million in All Funds (\$45.5 million in General Revenue). Recommended funding from other HHSC strategies totals \$23.8 million in All Funds including:

Strategy B.1.1, Medicaid Contracts and Administration
Finger Print Checks (\$0.2 million in All Funds)
Recovery Audit Contract (\$4.4 million in All Funds)

Strategy J.1.1, Disability Determination Services
Disability Determination Services Investigations (\$0.3 million in All Funds)

Strategy E.1.2, Provide WIC Services
WIC Vendor Monitoring (\$1.1 million in All Funds)

Strategies in Goal L, System Oversight & Program Support
System Oversight & Program Support (\$17.8 million in All Funds)

Health and Human Services Commission - Office of Inspector General
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A	Detail in SFR Appendix 5
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A and SFR Appendices, when applicable):</i>								
A)	Revised Public Assistance Cost Allocation Plan (PACAP)	\$3.5	\$0.0	\$4.7	\$0.4	\$8.6	K.1.2	Appendices 5j & 5s
B)	Biennialize Transfer of Subrogation and Recovery Program from HHSC	\$0.6	\$0.0	\$0.6	\$0.0	\$1.2	K.1.1	Appendix 5e
C)	Reduce Consistently Unfilled FTEs (149.0 FTEs)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	K.1.1	Appendices 5a-5p & 5s
D)	Maintain 2018-19 Base Spending Level for Direct Support Services	(\$4.2)	\$0.0	(\$2.5)	(\$1.4)	(\$8.1)	K.1.2	Appendix 5j
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$0.1)	\$0.0	\$2.8	(\$1.0)	\$1.7	As Listed	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$4.1	\$0.0	\$5.3	\$0.4	\$9.8	As Listed	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$4.2)	\$0.0	(\$2.5)	(\$1.4)	(\$8.1)	As Listed	As Listed

NOTE: Totals may not sum due to rounding.

**Health and Human Services Commission – Office of Inspector General
Selected Fiscal and Policy Issues - House**

1. **Strategic Fiscal Review Overview.** The Health and Human Services Commission (HHSC) Office of Inspector General (OIG) is under Strategic Fiscal Review for the Eighty-sixth Legislative Session. Significant observations and considerations include:
 - (a) All 20 of the agency programs reviewed under SFR are within statutory requirements and/or authorizations (see Section 1a and SFR appendices 1 and 3). The assessment of mission centrality and authority highlights that OIG operates two programs, Provider Enrollment Integrity Screening and Finger Print Checks, with weak mission centrality and medium authority. The agency ranks these programs number 14 and 15, respectively, out of 18 (excluding indirect administration and agency allocated support costs).
 - (b) OIG operates several programs at HHSC supported by funds outside of Strategy K.1.1, Office of Inspector General. These include Finger Print Checks (14 of 18), WIC Vendor Monitoring Unit (17 of 18), Disability Determination Services (DDS) Investigations (18 of 18), and the Recovery Audit Contract (RAC) program (part of the Audit program).
 - (c) OIG had approximately 451.6 FTEs (78.1 percent of total filled FTEs) actively engaged in activities that generate recoveries for the state in fiscal year 2018.
 - (d) OIG activities generated approximately \$115.5 million in recoveries of overpayments made by HHS program in fiscal year 2018.
 - (e) A reoccurring enhancement opportunity across multiple program areas was for resources to implement a single consolidated case management system. OIG did not provide an estimate of costs or capital budget authority necessary to implement a single consolidated case management system, nor did OIG include an Exceptional Item request for this purpose in the 2020-21 Legislative Appropriations Request. OIG did provide an estimate of \$0.5 million to modify a version of the Federal OIG case management system for state purposes.
 - (f) OIG requested an increase of \$8.0 million All Funds (\$4.2 million General Revenue) related to Direct Support Services. The baseline request reallocated from other programs including the State Centers Investigative Team and from other programs at HHSC. Recommendations maintain funding for Direct Support Services at the 2018-19 base spending level.
2. **OIG Administrative Support Strategy.** Recommendations include new Strategy K.1.2, OIG Administrative Support, which would include agency allocated support costs from HHSC and OIG direct administrative costs. Direct costs include training, legislative analysis, communications, policy development, data and technology, budget, and direct program support. Recommendations would reallocate funding in Strategy K.1.1, Office of Inspector General, of \$31.9 million All Funds (\$10.4 million in General Revenue Funds) and 95.3 FTEs to Strategy K.1.2, OIG Administrative Support. Recommendations maintain SFR Program 10, Direct Support Services, at the 2018-19 base spending level.
3. **OIG Audit Functions.** The OIG Audit Division conducts risk-based performance, compliance, and financial audits of contractors, providers, administrative services, and programs within the Health and Human Services (HHS) system and the Department of Family and Protective Services (DFPS) pursuant to Government Code Chapter 531. Audits: (a) assess the efficiency and effectiveness of programs and operations, (b) evaluate whether federal and state funds were used as intended, (c) identify overpayments and disallowed costs, and (d) identify and make recommendations to mitigate performance gaps and risks that could prevent HHS agency programs from achieving their goals and objectives. The audit universe for the HHSC OIG includes all departments, programs, functions, and processes within HHSC, the Department of State Health Services (DSHS), and DFPS as well as services delivered through managed care, providers, and contractors.

The HHS System Internal Audit Division and the DFPS Internal Audit Division each operate an internal audit program required under the Texas Internal Auditing Act (Government Code Chapter 2102). The Act defines an audit to mean a financial audit, a compliance audit, an economy and efficiency audit, an effectiveness audit, or an investigation. The audit universe for the HHS System Internal Audit Division includes all departments, programs, functions, and processes at both HHSC and DSHS. The audit universe for the DFPS Internal Audit Division includes all departments, programs, functions, and processes at DFPS. In addition to OIG Audit

and HHSC internal audit, the State Auditor's Office is also authorized to perform financial, compliance, and effectiveness audits of HHS programs and managed care organizations.

Due to the statewide transition of the Medicaid program into managed care and the overlapping audit universes of OIG Audit with HHSC and DFPS Internal Audit, some resources currently allocated to the OIG for audits could be redirected to another state agency to develop additional Medicaid managed care program expertise and audit coverage. Even though the majority of Medicaid recipients received services through managed care beginning in fiscal year 2006, OIG is disproportionately focused on preventing fraud, waste, and abuse in fee-for-service Medicaid. While OIG has a unit designed to modernize OIG business functions to align with the managed care delivery model, the unit was not implemented until fiscal year 2018.

4. **Performance Measures.** Recommendations include two new key performance measures selected from current OIG internal performance measures and one new key performance measure that consolidates OIG internal performance measures for several programs:
 - a. *Number of Trainings Delivered.* A consistent theme of audit findings and organizational assessments of the OIG since 2015 has been a lack of adequate and consistent training for staff engaged in the heavily technical audit, review, and investigative work the OIG does of complex health and human services programs. A performance measure for the number of trainings delivered provides a measure of agency resources dedicated to staff training.
 - b. *Average Number of Clients in the Lock-In program.* This new measure would report the number of clients enrolled in the pharmacy Lock-In program, which can be used as a measure of OIG efforts to proactively prevent fraud, waste, and abuse, and can be used as a basis to determine potential cost avoidance of the Lock-in program.
 - c. *Total Recoveries Identified.* Dollars identified for recovery would include overpayments identified for recovery during an OIG investigation, audit, inspection, or review that have not been collected. This new measure would facilitate tracking of potential future recoveries, as well as a measure of actual success rate in recovering funds that have been identified as having been paid in error.
5. **Disposition of OIG Recoveries.** The majority of recoveries resulting from activities of the OIG are returned to the program area from which the overpayment was originally made. In some cases, HHSC pursues the recovery once informed of the overpayment by OIG. Recoveries are deposited and spent based on the HHSC program area that originally made the overpayment. OIG does not keep or have authority to expend any recoveries that are collected as a result of recovery activities. For example, certain cash payments related to Medicaid fraud and abuse are deposited by HHSC as General Revenue Medicaid Program Income Account No. 705 to HHSC Strategy A.1.5, Children. HHSC Accounting splits cash payments between the state and the federal government based on current Federal Medical Assistance Percentage (FMAP) rates. Recoveries are then available for expenditure in the Medicaid program, which would reduce the potential Medicaid supplemental need. The same is true for most other types of recoveries.

However, certain recoveries of SNAP client overpayments are collected as Earned Federal Funds (EFF). EFF are dollars received in connection with a federal program, but by governing agreement are not required to be spent on that program. HHSC receives General Revenue and is required to collect EFF at the level established in Article IX, Sec. 13.11, Definition, Appropriation, Reporting and Audit of Earned Federal Funds, or must return General Revenue to the treasury in an amount equal to the amount not collected. Amounts collected above the target are appropriated to HHSC by Article IX, Sec. 13.11, contingent upon prior written notification to the LBB and the Governor.

House Bill 2379, Eighty-fifth Legislature, Regular Session, 2017, requires managed care organizations (MCOs) to remit one-half of recoveries to OIG when the MCO identifies and recovers provider fraud or abuse. These recoveries are deposited to unappropriated General Revenue. Rider 44, Contingency for SB 1787,

(2018-19 General Appropriations Act), assumes reductions in Medicaid client services of \$16.8 million in General Revenue as a result of these additional recoveries.

See the table on below for the types and amounts of recoveries resulting from OIG activities, by quarter, for fiscal year 2018. See Supplemental Schedule 3-1 for additional information on the process for collecting and logging recoveries.

Type of Recovery (millions)	Fiscal Year 2018				
	Q1	Q2	Q3	Q4	Total
OIG, Medicaid Program Integrity Contractor (MIC), or Recovery Audit Contractor (RAC) Audit Collections	\$6.7	\$6.4	\$10.9	\$8.7	\$32.7
Inspections Collections	\$1.0	\$0.0	\$1.9	\$0.1	\$3.0
WIC Retailer Collections	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Client Collections	\$4.1	\$3.2	\$21.1	\$5.4	\$33.8
EBT Trafficking	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1
Medicaid Provider Collections	\$0.9	\$0.8	\$2.1	\$2.0	\$5.8
Acute Care Provider Collections	\$2.8	\$0.3	\$2.7	\$0.3	\$6.1
Hospital Collections	\$4.3	\$8.5	\$8.6	\$11.1	\$32.5
Nursing Facility Collections	\$0.9	\$0.1	\$0.1	\$0.0	\$1.1
Voluntary repayments and self-reports	\$0.1	\$0.0	\$0.1	\$0.0	\$0.2
Total	\$20.8	\$19.4	\$47.5	\$27.7	\$115.3

Source: Office of Inspector General

Note: Dollars recovered do not include calculations for cost avoidance, nor do they include dollars that have been identified as an overpayment during an investigation, audit, inspection, or review but have not been collected.

6. **HHSC Public Assistance Cost Allocation Plan (PACAP).** Recommendations include an increase of \$3.5 million in General Revenue to reflect changes in the method of financing for certain administrative costs at the OIG as a result of changes in the HHSC Public Assistance Cost Allocation Plan (PACAP) as outlined in the HHSC

Summary of Recommendations packet. While the revised PACAP primarily impacts strategies in Goal L, HHS Enterprise Oversight and Policy, because the PACAP allocates all direct and indirect administrative costs, changes in certain administrative costs at the OIG also result from revisions to the PACAP.

7. **Subrogation and Recovery Program.** Recommendations include an increase of \$1.2 million All Funds (\$0.6 million General Revenue) to biennialize certain Subrogation and Recovery program FTEs and funding that transferred from HSHC to OIG in fiscal year 2019. Recommendations reflect the transfer of 12.0 FTEs and \$0.4 million in General Revenue from Strategy B.1.1, Medicaid Contracts and Administration, and 3.0 FTEs and \$0.2 million in General Revenue transferred from Strategy I.2.1, Long-term Care Intake and Access. The Subrogation and Recovery program (SRP) includes the Medicaid Estate Recovery Program (MERP), Third Party Liability (TPL), and certain cost recovery services. HHSC and OIG indicate that the transfer of the SRP promotes efficiencies by allowing staff to work more closely with OIG subject matter experts in audit, investigation, inspection, and other reviews.
8. **FTE Adjustment.** Recommendations for HHSC's FTE cap remove a portion of FTEs in certain strategies that were consistently vacant in fiscal year 2018 according to HHSC's Monthly Financial Reports. Recommendations for the OIG assume the FTE allocation of the recommended FTE cap would reflect 105 percent of the average fill level for Strategy K.1.1, Office of Inspector General, in fiscal year 2018. This would result in an FTE allocation reduction of 149.0 FTEs in each fiscal year of the 2020-21 biennium. The average fill level for fiscal year 2018 totaled 577.8 FTEs. This adjustment would not affect overall funding levels. The FTE reduction was allocated proportionally between all programs funded out of Strategy K.1.1, Office of Inspector General based on the program's percentage of total FTEs.
9. **Medicaid Fraud Abuse Detection System (MFADS).** Recommendations for MFADS total \$5.0 million All Funds (\$1.3 million in General Revenue) for the 2020-21 biennium, which maintains 2018-19 base spending levels. OIG requested \$10.0 million in the 2018-19 biennium to initiate a request for proposal (RFP) to procure a replacement system for MFADS. OIG was appropriated \$5.0 million for the 2018-19 biennium for this purpose. OIG indicates that, given the amount appropriated, they pursued a modular design structure to develop and implement functionality and processes to transition operations to other state-owned infrastructure and tools. The recommended funding level would allow OIG to continue to develop and implement modular functionality for MFADS.

OIG RECOVERY PROCESS OVERVIEW

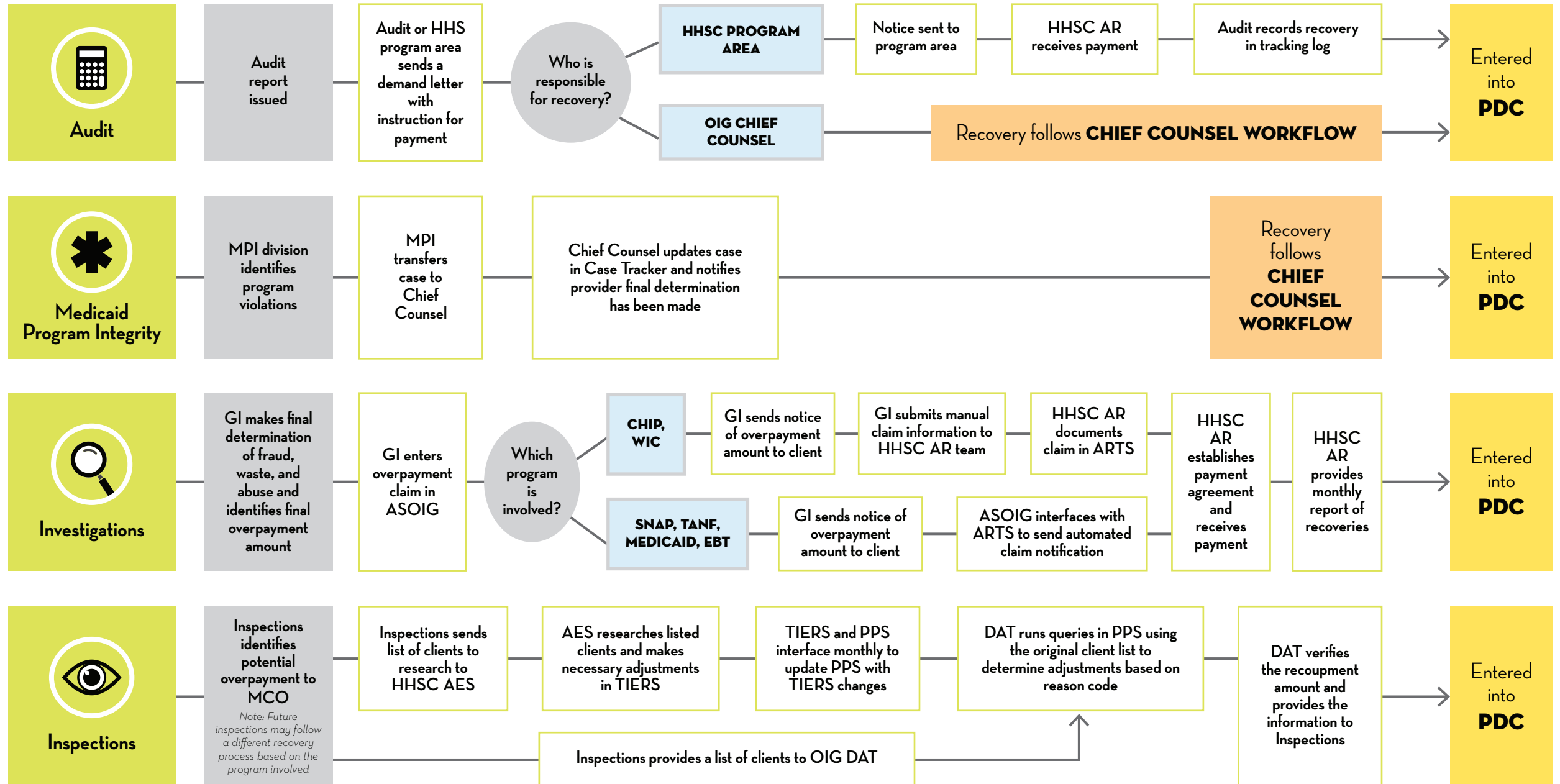


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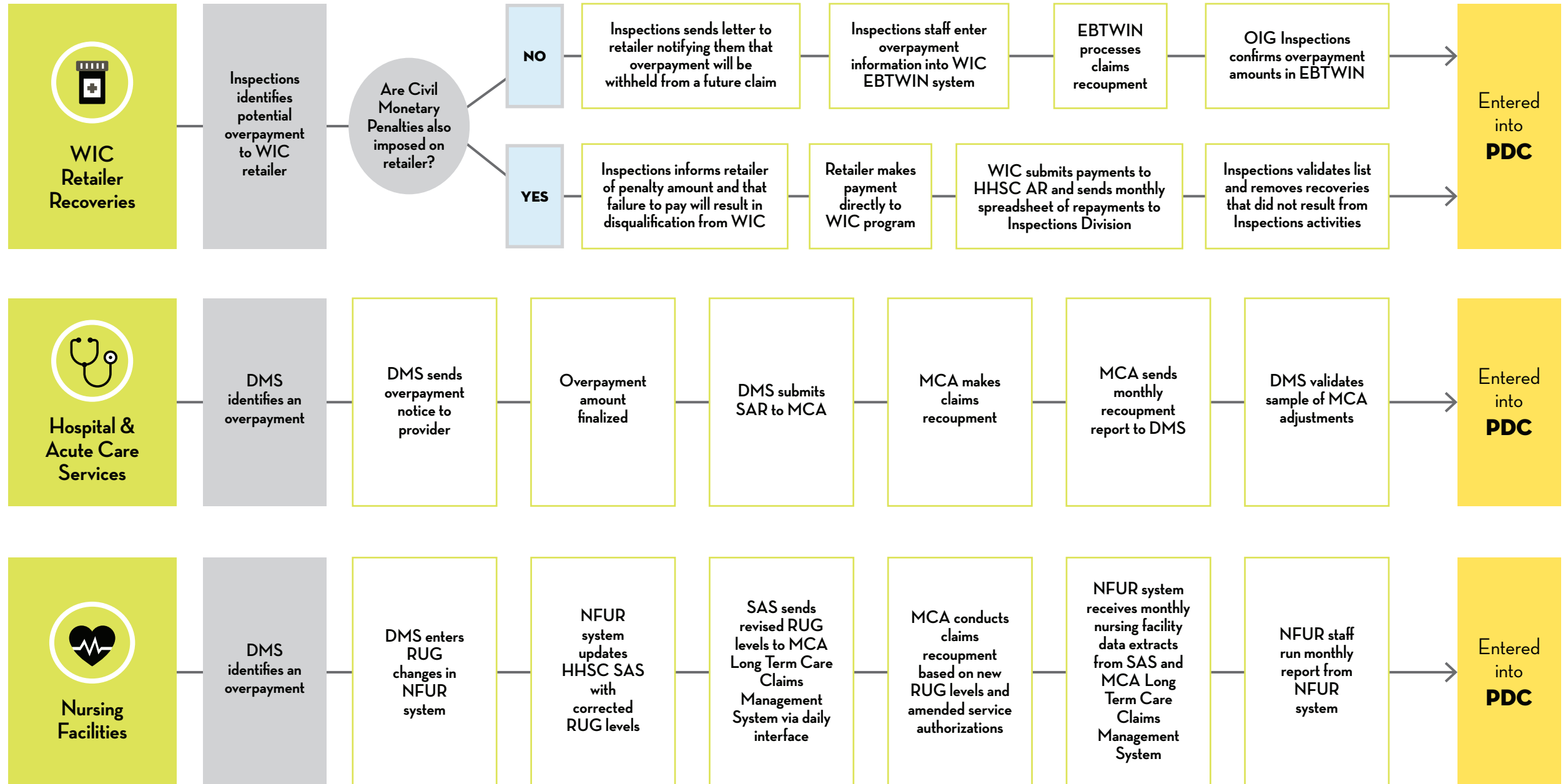
Access and Eligibility Services (AES)	Division of Medical Services (DMS)	Medicaid Program Integrity (MPI)	State Action Request (SAR)
Accounts Receivable (AR)	EBT WIC Information Network (EBTWIN)	Nursing Facility Utilization Review (NFUR)	Service Authorization System (SAS)
Accounts Receivable Tracking System (ARTS)	General Investigations (GI)	Office of Inspector General (OIG)	Supplemental Nutrition Assistance Program (SNAP)
Automated System for OIG (ASOIG)	Health & Human Services Commission (HHSC)	Performance Data Compiler (PDC)	Temporary Assistance for Needy Families (TANF)
Children's Health Insurance Program (CHIP)	Medicaid Claims Administrator (MCA)	Premium Payment System (PPS)	Texas Integrated Eligibility Redesign System (TIERS)
Data and Technology (DAT)	Managed Care Organization (MCO)	Resource Utilization Group (RUG)	Women, Infants, & Children (WIC)

Source: Office of the Inspector General

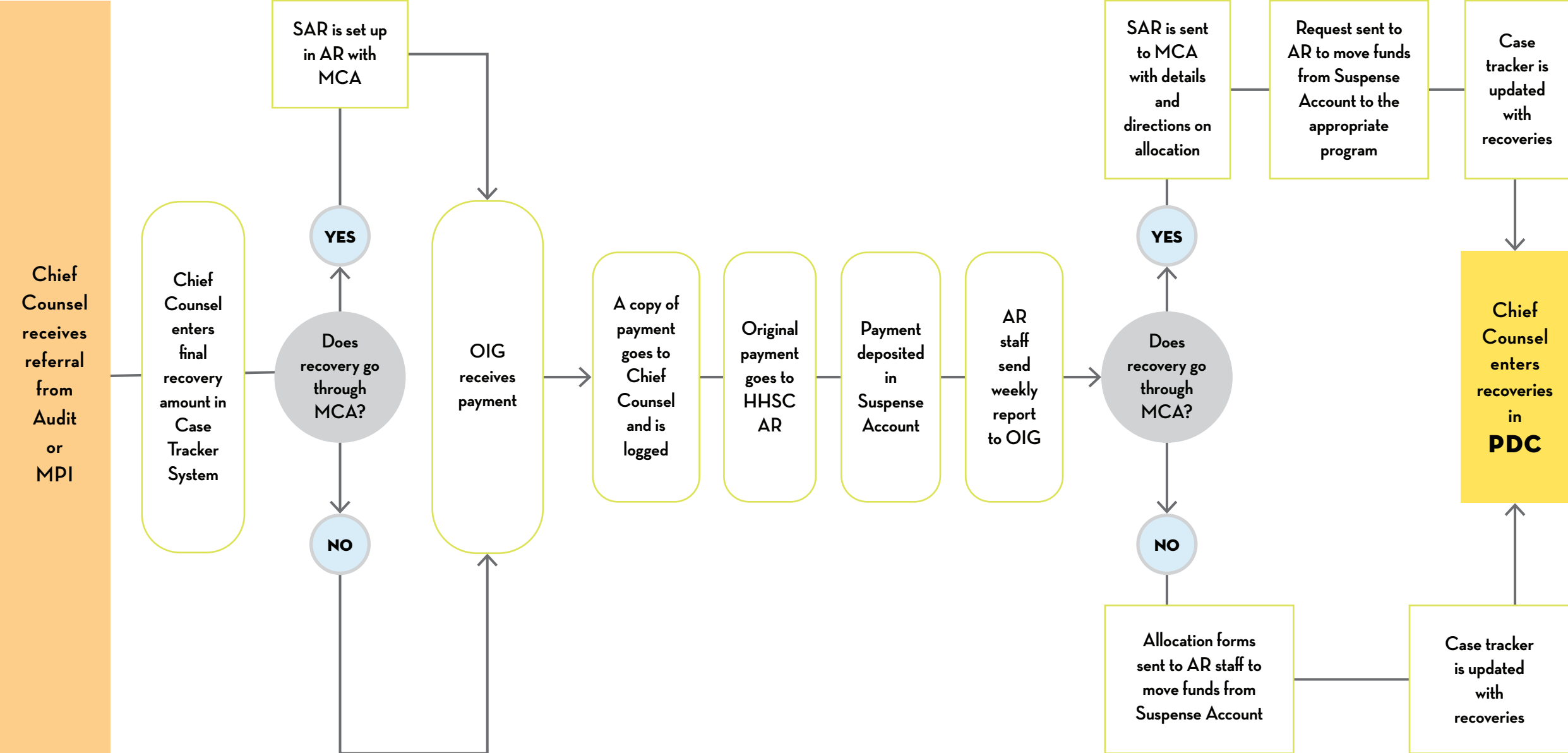
OIG RECOVERY PROCESS CONTINUED



OIG RECOVERY PROCESS CONTINUED

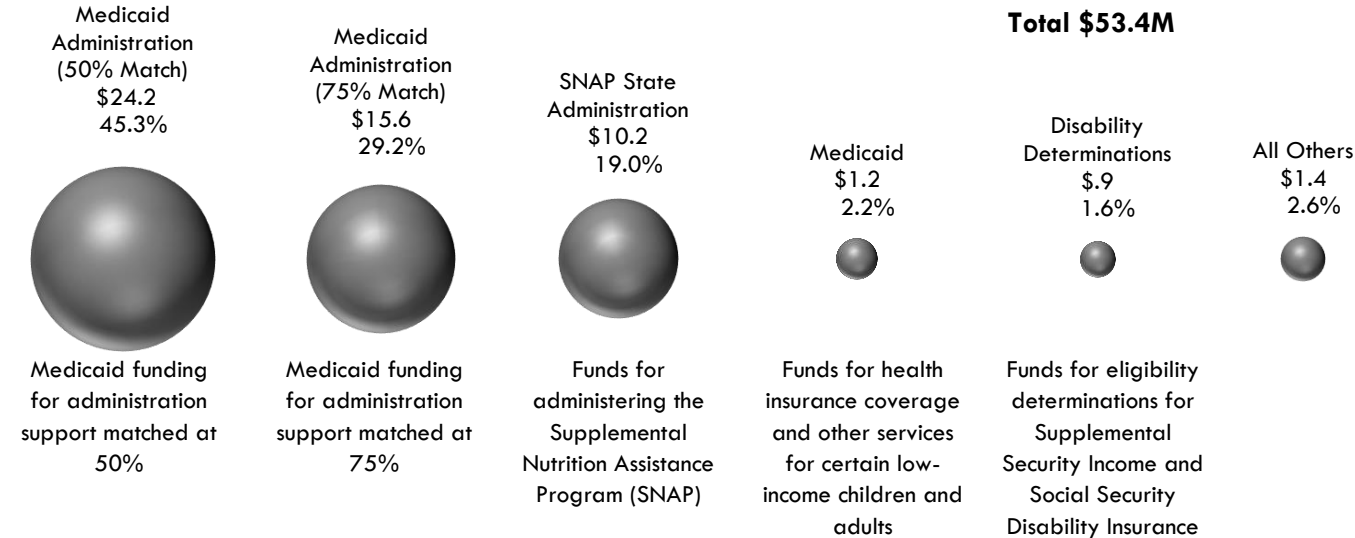


OIG RECOVERY PROCESS ★ CHIEF COUNSEL WORKFLOW



Health and Human Services Commission - Office of the Inspector General

Summary of Federal Funds (2020 - 21)

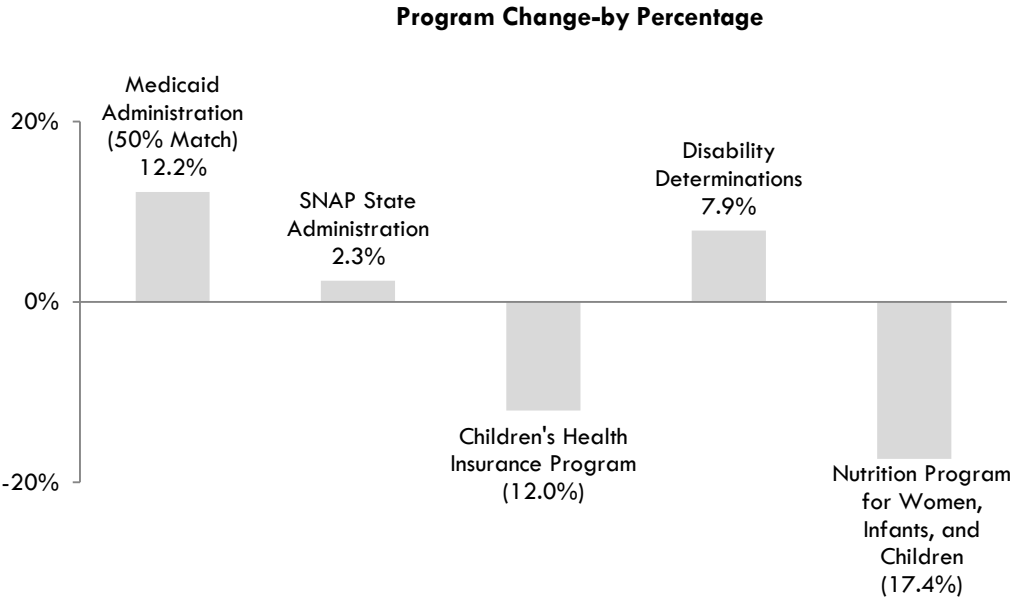
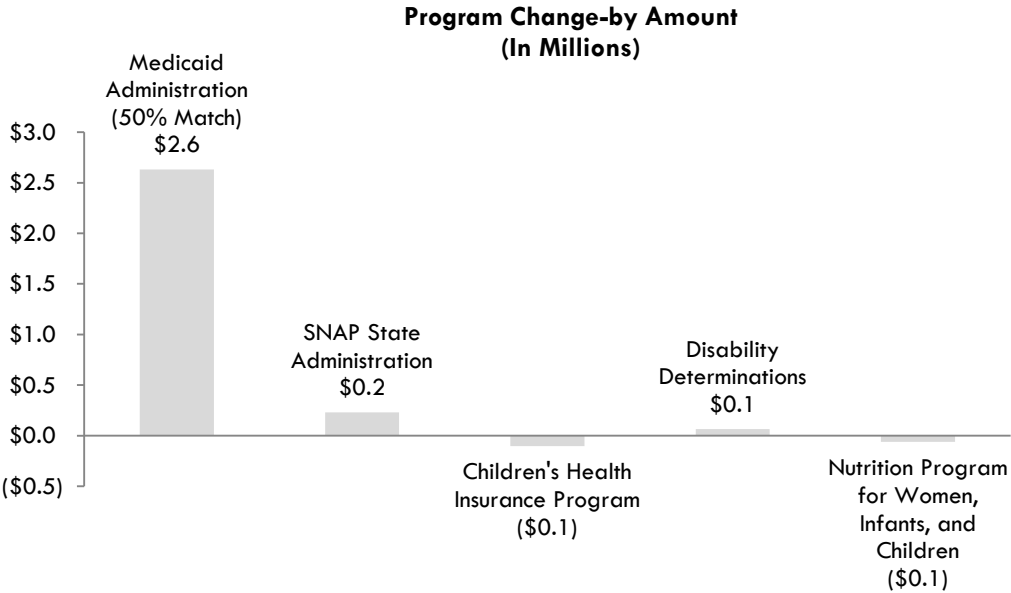


Selected Federal Fiscal and Policy Issues

Federal funding changes at the Office of the Inspector General (OIG) primarily reflect changes in the Health and Human Service Commission's Public Assistance Cost Allocation Plan.

The decrease in Children's Health Insurance Program expenditures is also attributable to a phase-down of the 23-percentage point increase to the EFMAP, the matching rate for the program, beginning in FFY 2020 pursuant to the federal HEALTHY KIDS Act. There is an 11.5-percentage point increase in EFMAP for FFY 2020 and no increase in FFY 2021.

Programs with Federal Funding Changes from 2018 - 19



Health and Human Services Commission - Office of Inspector General
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
FTE Allocation from HHSC	799.3	736.4	736.2	602.2	602.2
Actual/Budgeted	651.0	577.8	751.2	NA	NA

Schedule of Exempt Positions (Cap)

None.

Notes:

- a) OIG's FTE allocation for fiscal year 2019 was increased by 15.0 FTEs to account for the transfer of the Subrogation and Recovery Program from HHSC Strategy B.1.1, Medicaid Contracts and Administration, and Strategy I.2.1, Intake and Access.
- b) The recommended FTE allocation for the 2020-21 biennium includes an adjustment from the 2018-19 base to reflect an 18.0 percent reduction (149.0 FTEs) to remove a portion of FTEs that were consistently vacant in fiscal year 2018 according to HHSC's Monthly Financial Reports (MFR). The OIG was reduced to 105.0 percent of the actual fiscal year 2018 fill level as reported in the MFR.

Health and Human Services Commission - Office of Inspector General
Performance Measure Highlights - House

Appendix D

	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Number of Completed Provider and Recipient Investigations Measure Explanation: This is a measure of the Medicaid Program Integrity and the General Investigations sections of Office of Inspector General (OIG) that is responsible for investigating allegations, complaints, and referrals of Medicaid, CHIP, TANF, SNAP, and WIC fraud, abuse, or waste.	19,406	27,192	19,175	19,175	19,175
Total Dollars Recovered (Millions) Measure Explanation: This is a measure of the effectiveness of OIG programs and activities in generating recoveries of overpayments in health and human services programs.	97.5	115.5	90.0	90.0	90.0
Total Medicaid Overpayments Recovered with Special Investigation Units Measure Explanation: This measure reports the amount of Medicaid overpayments identified by the OIG through collaborative efforts with Special Investigation Units operated by Managed Care Organizations.	0	0	6,500,000	6,500,000	6,500,000
Total Recoveries Identified (Millions) Measure Explanation: This new key measure reports includes overpayments identified for recovery during an OIG investigation, audit, inspection, or review that have not been collected. The target is set at the average of identified recoveries in fiscal year 2017 and fiscal year 2018, not including funds identified for recovery by the Inspections Division in fiscal year 2018. Recoveries identified by Inspections are highly dependent on the types of inspections conducted and are not the primary focus of the Inspections Division.	87.1	122.9	105.0	105.0	105.0
Number of Trainings Delivered Measure Explanation: This new key measure reports the internal courses developed and presented by OIG Professional Development Team staff including training sessions, workshops, seminars, employee orientations, and webinars.	100	142	121	121	121
Average Number of Clients in Pharmacy Lock-in Program Measure Explanation: This new key measure reports the number of clients enrolled in the Pharmacy Lock-In program and can be used as a factor to calculate cost avoidance activities of the OIG.	1,052	1,222	1,222	1,222	1,222

**Health and Human Services Commission – Office of Inspector General
Rider Highlights - House**

Deleted Riders (original number)

- 148. **Dental and Orthodontia Providers in the Texas Medicaid Program.** Recommendations delete rider for one-time directive to the agency.
- 151. **Office of Inspector General: Managed Care Organization Performance, Reporting Requirement.** Recommendations delete rider for one-time reporting requirement.
- 152. **Office of Inspector General: Special Investigation Unit Guidance, Reporting Requirement.** Recommendations delete rider for one-time reporting requirement.
- 153. **Office of Inspector General Accountability.** Recommendations delete rider for one-time reporting requirement.

Health and Human Services Commission - Office of Inspector General
Items Not Included in Recommendations - House

		2020-21 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
Agency Exceptional Items Not Included (in agency priority order)							
1)	Medicaid Fraud and Abuse Detection System (MFADS)	\$6,822,100	\$10,000,000	20.2	Yes	Yes	\$2,513,536
2)	Automated System for the Office of Inspector General (ASOIG)	\$1,819,300	\$3,080,119	15.2	Yes	Yes	\$736,184
3)	Improper Payment Recoveries	\$751,597	\$1,523,488	0.0	No	No	\$1,293,435
TOTAL Items Not Included in Recommendations		\$9,392,997	\$14,603,607	35.4	\$4,543,155		

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendices - House

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* Appendix is not included - no significant information to report

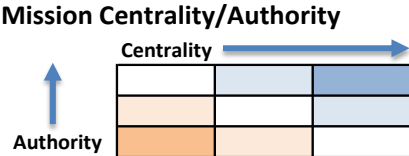
Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
1	Quality Review (QR)	2004	Admin Code, Statute	Public Law, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	Partial
2	Acute Care Surveillance Team (ACS)	2004	Admin Code, Statute	Public Law, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	N/A
3	Medicaid Provider Integrity (MPI)	2004	Admin Code, Statute	Public Law	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	No
4	Audit	2003	Admin Code, Other, Statute	Executive Order, Other, Public Law, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	No	Partial
5	General Investigations (GI)	2003	Admin Code, Statute	Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	Yes	No
6	Inspections	2016	Admin Code, Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	No
7	Electronic Benefit Transfer (EBT) Trafficking Unit	2015	Admin Code, Statute	Other, Rules	Strong	Strong	Business & Workforce Development & Regulation	Statewide	N/A	No
8	State Centers Investigative Team (SCIT)	2016	Admin Code, Statute	No Federal Requirement	Strong	Weak	Business & Workforce Development & Regulation	Statewide	N/A	No
9	Chief Counsel	2003	Admin Code	No Federal Requirement	Moderate	Strong	Business & Workforce Development & Regulation	Statewide	No	No
10	Other Support Services (Direct Support Services)	2003	Admin Code, Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	No
11	Clinical Subject Matter Expert (CSME)	2003	Admin Code, Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	N/A
12	Fraud Hotline	2003	Statute	No Federal Requirement	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	N/A
13	Internal Affairs (IA)	2018	Admin Code, Statute	Rules	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	Yes	No
14	Finger Print Checks	2017	Statute	Public Law, Rules	Moderate	Weak	Business & Workforce Development & Regulation	Statewide	N/A	No

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 1 Program Listing -- Services and Administration - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)



Agency Submission		LBB Staff Review and Analysis								
Agency Ranking	Program Name	Year Implemented	State Authority	Federal Authority	Authority	Mission Centrality	State Service	Service Area	Significant Audit and/or Report Findings	Contracts for Outsourced Services
15	Provider Enrollment Integrity Screening (PEIS)	2003	Admin Code, Statute	Policy Guidance, Public Law, Rules	Moderate	Weak	Business & Workforce Development & Regulation	Statewide	N/A	No
16	Medicaid Fraud Law Enforcement	2014	Statute	Other, Rules	Strong	Strong	Business & Workforce Development & Regulation	Regional	N/A	N/A
17	WIC Vendor Monitoring Unit	2003	Other, Statute	Rules	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	No
18	DDS Investigations	2018	Statute	Public Law, Rules	Moderate	Moderate	Business & Workforce Development & Regulation	Statewide	N/A	N/A
Indirect Administration Programs										
19	Agency Allocated Support Cost (From HHSC)	2003			N/A	N/A	Business & Workforce Development & Regulation	Statewide	N/A	N/A
20	System Oversight & Program Support (from HHSC)	2003			N/A	N/A	Business & Workforce Development & Regulation	Statewide	N/A	N/A

Note: **Significant Audit and/or Report Findings.** Qualified indicates that there may be issues relating to agency operations that have not been documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented. There were no Qualified audit or report findings for OIG.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 2: Program Listing -- Fiscal - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Agency Submission				LBB Staff Review and Analysis							
Agency Ranking	Program Name	2014-15 Expended	2016-17 Expended	2018-19 Est / Budg	2019 FTEs Budg	2020-21 Recommended*	2021 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?
1	Quality Review (QR)	\$ 10,045,431	\$ 10,693,959	\$ 11,144,580	93.5	\$ 11,398,178	74.8	2.3%	-18.7	No	N/A
2	Acute Care Surveillance Team (ACS)	\$ 630,145	\$ 3,594,774	\$ 3,149,563	29.2	\$ 3,256,212	23.4	3.4%	-5.8	No	N/A
3	Medicaid Provider Integrity (MPI)	\$ 11,573,338	\$ 10,545,873	\$ 10,496,196	98.7	\$ 10,991,268	79.1	4.7%	-19.6	No	N/A
4	Audit*	\$ 13,140,363	\$ 11,824,219	\$ 14,602,465	70.1	\$ 17,126,374	68.8	17.3%	-1.3	No	N/A
5	General Investigations (GI)	\$ 14,789,173	\$ 14,549,279	\$ 13,598,655	141.6	\$ 14,793,156	108.2	8.8%	-33.4	No	N/A
6	Inspections	\$ -	\$ 2,071,861	\$ 3,904,429	30.5	\$ 3,690,922	22.5	-5.5%	-8.0	No	N/A
7	Electronic Benefit Transfer (EBT) Trafficking Unit	\$ -	\$ 1,470,210	\$ 2,136,678	15.5	\$ 2,090,728	12.2	-2.2%	-3.3	No	N/A
8	State Centers Investigative Team (SCIT)	\$ -	\$ 3,374,484	\$ 5,586,454	50.0	\$ 3,993,496	28.8	-28.5%	-21.2	No	N/A
9	Chief Counsel	\$ 3,631,053	\$ 4,730,315	\$ 6,275,294	36.2	\$ 6,513,564	29.0	3.8%	-7.2	No	N/A
10	Other Support Services (Direct Support Services)	\$ 21,122,715	\$ 25,677,733	\$ 23,155,396	92.4	\$ 23,155,396	92.4	0.0%	0.0	No	N/A
11	Clinical Subject Matter Expert (CSME)	\$ 812,339	\$ 1,011,388	\$ 926,717	3.6	\$ 940,248	2.9	1.5%	-0.7	No	N/A
12	Fraud Hotline	\$ -	\$ 752,974	\$ 599,668	8.7	\$ 586,616	6.5	-2.2%	-2.2	No	N/A
13	Internal Affairs (IA)	\$ 8,012,852	\$ 5,407,465	\$ 4,835,400	43.5	\$ 4,600,712	32.3	-4.9%	-11.2	No	N/A
14	Finger Print Checks*	\$ -	\$ 25,677	\$ 163,244	0.0	\$ 163,244	0.0	0.0%	0.0	No	N/A
15	Provider Enrollment Integrity Screening (PEIS)	\$ 797,137	\$ 1,911,288	\$ 1,573,266	15.4	\$ 1,598,144	12.3	1.6%	-3.1	No	N/A
16	Medicaid Fraud Law Enforcement	\$ -	\$ 977,877	\$ 1,185,980	7.7	\$ 1,245,140	6.1	5.0%	-1.6	No	N/A
17	WIC Vendor Monitoring Unit*	\$ 1,065,173	\$ 987,358	\$ 1,103,697	9.2	\$ 1,071,918	9.2	-2.9%	0.0	No	N/A
18	DDS Investigations*	\$ -	\$ -	\$ 381,282	1.8	\$ 289,616	1.8	-24.0%	0.0	No	N/A
Indirect Administration Programs											
19	Agency Allocated Support Cost (From HHSC)	\$ 16,539,817	\$ 16,635,662	\$ 9,772,593	3.6	\$ 8,723,902	2.9	-10.7%	-0.7	No	N/A
20	System Oversight & Program Support (from HHSC)*	\$ 32,217,234	\$ 43,194,015	\$ 19,759,671	48.6	\$ 17,805,548	45.9	-9.9%	-2.7	No	N/A
Total		\$ 134,376,770	\$ 159,436,411	\$ 134,351,228	799.8	\$ 134,034,382	659.1	-0.2%	-140.7		

	2018-19 Est/Budg	2020-21 Recommended
Inside the Treasury	\$ 134,351,228	\$ 134,034,382
Outside the Treasury	\$ -	\$ -
Total	\$ 134,351,228	\$ 134,034,382

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 2: Program Listing -- Fiscal - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Agency Submission				LBB Staff Review and Analysis							
Agency Ranking	Program Name	2014-15 Expended	2016-17 Expended	2018-19 Est / Budg	2019 FTEs Budg	2020-21 Recommended*	2021 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?

Notes: **Revenue Supported** includes fees, tuition set asides and donations. The OIG has no programs that fall under this criteria.

* Programs are partially or fully funded through other strategies at HHSC. Total recommended funding for Goal K, Office of Inspector General is \$110.3 million in All Funds (\$45.5 million in General Revenue). Funding from other HHSC strategies totals \$23.8 million in All Funds including:

Strategy B.1.1, Medicaid Contracts and Administration

Finger Print Checks (\$0.2 million in All Funds)
Recovery Audit Contract (\$4.4 million in All Funds)

Strategy J.1.1, Disability Determination Services

Disability Determination Services Investigations (\$0.3 million in All Funds)

Strategy E.1.2, Provide WIC Services

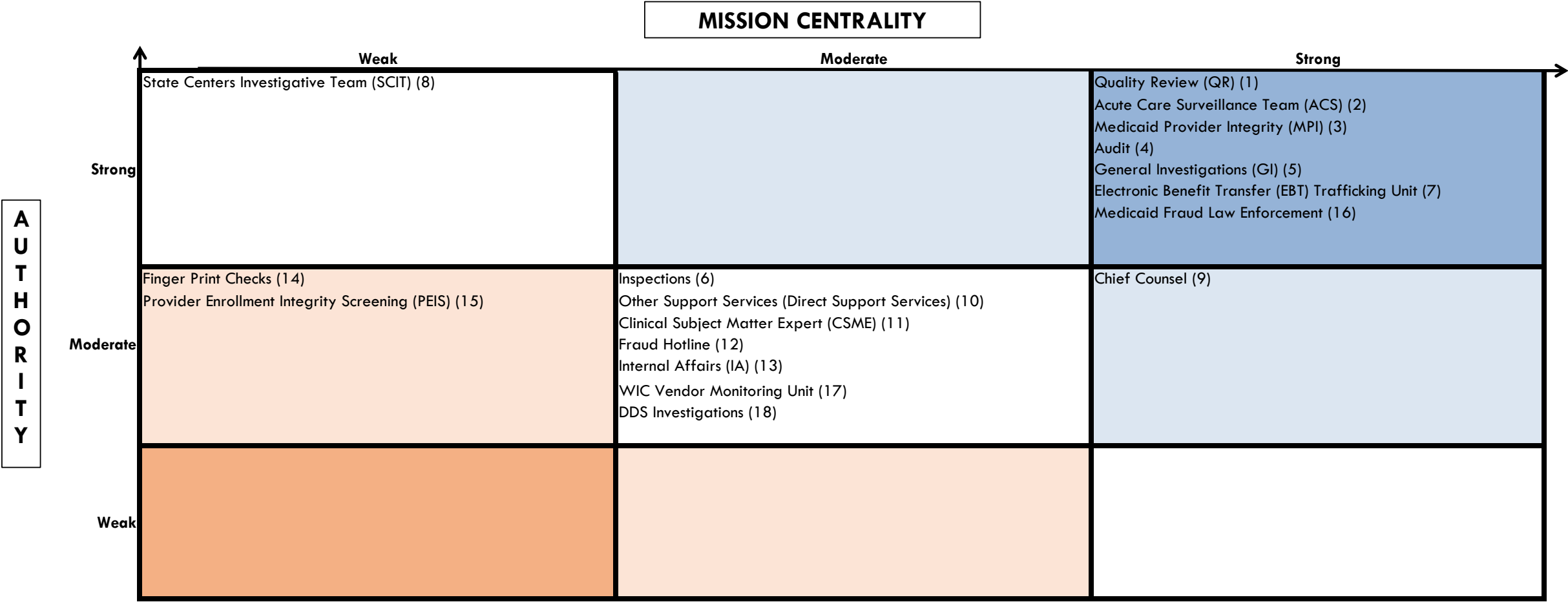
WIC Vendor Monitoring (\$1.1 million in All Funds)

Strategies in Goal L, System Oversight & Program Support

System Oversight & Program Support (\$17.8 million in All Funds)

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 3: Assessment of Mission Centrality and Authority - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.



Notes: Agency program rankings included after the program name. The matrix does not include Indirect Administration programs.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Quality Review (QR)

**Agency
Ranking**

1 out of 20

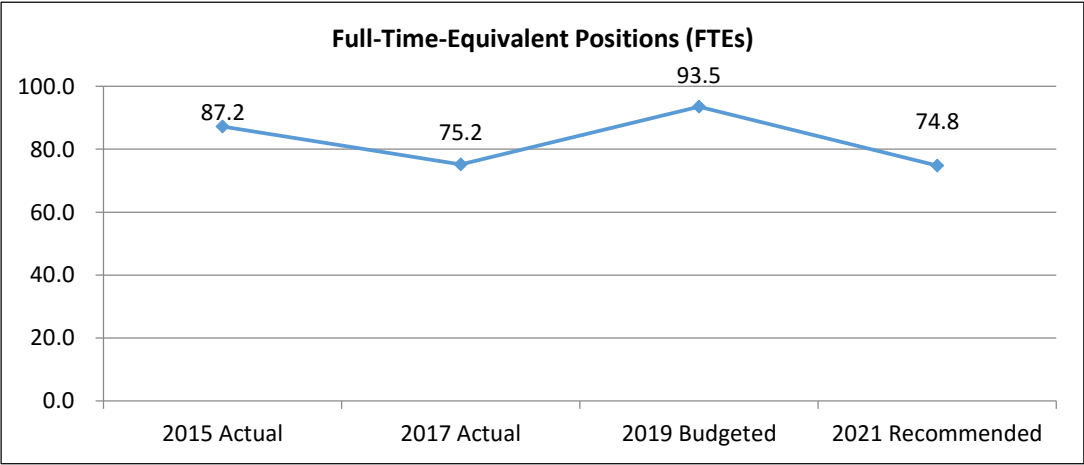
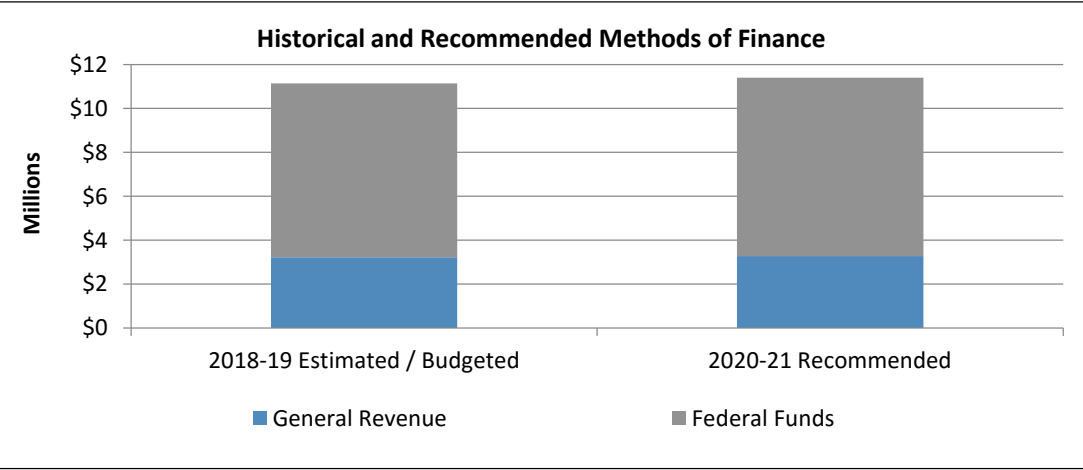
Quality Review (QR) conducts retrospective utilization reviews (UR) of inpatient hospital claims and nursing facilities and administers the Lock-in Program which reviews recipients' use of prescription medications and acute care services.

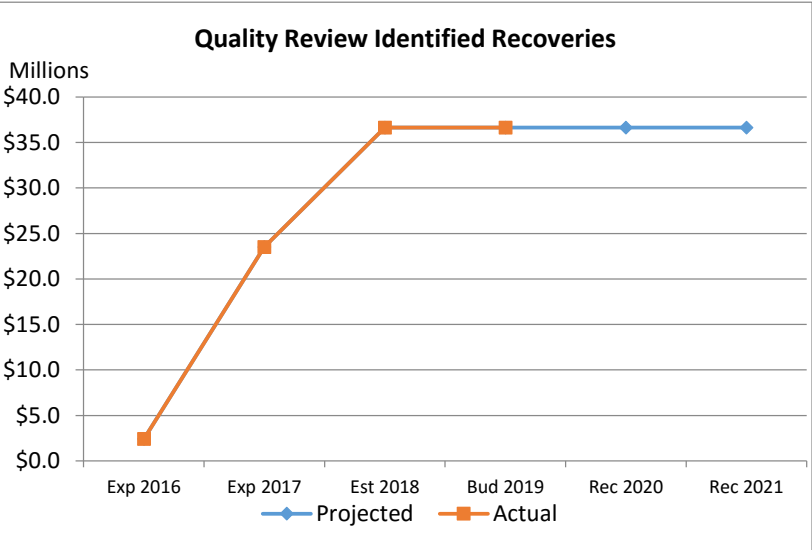
Legal Authority: Government Code § 531.102 and § 531.1024; 1 Texas Administrative Code 371 Subchapter C; Social Security Act § 1902(a)(30) and § 1902(a)(33)(A); 42 CFR 431.54; 42 CFR Part 456; 42 CFR Part 483, Subpart B.

Year Implemented	2004	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

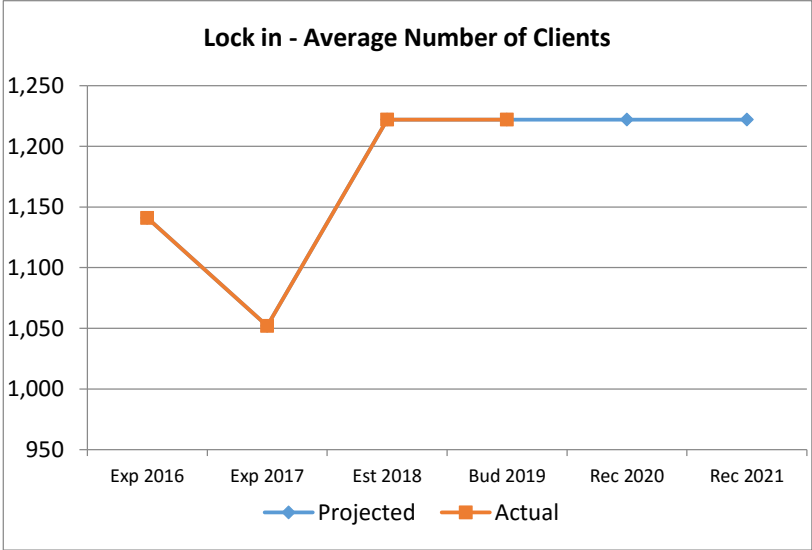
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 8,462,366	\$ 8,717,338	76.5%
Operating Costs	\$ 2,407,615	\$ 2,406,214	21.1%
Capital Costs	\$ 274,599	\$ 274,626	2.4%
Total	\$ 11,144,580	\$ 11,398,178	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 11,398,178	100.0%
Total	\$ 11,398,178	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 Quality Review is made up of the Utilization Review team and Lock-In Program staff. The Utilization Review team performs onsite and desk reviews of hospital claims and nursing facility Minimum Data Set forms for appropriate billing. Lock-In Program staff work with managed care organizations to monitor recipient use of prescription medications and acute care services.
- 2 The pharmacy Lock-In Program restricts an individual's access to a single designated pharmacy and, in some cases, to a single provider for primary care if it is determined that the recipient misused, abused, or acted fraudulently with respect to Medicaid benefits. Lock-in nurses conduct reviews and analysis of data and referrals by managed care organizations and other providers, law enforcement, state agencies, or the public to determine if a recipient qualifies for the lock-in program.
- 3 The three major position classifications for this program with the highest average annual salary include: 1) Manager V (\$79,271); 2) Program Specialist VI (\$73,098); and 3) Manager III (\$67,833). For fiscal year 2018, the average cost per FTE for this program was \$70,594 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are registered nurses.
- 4 Quality Review activities are paid primarily with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a mixture of 50 percent and 75 percent match rates.
- 5 A 2016 Organizational Assessment of the OIG performed by Navigant Consulting observed insufficient planning for MCO oversight and recommended that OIG update UR processes to minimize duplication of effort between MCOs and OIG, implement oversight procedures of MCO activities in the area of UR, and establish clear guidelines and contract requirements for MCOs to follow. OIG indicates that they have updated UR processes for both nursing facility and hospital utilization reviews and completed a hospital utilization review pilot for managed care claims. OIG indicates that they continue to work to finalize tools to complete hospital utilization reviews in managed care and make administrative changes for nursing facility reviews in managed care.

Challenges and Enhancement Opportunities

- 1 OIG indicated that as utilization review functions transition to managed care, existing applications, policy, procedures, and training must be revised.
- 2 OIG did not identify any specific opportunities to enhance the program but did indicate that additional nurse reviewers would allow OIG to consider other areas of risk in nursing facilities such as adding other provider types; increasing the number of on-site nursing facility reviews; increasing clinical expertise in support of other OIG divisions; and conducting additional research to identify gaps and at-risk populations in the Lock-In Program.

Alternative Funding Options

- 1 OIG indicated that an increase in completed nursing facility utilization reviews (NFURs) of 10 percent (50 NFURs) would cost approximately \$0.4 million in All Funds (\$0.1 million in General Revenue) to support of 5.0 additional FTEs.
- 2 OIG indicated that an increase in completed hospital utilization reviews of 10 percent (2,900 reviews) would cost approximately \$0.4 million in All Funds (\$0.1 million in General Revenue) to support of 5.0 additional FTEs.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Acute Care Surveillance Team (ACS)

Agency Ranking

2 out of 20

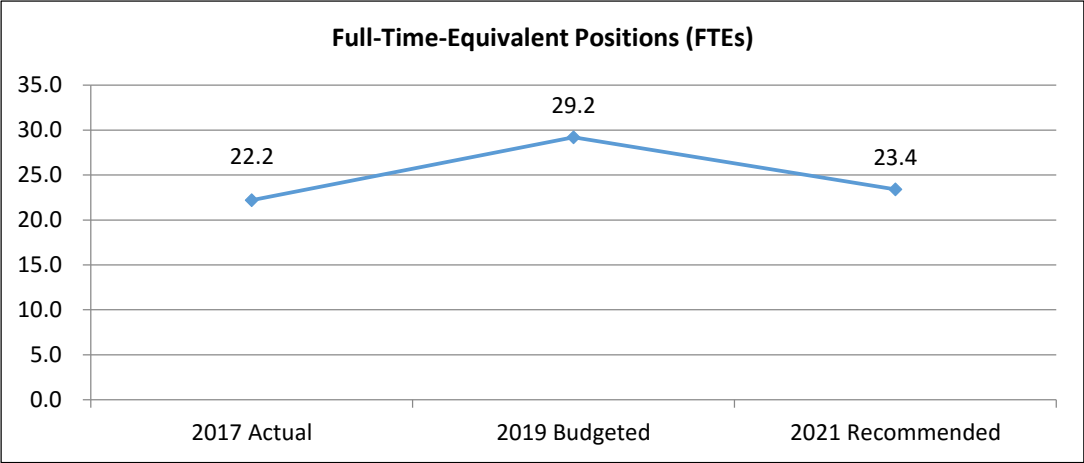
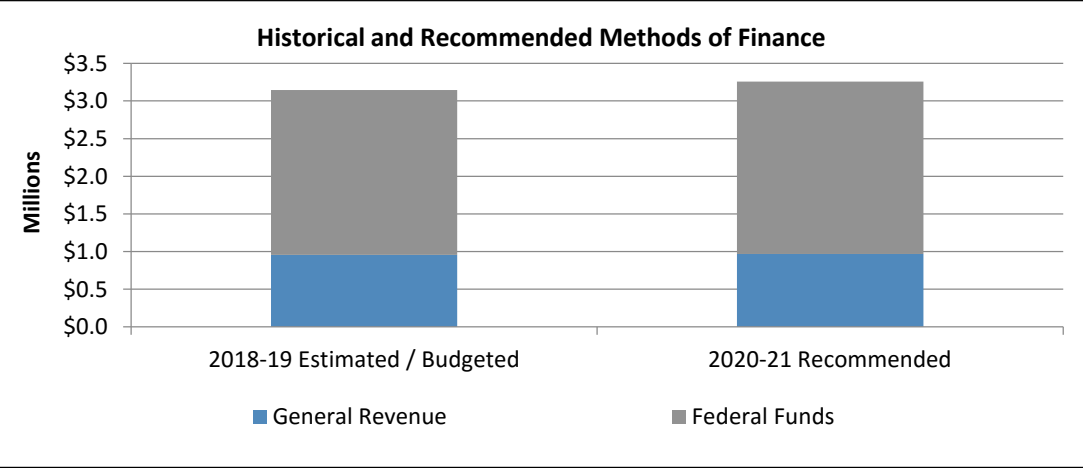
The ACS team identifies patterns of aberrant billing, performs surveillance utilization reviews (SURS) required by federal regulation, runs data queries to identify acute care billing outliers (Targeted Queries) and collects Medicaid overpayments as a result of these activities.

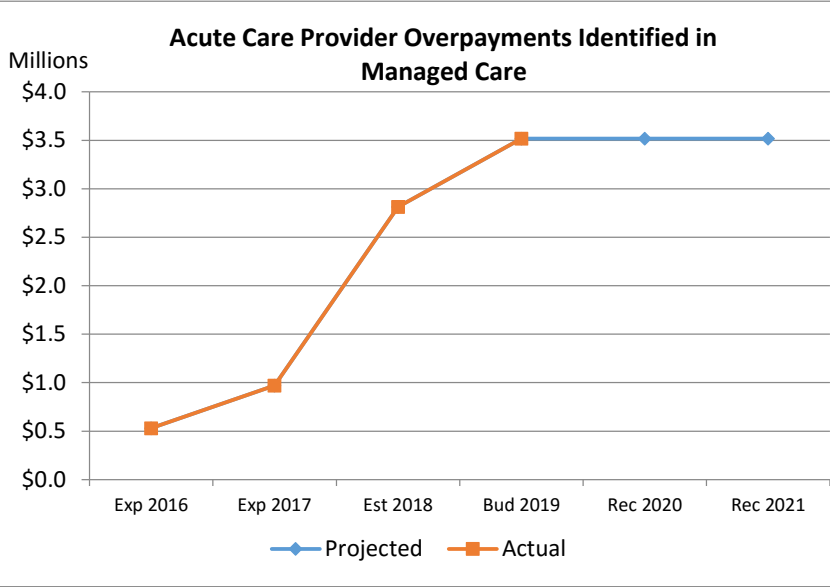
Legal Authority: Government Code § 531.102(a-5); 1 Texas Administrative Code § 371.11; Social Security Act § 1902(a)(30) and § 1902(a)(33)(A); 42 CFR Part 456.

Year Implemented	2004	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

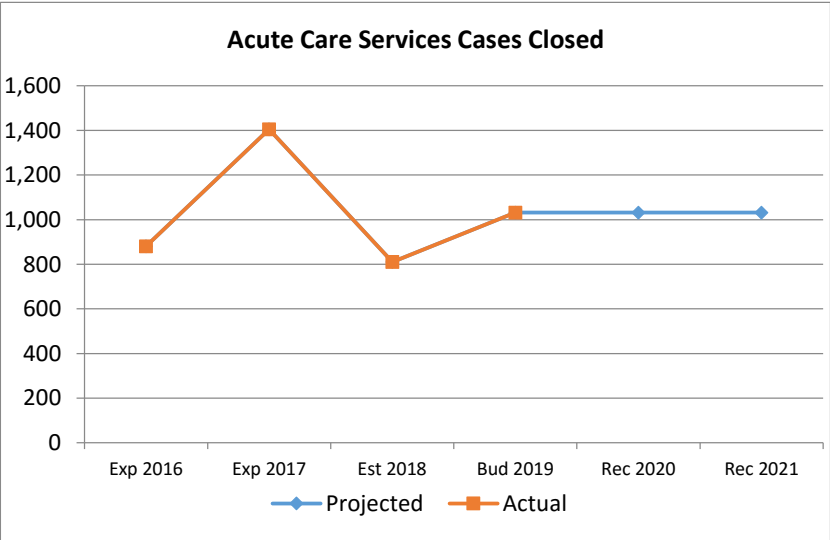
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 2,868,787	\$ 2,976,056	91.4%
Operating Costs	\$ 280,776	\$ 280,156	8.6%
Total	\$ 3,149,563	\$ 3,256,212	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,256,212	100.0%
Total	\$ 3,256,212	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 Federal regulations require State Medicaid agencies to include a statewide surveillance and utilization review subsystem in the state Medicaid Management Information System (MMIS). Some states have discrete SURS units, while others fold these functions into overarching program integrity efforts. SURS staff review output from MMIS for aberrant billing and conduct preliminary reviews of providers to determine whether there is a pattern of fraud.
- 2 ACS activities are paid primarily with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a mixture of 50 percent and 75 percent match rates.
- 3 ACS cooperates with the federal Health and Human Services Office of Inspector General, Texas Board of Nursing, Department of State Health Services, HHSC Medicaid and CHIP Services Department, the Attorney General's Medicaid Fraud Control Unit, Texas State Board of Dental Examiners, Texas State Board of Pharmacy, and the Texas Medical Board.

Challenges and Enhancement Opportunities

- 1 The transition of the Medicaid program from fee-for-service to managed care requires targeted queries to be rewritten to allow ACS to perform its functions. OIG indicated that the accuracy of Medicaid encounter data is essential for accurate data collection, utilization review, and targeted queries.
- 2 OIG indicated that funding for a single consolidated OIG case management system, digital scanning, and increased electronic storage capacity for medical records would increase efficiency.
- 3 OIG indicated that additional nurse analysts could assist with the transition of the Medicaid program to managed care by allowing for additional medical record review.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Medicaid Provider Integrity (MPI)

Agency Ranking

3 out of 20

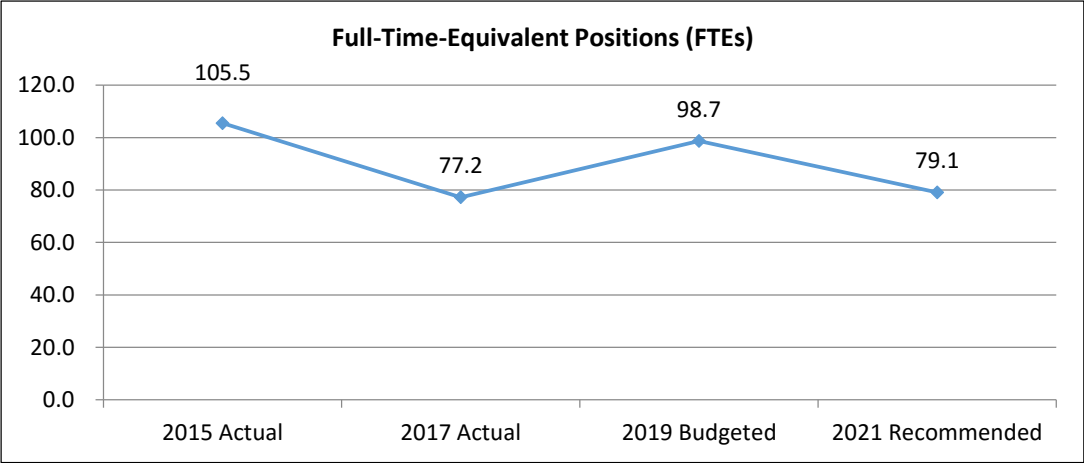
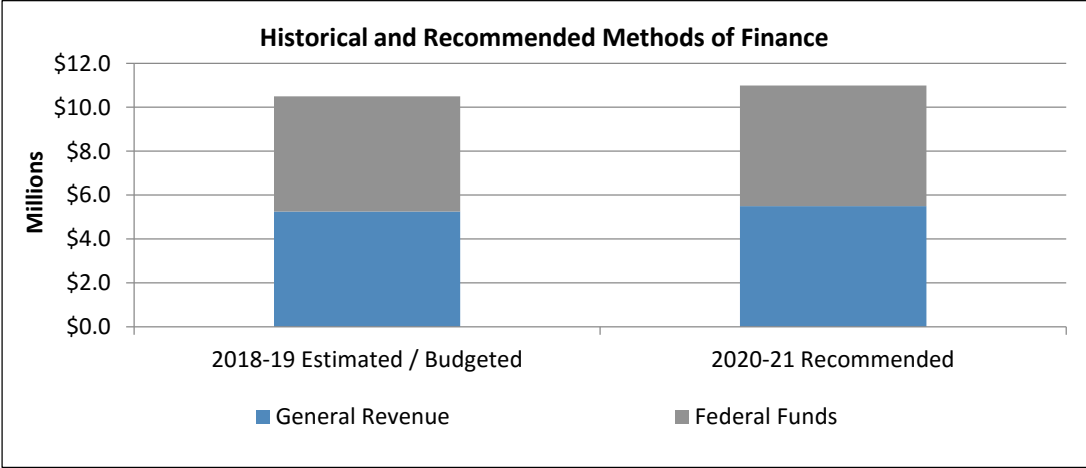
Medicaid Provider Integrity (MPI) investigates allegations of fraud, waste, and abuse committed by Medicaid providers or their agents.

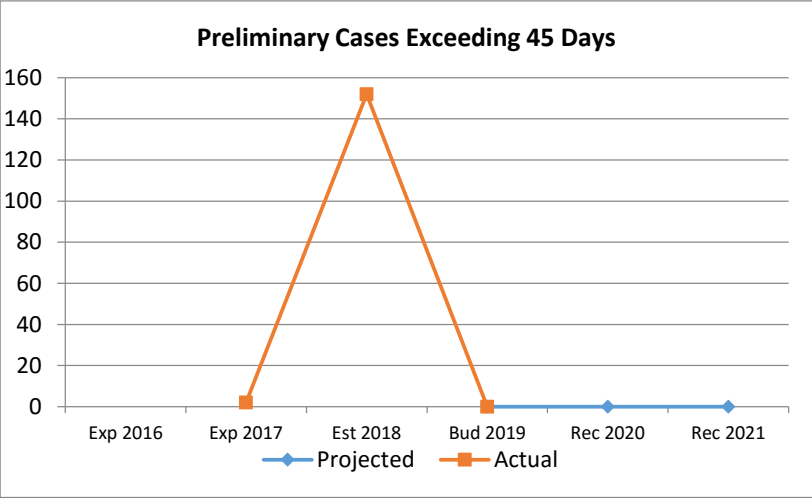
Legal Authority: Government Code § 531.102; 1 Texas Administrative Code § 371.11; Social Security Act § 1902(a)(4), § 1903(1)(2), and § 1909, Subpart A.

Year Implemented	2004	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

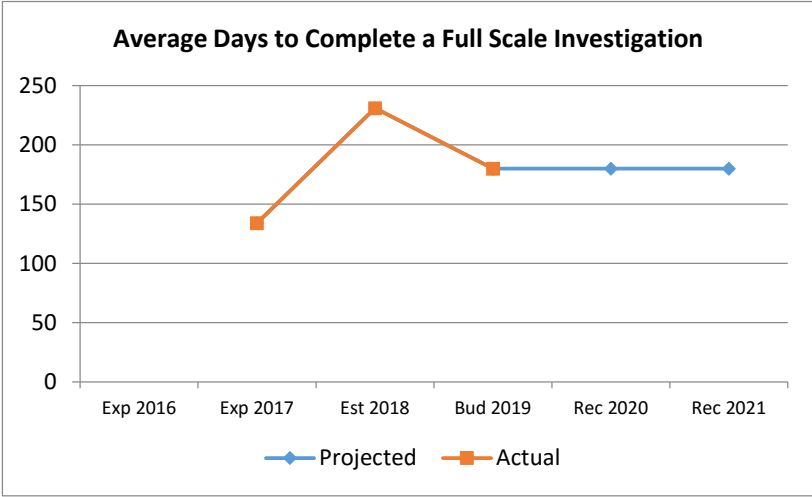
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 9,416,404	\$ 9,915,128	90.2%
Operating Costs	\$ 1,079,792	\$ 1,076,140	9.8%
Total	\$ 10,496,196	\$ 10,991,268	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 10,991,268	100.0%
Total	\$ 10,991,268	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: OIG indicates that the number of days to complete a full-scale MPI investigation and preliminary cases exceeding 45 days were not tracked prior to fiscal year 2017.

Summary of Recommendations and Fiscal and Policy Issues

- 1 Medicaid providers may be subject to a range of administrative enforcement actions including education, prepayment review of claims, penalties, required repayment of Medicaid overpayments, and/or exclusion from the Medicaid program. Some referrals come through the OIG fraud hotline or complaints from the Inspector General's online Waste, Abuse and Fraud Electronic Referral System. Referrals are also received from managed care organizations (MCOs) throughout the state.
- 2 MPI activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.
- 3 The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$138,320); 2) Director II (\$108,871); and 3) Manager V (\$74,270). For fiscal year 2018, the average cost per FTE for this program was \$66,284 (including salaries, other personnel costs, and travel costs; not including benefits).
- 4 MPI makes referrals to the Attorney General's Medicaid Fraud Control Unit (AG-MFCU) when there are indicators of criminal Medicaid fraud.
- 5 Senate Bill 207, Eighty-fourth Legislature, 2015, requires OIG to complete preliminary investigations not later than the 45th day after the date HHSC receives a complaint or allegation or has reason to believe that fraud or abuse has occurred; and to complete full-scale investigations not later than the 180th day after the date the full scale investigation begins, unless the office determines that more time is needed to complete the investigation. OIG indicates that two preliminary cases in fiscal year 2017 and 152 preliminary cases in fiscal year 2018 were not completed in 45 days due to one employee not entering complaints into the Waste, Abuse, and Fraud Electronic Records System (WAFERS) according to policy and procedure.

Recommended Statutory Changes for Program Improvement

- 1 OIG indicated that amending Government Code § 531.102(g)(3)(C) to remove or clarify the criteria that indicates that continuing to pay a provider presents an ongoing financial risk to the state and a threat to the integrity of Medicaid would allow OIG to prevent payments to more providers who are under investigation for fraud. OIG is currently required to demonstrate that continuing to pay a provider meets these criteria before placing a payment hold on a provider for a credible allegation of fraud.

Challenges and Enhancement Opportunities

- 1 OIG indicates that MPI does not have access to final paid claims data in managed care as it did with fee-for-service, which causes some delays when requesting this data from MCOs. The shift to managed care requires investigators to reference and understand MCOs' individual contracts, manuals, requirements, and criteria when determining whether claims were properly filed and paid. Certain aspects of MPI activities are highly dependent on the accuracy of encounter data.

- 2 OIG indicated that funding for a single consolidated OIG case management system for use across all divisions would increase efficiency.
- 3 OIG indicated that obtaining direct access to MCO claims data through a consolidated database or another application would decrease delays due to manually requesting data.

Alternative Funding Options

- 1 OIG indicated that increasing Investigations Division General Revenue by 5 percent (\$1,045,131), would increase the total number of investigations, including MPI investigations, by 3,335. OIG projects that the additional investigations could result in additional recoveries of up to \$8.1 million in All Funds.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
Authority			

Program: Audit

Agency Ranking

4 out of 20

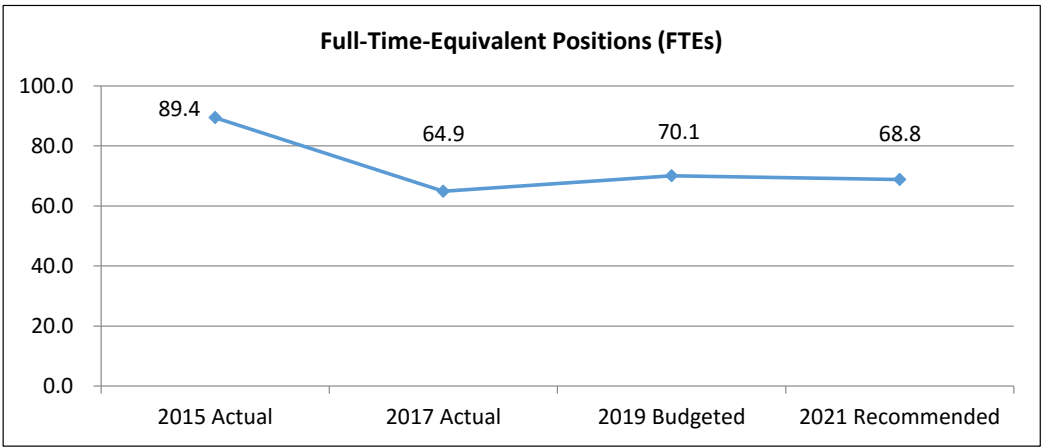
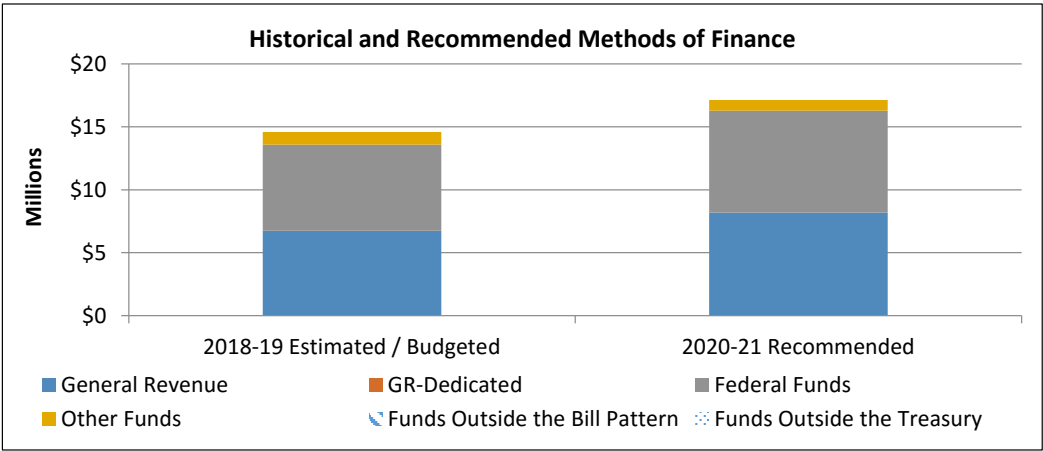
The Audit Division conducts risk-based performance, provider, contractor, and IT audits; coordinates federal audits of HHS; manages the Recovery Audit Contractor contract; and is Texas’ point of contact with the Center for Medicare and Medicaid Services (CMS) for Unified Program Integrity Contractor audits and Payment Error Rate Measurement review activities.

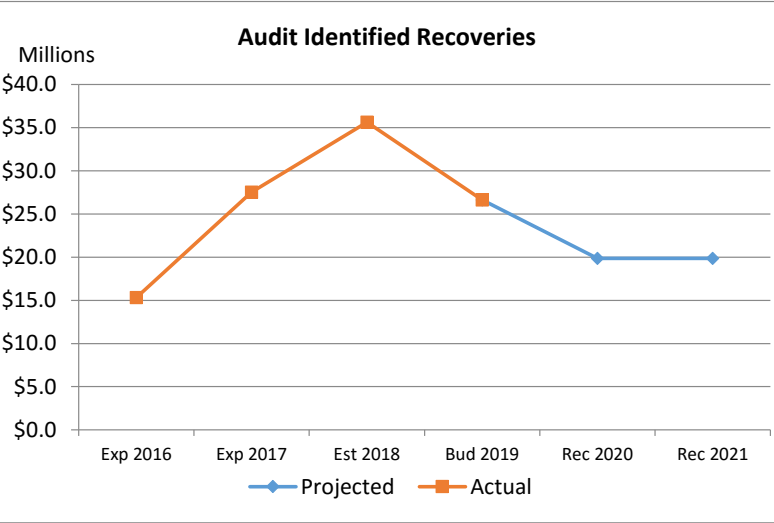
Legal Authority: Government Code §§ 531.102, 531. 117, 531.113, 531.1025; 1 Texas Administrative Code § 371.1719;42 CFR Part 455, Subpart C and Subpart F; 42 CFR Part 431, Subpart Q

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issue:	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	Partial	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

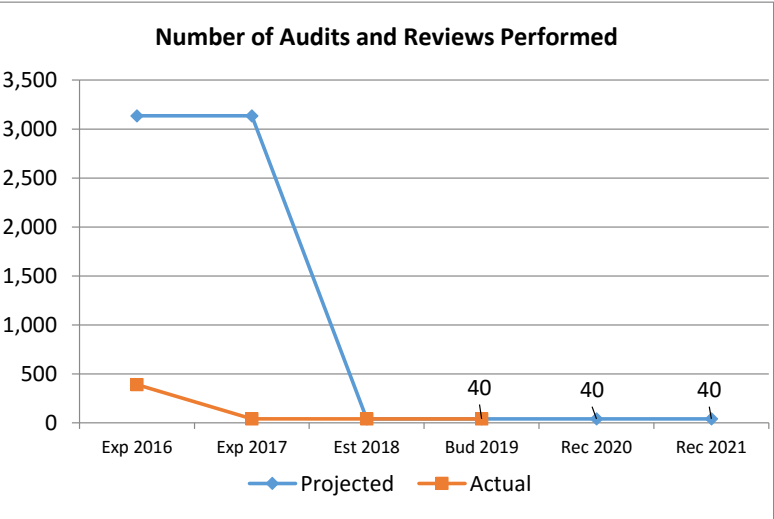
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 8,660,848	\$ 10,920,524	63.8%
Operating Costs	\$ 5,941,617	\$ 6,205,850	36.2%
Total	\$ 14,602,465	\$ 17,126,374	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 17,126,374	100.0%
Total	\$ 17,126,374	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: The Cost Report Unit (CRU) transferred from the OIG to HHSC in the third quarter of fiscal year 2016. The CRU accounted for approximately 77 percent of the audit and review target in the 2016-17 biennium.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The audit universe for the OIG includes all departments, programs, functions, and processes within HHSC, the Department of State Health Services (DSHS), and the Department of Family and Protective Services (DFPS), as well as services delivered through managed care, providers, and contractors.
- 2 OIG and HHSC Internal Audit Division report that there is not a formalized process to ensure coordination and to avoid duplication of effort. The entities coordinate on an informal basis. The DFPS Internal Audit Division reports that it has an Internal Audit Coordinator position that is responsible for coordinating and serving as the primary liaison between DFPS and OIG and HHS System Internal Audit. The DFPS Internal Audit Division also reports that they have developed a draft MOU with OIG that details coordination between DFPS and OIG.
- 3 The Patient Protection and Affordable Care Act required states to establish a Medicaid Recovery Audit Contractor (RAC) program. States contract with one or more recovery audit contractors to identify improper payments, recover overpayments, and reimburse underpayments. States receive Medicaid administrative matching funds for the operation and maintenance of a RAC program. RACs are paid on a contingency basis from recovered amounts based on a percentage of the overpayment recovered. Federal financial participation is based on the FMAP in effect when the claim was paid. Current policy sets the highest contingency fee for federal financial participation at 17.5 percent for the recovery of improper payments made for medical supplies, equipment, and appliances for use in home health and 12.5 percent for the recovery of all other improper payments. The federal share is calculated after deducting the contingency fee paid to the RAC and based on the FMAP in effect when the claim was paid.
- 4 Audit activities are paid primarily with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate. Audit also receives funds through Interagency Contracts with DSHS and DFPS.
- 5 The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$120,000); 2) Director II (\$105,612); and 3) Manager V (\$91,504). For fiscal year 2018, the average cost per FTE for this program was \$83,153 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are Auditors.

Challenges and Enhancement Opportunities

- 1 OIG indicated that it is difficult to develop a mechanism for recovering overpayments identified during audits of managed care providers, and that the Audit Division is reevaluating the focus of its audits and how to effectively audit in a managed care environment.
- 2 According to OIG, the current staffing levels in the Audit Division allow for the completion of approximately 40 audits in each fiscal year. Additional Audit resources would provide for additional risk coverage based on OIG's scope of audit responsibility.

Alternative Funding Options

- 1 OIG indicated that decreasing the number of audits conducted in a year by 10 percent (4 audits) would reduce costs by \$0.2 million in All Funds (\$0.1 million in General Revenue). OIG indicated that this type of reduction would be reduced in Contractor Audits and would reduce dollars recovered by an estimated \$0.2 million.
- 2 Due to the statewide transition of the Medicaid program into managed care and the overlapping audit universes of OIG Audit with HHSC and DFPS Internal Audit, some resources currently allocated to the OIG for audits could be redirected to another state agency to develop additional Medicaid managed care program expertise and audit coverage.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			X
Authority			

Program: General Investigations (GI)

Agency Ranking 5 out of 20

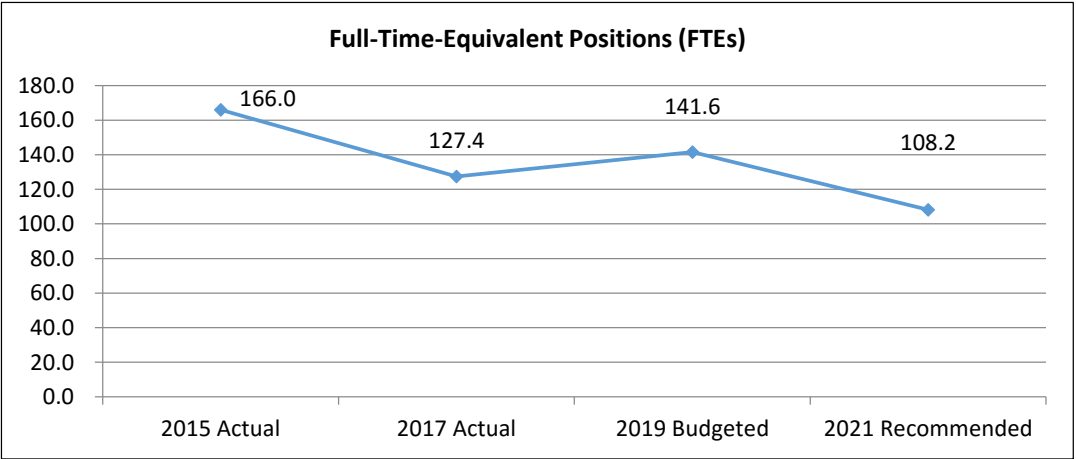
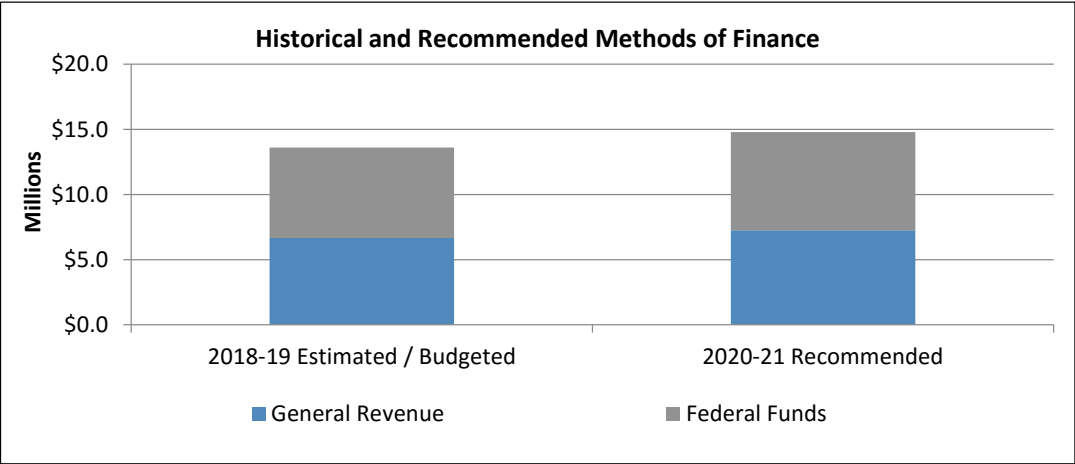
The GI Division investigates allegations of fraud, waste and abuse by clients enrolled in the SNAP; TANF; Medicaid; CHIP; and the WIC program. Clients can be disqualified from a program or ordered to repay all benefits fraudulently received. The GI Division was recently renamed to the Benefits Program Integrity (BPI) Division.

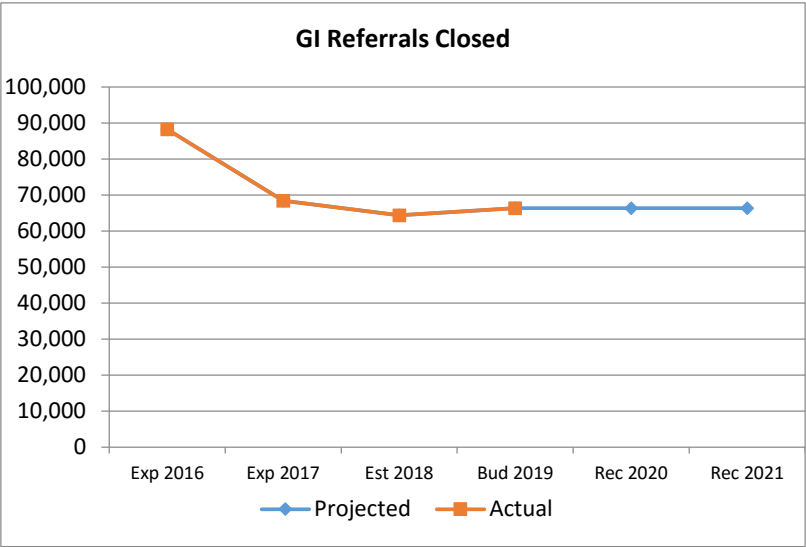
Legal Authority: Government Code § 531.008 and § 531.102, 1 Texas Administrative Code § 371.11; CFR Titles 7, 42, and 45.

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

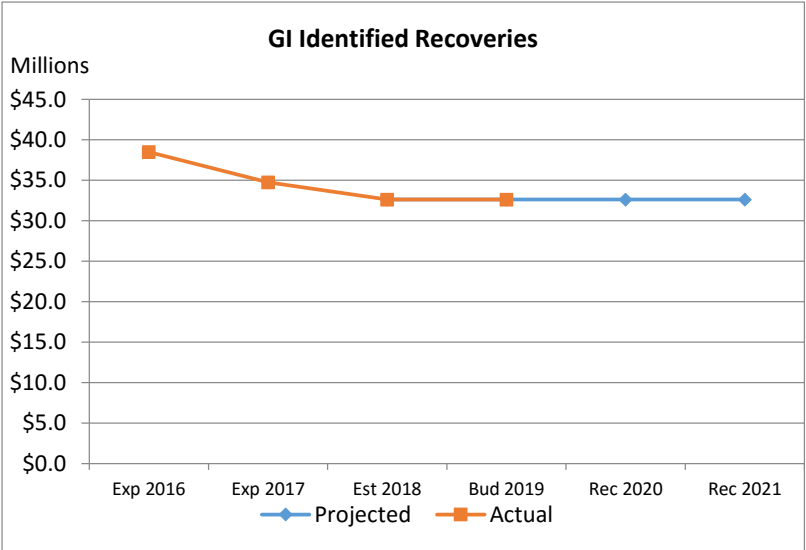
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 11,861,103	\$ 13,078,650	88.4%
Operating Costs	\$ 1,737,552	\$ 1,714,506	11.6%
Total	\$ 13,598,655	\$ 14,793,156	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 12,530,480	100.0%
Total	\$ 12,530,480	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 OIG recently renamed the GI Division to the Benefits Program Integrity (BPI) Division.
- 2 GI activities are paid primarily with General Revenue Match for Food Stamp Administration Account No. 8014 and SNAP administrative matching funds at a 50 percent match rate. Other funding sources include CHIP and Medicaid matching funds.
- 3 The three major position classifications for this program with the highest average annual salary include: 1) Director II (\$82,178); 2) Manager V (\$72,400); and 3) Manager IV (\$64,879). For fiscal year 2018, the average cost per FTE for this program was \$54,788 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are Investigators.
- 4 A 2017 HHSC internal audit to determine the results of implementing Sunset Commission recommendations related to the OIG's investigations process found that while GI uses the Automated System of the Inspector General (ASOIG) to document investigations, GI did not have a system to prioritize investigations. OIG indicates that GI developed policy and training as well as made changes to ASOIG to incorporate prioritization of investigations.
- 5 GI receives referrals from HHSC Access and Eligibility Services (AES), the OIG fraud hotline, the Waste, Abuse, and Fraud Electronic Reporting System (WAFERS), and the Public Assistance Reporting Information System (PARIS). GI refers cases for prosecution to the District Attorney, County Attorney, or Justice of the Peace.
- 6 SNAP benefits are 100 percent federally funded. However, the state is allowed to keep a percentage of a SNAP recovery depending on the type of error that led to the overpayment. The state share is 30 percent for intentional program violations, 20 percent for inadvertant household errors, and 0 percent for agency errors. Recoveries are appropriated to HHSC as Earned Federal Funds pursuant to Article IX, Sec. 13.11, Definition, Appropriation, Reporting, and Audit of Earned Federal Funds.

Challenges and Enhancement Opportunities

- 1 OIG did not identify any specific challenges to program operations, but did indicate that some technology enhancements, including enhancements to ASOIG, are necessary to maximize efficiency in investigations.
- 2 OIG did not provide any specific enhancement opportunities, but did indicate that additional staff would help to maximize recoveries and investigations from all referral sources.

Alternative Funding Options

1 OIG indicated that increasing Investigations Division General Revenue by 5 percent (\$1,045,131), would increase the total number of investigations, including MPI and GI investigations by 3,335. OIG projects that the additional investigations could result in additional recoveries of up to \$8.1 million in All Funds.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			
		X	
Authority			

Program: Inspections

Agency Ranking

6 out of 20

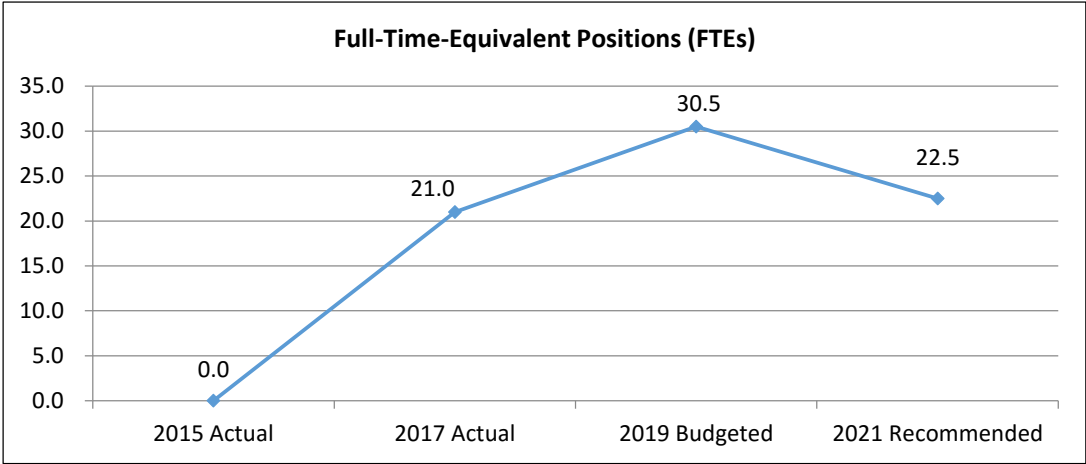
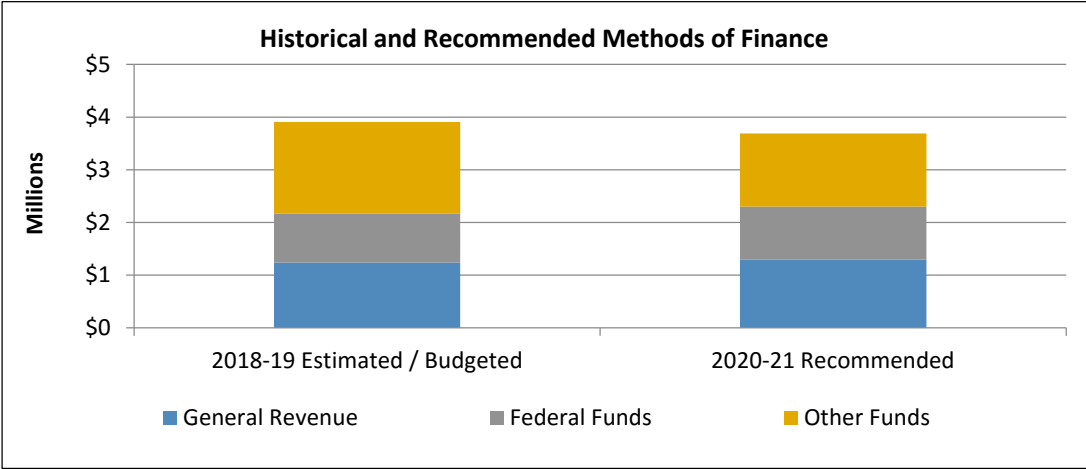
The Inspections Division inspects Health and Human Services (HHS) programs, systems, and processes for systemic issues that contribute to fraud, waste, or abuse in the HHS system.

Legal Authority: Government Code § 531.102(a)(6); 1 Texas Administrative Code § 371.11.

Year Implemented	2016	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 3,567,857	\$ 3,371,710	91.4%
Operating Costs	\$ 336,572	\$ 319,212	8.6%
Total	\$ 3,904,429	\$ 3,690,922	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,690,922	100.0%
Total	\$ 3,690,922	100.0%



Recent Inspection Reports	
Name of Report	Date
Duplicate Capitation Payments to Managed Care	Aug. 2018
Access and Eligibility Services: Interstate and Income Match Action Alerts	Aug. 2018
Long-Term Services and Supports: Community Attendant Services	Aug. 2018
Multiple Medicaid Identification Numbers	Jun. 2018
Medicaid Payments for Deceased Clients	May 2018
Electronic Visit Verification System	May 2018

Source: Office of the Inspector General

Fiscal Year 2018 Recoveries	
Quarter	Dollars Recovered
1	\$1,003,416
2	\$73
3	\$1,919,756
4	\$140,614
Total	\$3,063,859

Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- According to OIG, inspections typically last 90-120 days and offer a quick but limited-scope look at a particular issue in order to assess and identify risk to the program integrity of a particular HHS program. An inspection may result in a referral to another area of the OIG for additional work, such as an audit or an investigation. OIG maintains inspection authority over the Department of Family and Protective Services (DFPS) and may conduct inspections within DFPS programs and services. The inspection universe also includes services delivered through providers and contractors that support programs in the HHS system, including in Medicaid managed care.
- The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$120,000); 2) Director II (\$102,587); and 3) Manager V (\$91,045). For fiscal year 2018, the average cost per FTE for this program was \$76,805 (including salaries, other personnel costs, and travel costs; not including benefits).
- Funding sources for Inspections include General Revenue, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. Inspections also receives funding by Interagency Contract with the Department of State Health Services and DFPS.
- Inspections conducts a continuous risk assessment to identify potential inspection topics for inclusion in its One-Year Rolling Inspection Plan. Recently published inspections include an inspection of capitation payments made for deceased clients in the Texas Medicaid system; an inspection of Texas Medicaid processes to identify or prevent duplicate capitation payments to managed care organizations; and an inspection to determine if Community Attendant Services are billed to Medicaid and rendered to clients in accordance with program requirements.

Alternative Funding Options

- OIG indicates that a 5 percent General Revenue increase (\$71,770) would allow for OIG to complete approximately 3 additional inspections per year.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
Authority			

Program: Electronic Benefit Transfer (EBT) Trafficking Unit

Agency Ranking 7 out of 20

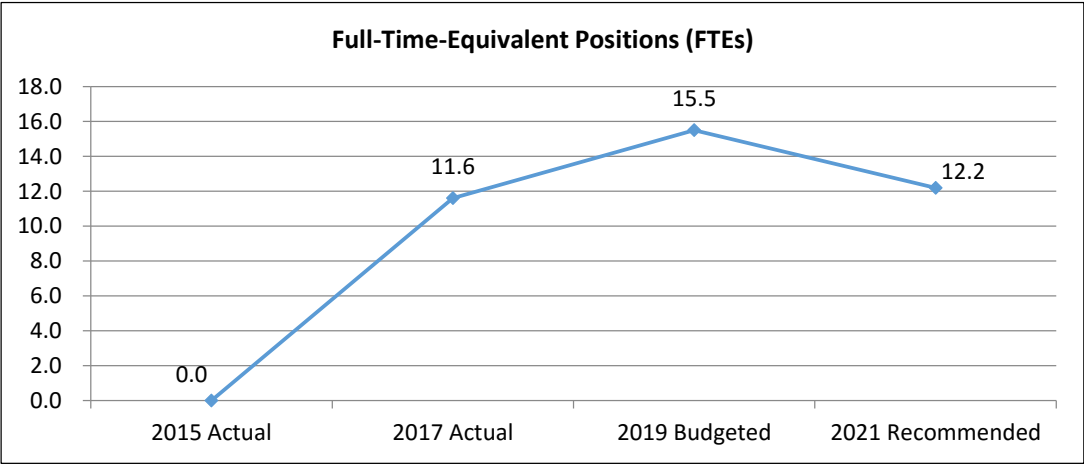
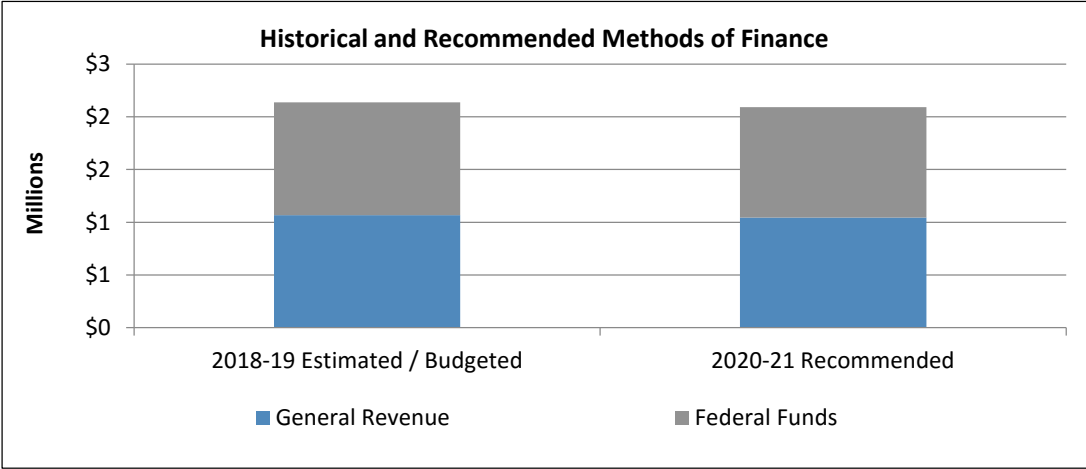
The Electronic Benefit Transfer (EBT) Trafficking Unit protects the integrity of HHS programs through investigations of vendor and recipient EBT trafficking.

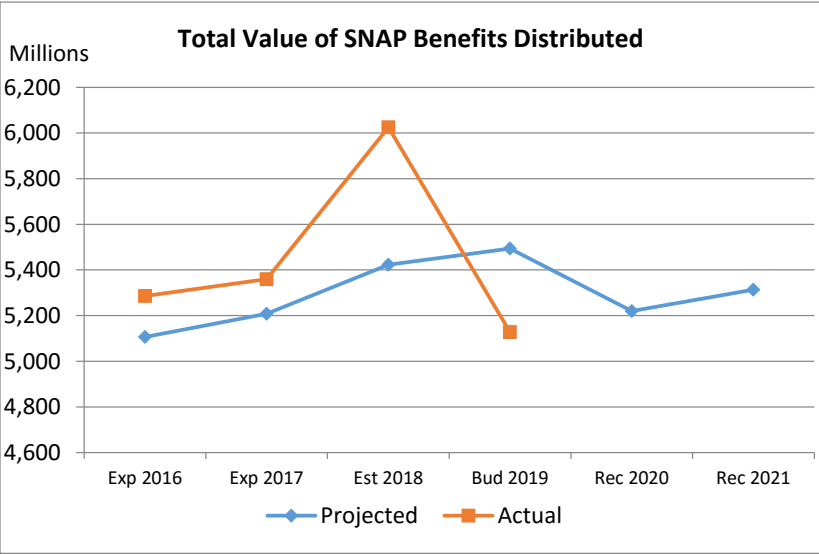
Legal Authority: Texas Government Code § 531.102(a); Human Resources Code Ch. 33; 7 CFR Chapter II, Subchapter C; State Law Enforcement Bureau Agreement.

Year Implemented	2015	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

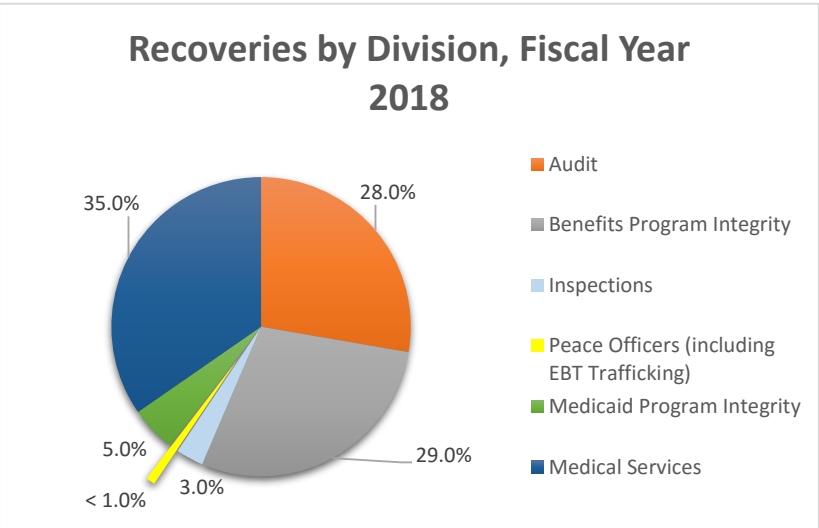
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,758,856	\$ 1,712,910	81.9%
Operating Costs	\$ 377,822	\$ 377,818	18.1%
Total	\$ 2,136,678	\$ 2,090,728	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 2,090,728	100.0%
Total	\$ 2,090,728	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 OIG indicated that the EBT Trafficking Unit investigates trafficking of SNAP benefits primarily at the retail level. Investigations involve vendors or owners of retail establishments or employees who conspire with SNAP recipients by trafficking benefits outside of their legal use. OIG indicated that recoveries identified by the EBT Trafficking Unit were not tracked until fiscal year 2018. For fiscal year 2018, the EBT Trafficking Unit recovered \$119,660.
- 2 The three major position classifications for this program with the highest average annual salary include: 1) Manager V (\$117,397); 2) Director II (\$92,988); and 3) Investigator VII (\$68,338). For fiscal year 2018, the average cost per FTE for this program was \$79,932 (including salaries, other personnel costs, and travel costs; not including benefits). The majority of FTEs in this program are Investigators. Criminal investigations are conducted by Commissioned Peace Officers pursuant to House Bill 2523, Eighty-fifth Legislature, Regular Session, 2017, which authorized OIG to utilize commissioned peace officers in pursuing retailer fraud in SNAP.
- 3 EBT Trafficking Unit activities are paid with General Revenue Match for Food Stamp Administration Account No. 8014 and SNAP administrative matching funds at a 50 percent match rate.

Challenges and Enhancement Opportunities

- 1 OIG indicated that the State Law Enforcement Bureau (SLEB) agreement places significant restrictions on the process to open a retailer or vendor investigation. The Food and Nutrition Service (FNS) under the U.S. Department of Agriculture requires states to establish a SLEB agreement to improve SNAP program administration and ensure program integrity.
- 2 OIG indicated that the EBT Trafficking Unit does not have a local presence in Western Texas. EBT Investigators are currently required to travel to these regions.
- 3 OIG indicated that funding for a single consolidated OIG case management system for use across all divisions would increase efficiency.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
	X		
Authority			

Program: State Centers Investigative Team (SCIT)

**Agency
Ranking**

8 out of 20

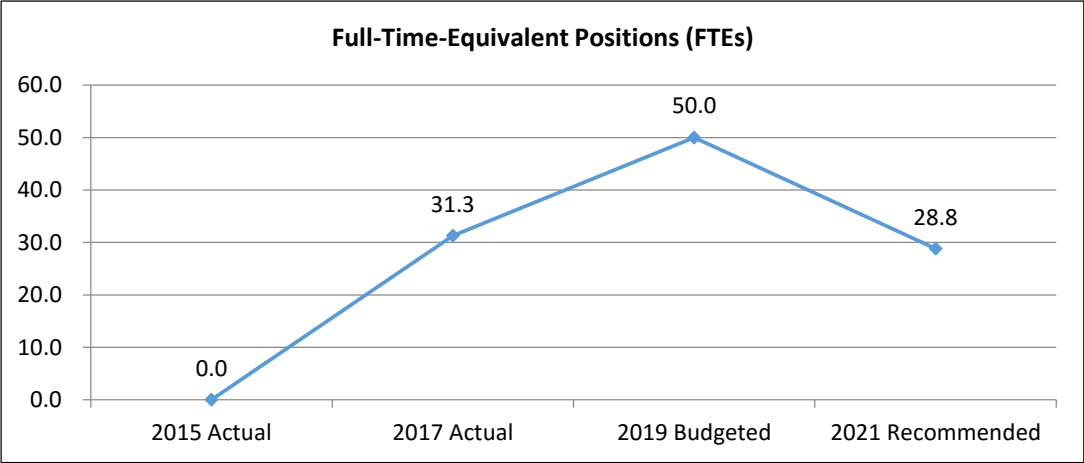
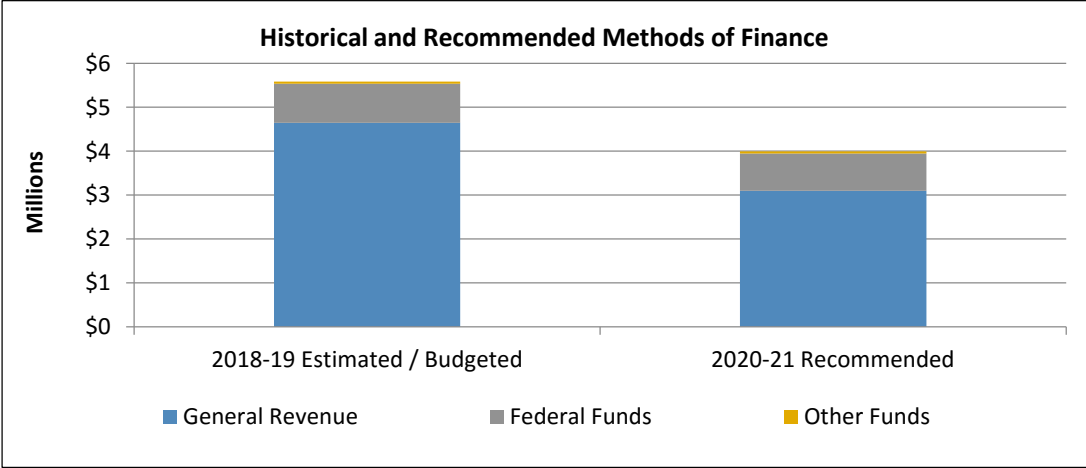
The State Centers Investigative Team protects the integrity of HHS programs through criminal investigations of employees involving abuse, neglect and exploitation in State Supported Living Centers and State Hospitals.

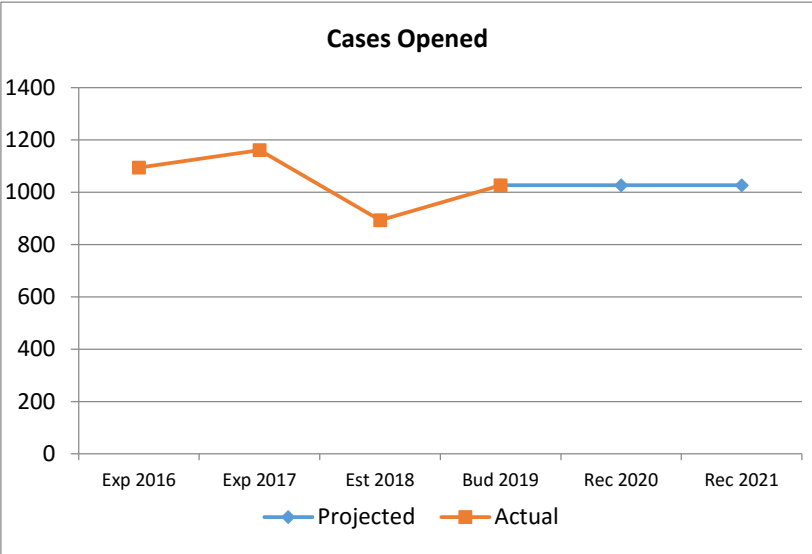
Legal Authority: Health and Safety Code § 552.101, § 555.101, § 555.138; Texas Government Code § 531.102; Texas Human Resources Code § 48.007 and § 48.1522.

Year Implemented	2016	Performance and/or		Revenue Supported	No
Authority	Strong	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

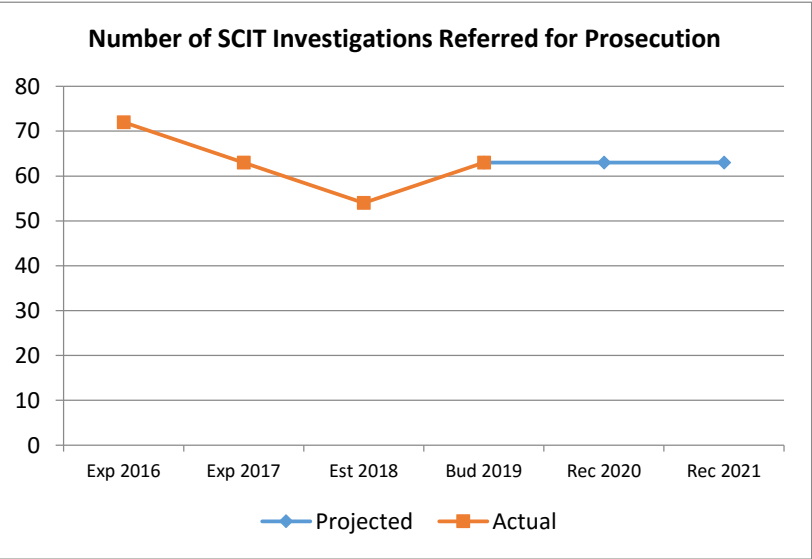
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 4,863,754	\$ 3,477,596	87.1%
Operating Costs	\$ 722,700	\$ 515,900	12.9%
Total	\$ 5,586,454	\$ 3,993,496	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 3,993,496	100.0%
Total	\$ 3,993,496	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- OIG employs commissioned peace officers for the purpose of assisting state or local law enforcement agencies in the investigation of an alleged criminal offense involving a patient of a state hospital or resident of a State Supported Living Center (SSLC). Cases are referred for prosecution to appropriate state or federal regulatory and law enforcement authorities.
- SCIT activities are paid mostly with General Revenue and General Revenue Certified as Match for Medicaid Account No. 8032; as well as certain Medicaid matching funds.
- The three major position classifications for this program with the highest average annual salary include: 1) Director II (\$86,885); 2) Manager V (\$82,040); and 3) Manager IV (\$65,739). For fiscal year 2018, the average cost per FTE for this program was \$63,154 (including salaries, other personnel costs, and travel costs; not including benefits). Criminal investigations are conducted by Commissioned Peace Officers.

Challenges and Enhancement Opportunities

- OIG indicated that competitive salaries offered by other law enforcement agencies contributes to high staffing turnover.
- OIG did not identify any specific enhancement opportunities to improve program effectiveness, but did indicate that increased staffing would decrease investigative workloads and travel expense.

Alternative Funding Options

- OIG did not offer an alternative funding option for SCIT, despite mentioning that salary levels contribute to high staffing turnover.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
			X
Authority			

Program: Chief Counsel

Agency Ranking

9 out of 20

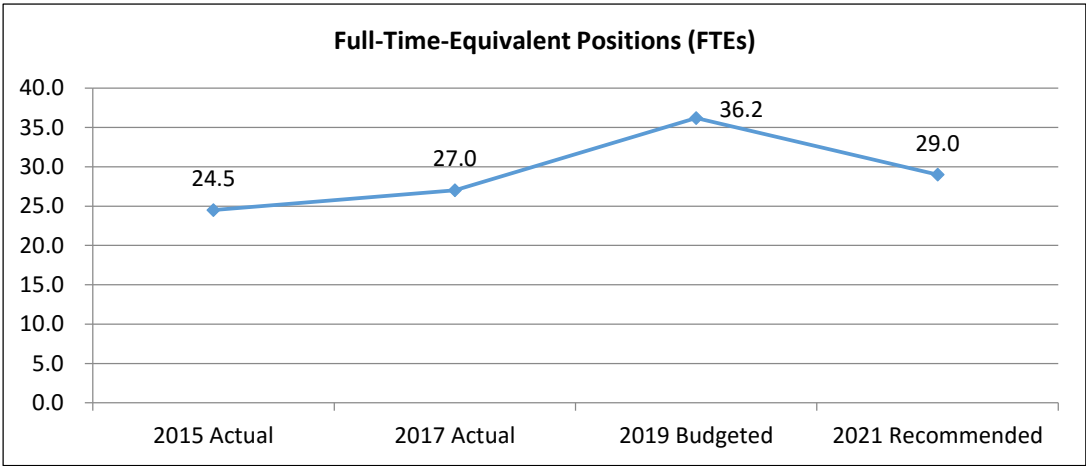
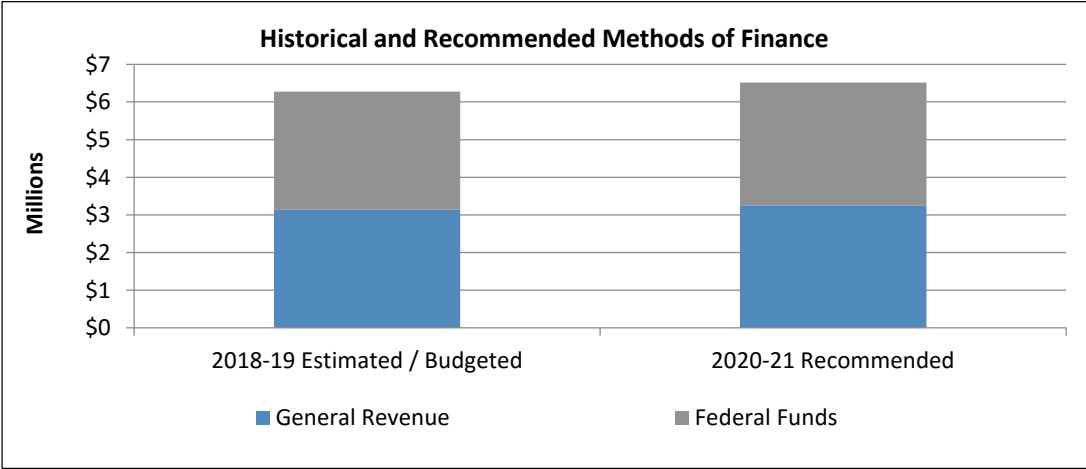
The Chief Counsel Division provides legal counsel to the Inspector General and all OIG divisions and pursues overpayments, penalties, and sanctions for certain program violations.

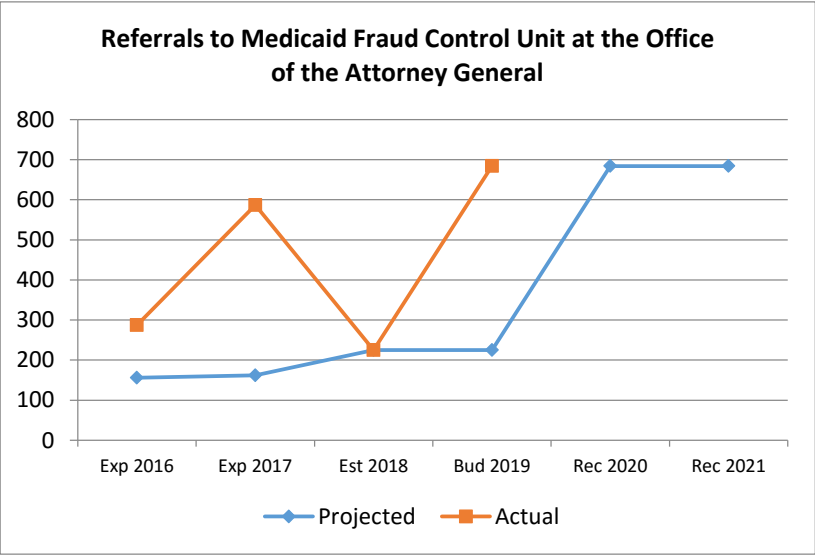
Legal Authority: Government Code § 531.102(a-6) and § 531.102(a-8).

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	No	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

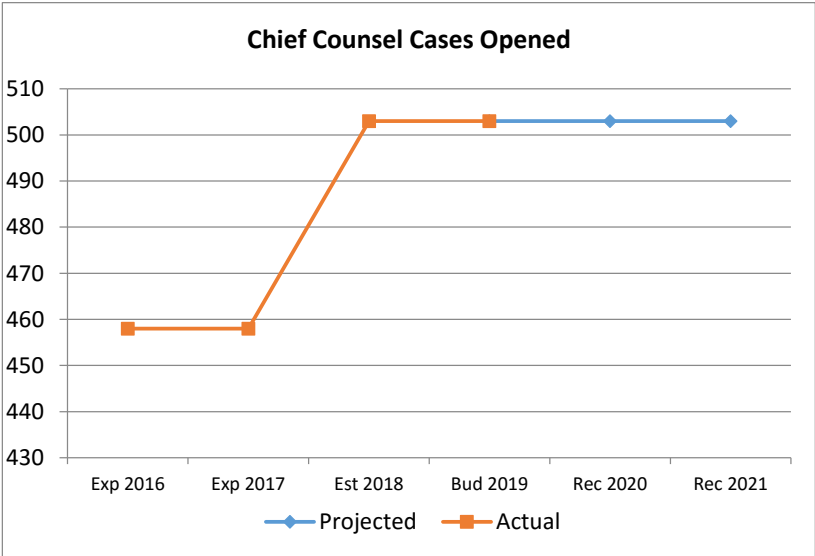
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 4,749,210	\$ 4,987,486	76.6%
Operating Costs	\$ 1,526,084	\$ 1,526,078	23.4%
Total	\$ 6,275,294	\$ 6,513,564	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 6,513,564	100.0%
Total	\$ 6,513,564	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) General Counsel V (\$165,000); 2) Director VI (\$149,520); and 3) Director II (\$140,000). For fiscal year 2018, the average cost per FTE for this program was \$84,675 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Chief Counsel activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.
- 3 House Bill 2379, Eighty-fifth Legislature, Regular Session, 2017, amended statute to clarify that legal services that transferred to HHSC as part of administrative consolidation of the HHS system included only legal services related to open records, procurement, contracting, human resources, privacy, litigation support by the Attorney General, bankruptcy, and other legal services agreed to between HHSC and OIG.

Challenges and Enhancement Opportunities

- 1 OIG did not identify any specific challenges to program operation.
- 2 OIG did not provide any specific enhancement opportunities, but did indicate that resources for additional attorneys would allow for faster resolution of cases transferred to litigation and would allow for additional support of other OIG programs.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			
		X	
Authority			

Program: Other Support Services (Direct Support Services)

Agency Ranking

10 out of 20

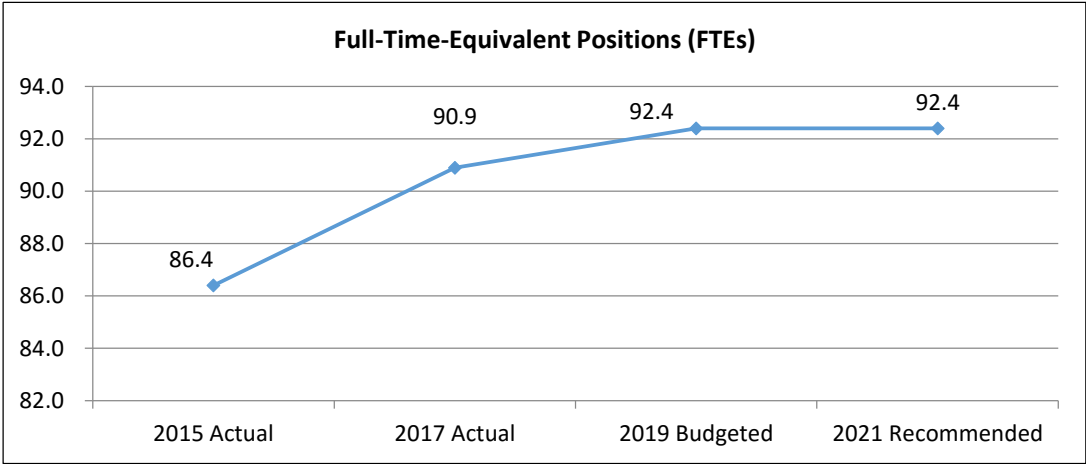
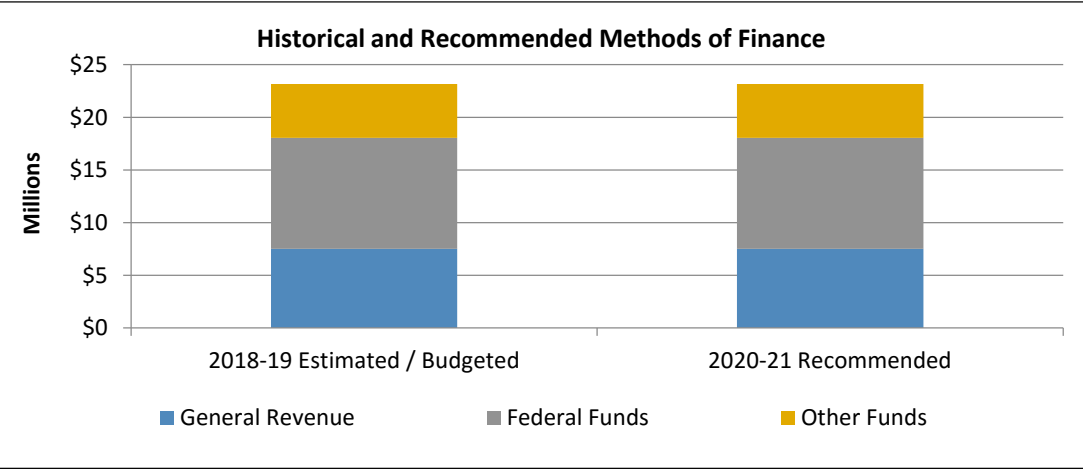
Direct Support Services includes legislative analysis, internal and external communication, research, policy development, data and technology, purchasing and contract oversight, training, budget, performance measure reporting and collection, organizational support, and direct program support.

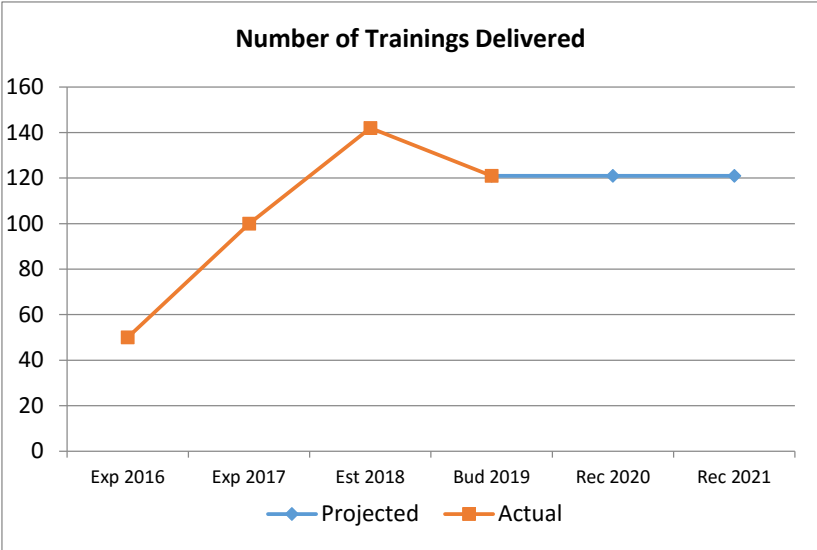
Legal Authority: Government Code Chapter 531; 1 Texas Administrative Code Chapter 371.

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

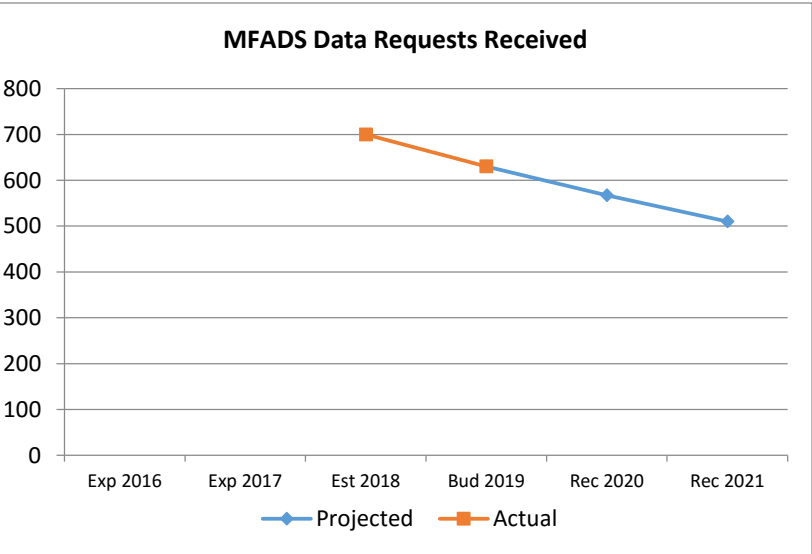
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 13,263,889	\$ 13,263,889	57.3%
Operating Costs	\$ 9,891,507	\$ 9,981,507	43.1%
Total	\$ 23,155,396	\$ 23,155,396	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 23,155,396	100.0%
Total	\$ 31,180,876	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: OIG indicates that the number of MFADS data requests received from other OIG divisions was not tracked prior to fiscal year 2018.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Director IV (\$130,870); 2) Director III (\$115,499); and 3) Director II (\$102,500). For fiscal year 2018, the average cost per FTE for this program was \$91,894 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Funding sources for Other Support Services include General Revenue, General Revenue Match for Medicaid Account No. 758, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. Direct Support Services also receives funding by Interagency Contract with the Department of State Health Services and the Department of Family and Protective Services.
- 3 In response to observations made in a 2015 Organizational Assessment conducted by Navigant Consulting, OIG hired four additional training specialists to address staff training needs. OIG initiated a monthly schedule of training courses, enhanced new employee orientation, and coordinated with HHSC to deliver training for OIG staff on HHS programs and services.
- 4 Recommendations maintain 2018-19 base spending levels for Direct Support Services.

Recommended Statutory Changes for Program Improvement

- 1 OIG indicated that a statutory change allowing the state to build a pool of qualified physicians to be used for contracted case reviews and testimony for investigations and other activities on an as-needed basis would help to increase efficiency.
- 2 OIG indicated that unexpended balance authority across biennia and between fiscal years in a biennium would increase flexibility and assist with complex procurement processes.

Challenges and Enhancement Opportunities

- 1 The type of assistance provided by direct support services is dependent on shifts of resources and activity between other OIG divisions.
- 2 OIG indicated that additional staff for data and technology would allow exploration of more sophisticated fraud analytics, and more policy staff would assist with future projections.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Clinical Subject Matter Expert (CSME)

Agency Ranking
11 out of 20

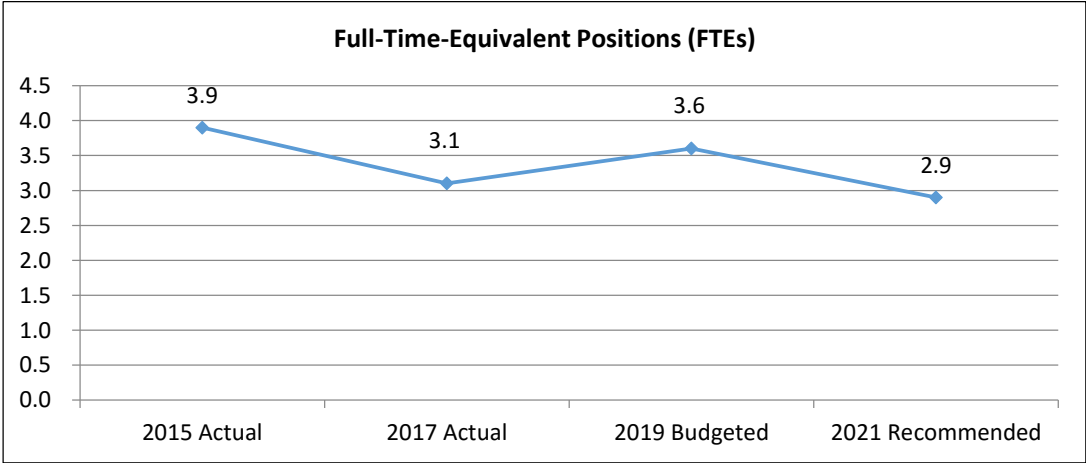
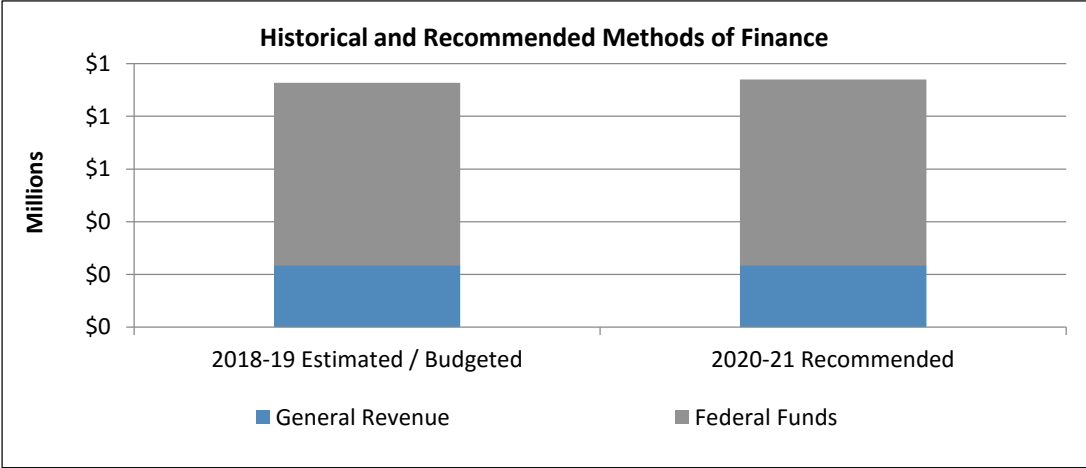
The CSME team includes a physician, dental hygienist, pharmacist, and two dentists who provide clinical expertise to the OIG. The CSME team also communicates with managed care organization and dental maintenance organization compliance departments to educate and clarify clinical documentation and medical/dental policy interpretation.

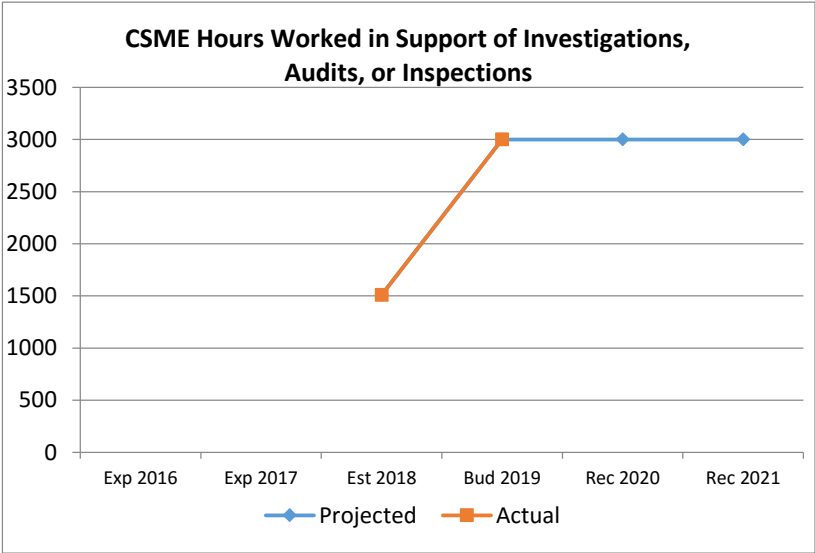
Legal Authority: Government Code § 531.102(a), (l), and (m); 1 Texas Administrative Code § 371.11(a) and § 371.1601(b).

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 834,175	\$ 835,162	88.8%
Operating Costs	\$ 92,542	\$ 105,086	11.2%
Total	\$ 926,717	\$ 940,248	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 940,248	100.0%
Total	\$ 940,248	100.0%





Source: Office of the Inspector General

Note: OIG indicated that CSME Hours worked in support of investigations, audits, or inspections was not tracked until beginning in March 2018.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Physician III (\$192,000); 2) Dentist III (\$139,572); and 3) Dental Hygienist I (\$83,343). For fiscal year 2018, the average cost per FTE for this program was \$146,153 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 CSME activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 75 percent match rate.
- 3 In response to observations made by Navigant Consulting in a 2015 Organizational Assessment of the OIG, OIG created the Division of Medical Services in May 2016 to serve as a central division for clinical subject matter experts including medical coders, nurses, a Chief Medical Officer, a Chief Dental Office, a dental hygienist, and a Chief Pharmacy Officer. OIG also issued a Request for Qualifications (RFQ) to solicit physicians to build a pool of additional contracted qualified medical professionals to assist with case reviews and associated actions.

Challenges and Enhancement Opportunities

- 1 OIG indicated that maintaining an adequate panel of willing medical CSMEs for investigations and litigation is challenged by limited resources to create a reimbursement structure to match private sector incentives.
- 2 OIG indicated that additional resources would allow CSMEs to better detect, investigate, and prosecute abuse by dentists and orthodontists in the Medicaid program. OIG also reported that additional FTEs for dental hygienists would support additional field clinical exams.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Fraud Hotline

Agency Ranking 12 out of 20

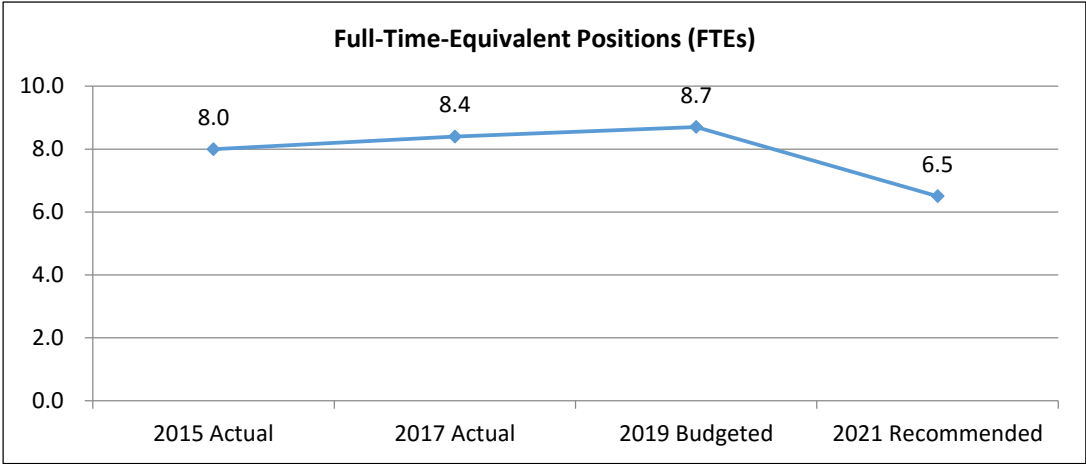
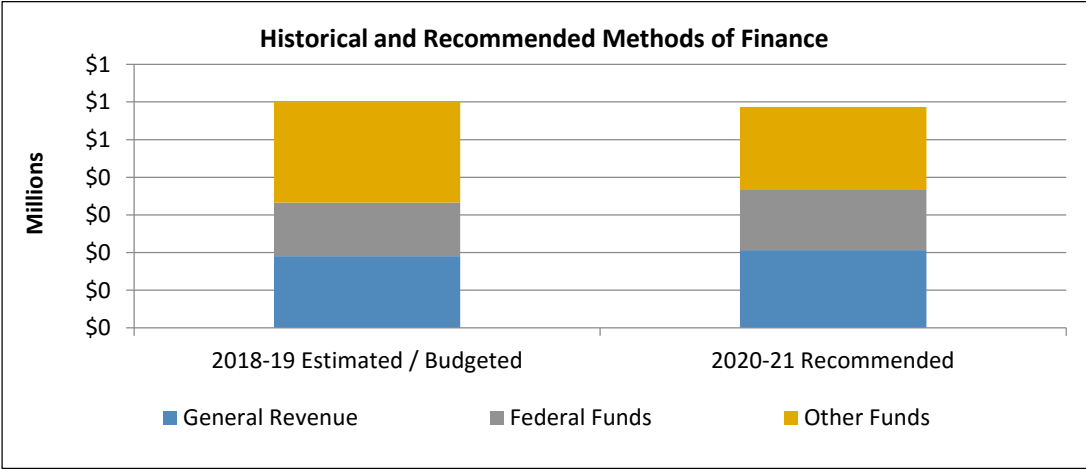
The Fraud Hotline team receives allegations of fraud, waste, and abuse and refers them for further investigation or action, as appropriate.

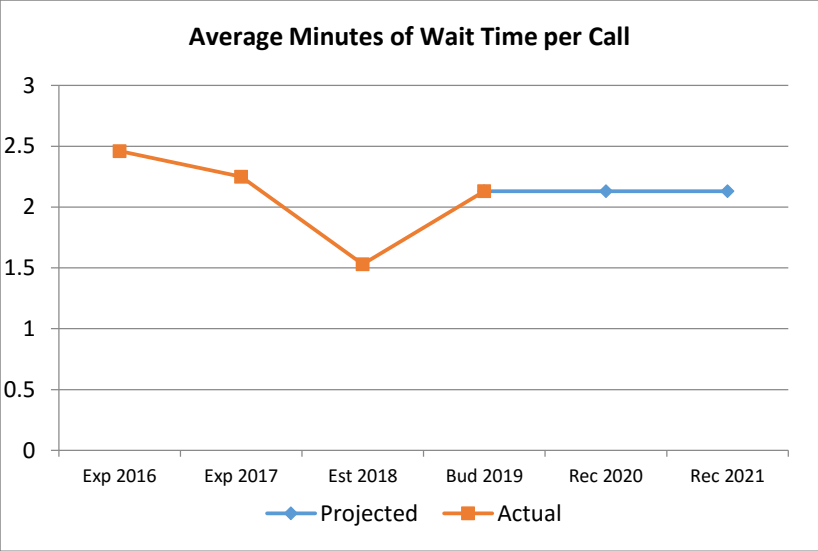
Legal Authority: Government Code § 531.108.

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

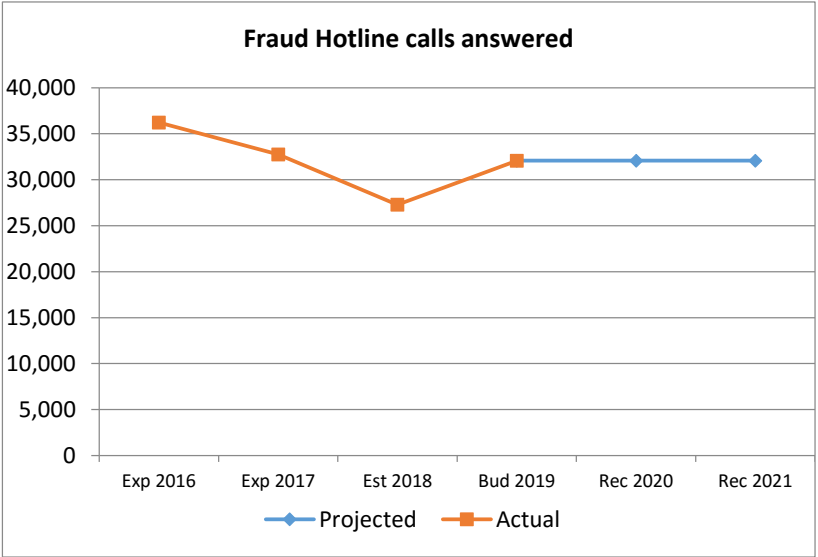
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 573,515	\$ 561,720	95.8%
Operating Costs	\$ 26,153	\$ 24,896	4.2%
Total	\$ 599,668	\$ 586,616	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 586,616	100.0%
Total	\$ 586,616	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Manager V (\$74,708); 2) Customer Service Representative V (\$47,687); and 3) Customer Service Representative IV (\$33,596). For fiscal year 2018, the average cost per FTE for this program was \$42,856 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Funding sources for the Fraud Hotline include General Revenue, General Revenue Match for Medicaid Account No. 758, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. The Fraud Hotline also receives funding by Interagency Contract with the Department of State Health Services and the Department of Family and Protective Services.

Challenges and Enhancement Opportunities

- 1 OIG indicated that high turnover and the small size of the call center make it a challenge to operate during high volume periods.
- 2 OIG indicated that the volume of calls that the Fraud Hotline receives that do not relate directly to fraud, waste, or abuse detracts from focus on OIG's mission and requires time from Fraud Hotline staff to appropriately redirect callers.
- 3 OIG indicated that resources for additional staff would improve its answer rate and decrease wait times during high volume
- 4 OIG indicated that funding for a single consolidated OIG case management system would improve the tracking of cases that originated from a hotline report or referral.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
		X	
Authority			

Program: Internal Affairs (IA)

**Agency
Ranking**

13 out of 20

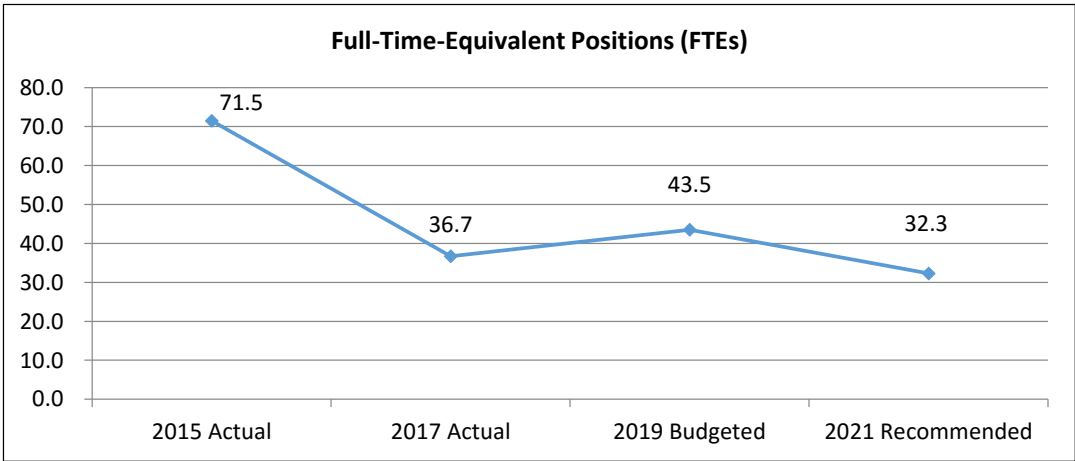
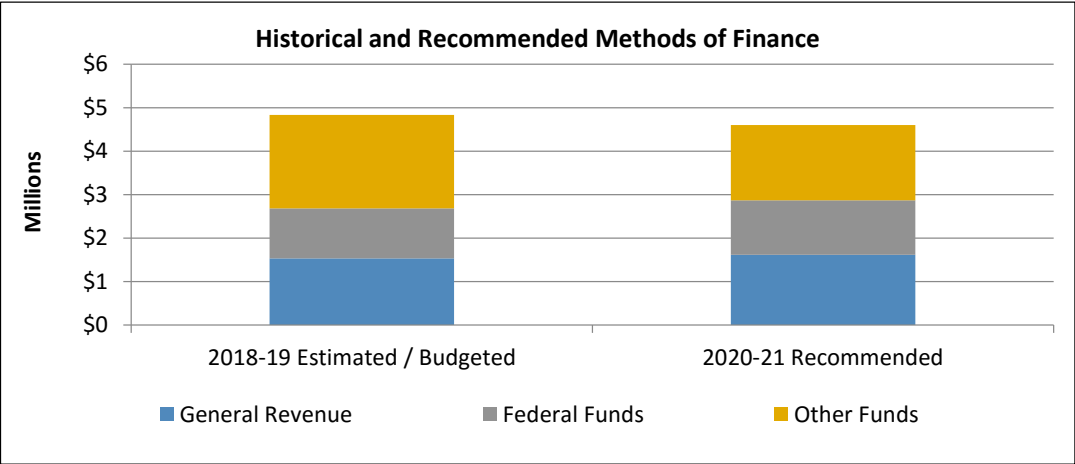
The Internal Affairs section investigates employee misconduct as it relates to the delivery of health and human services, and investigates certain contract fraud within the HHS System.

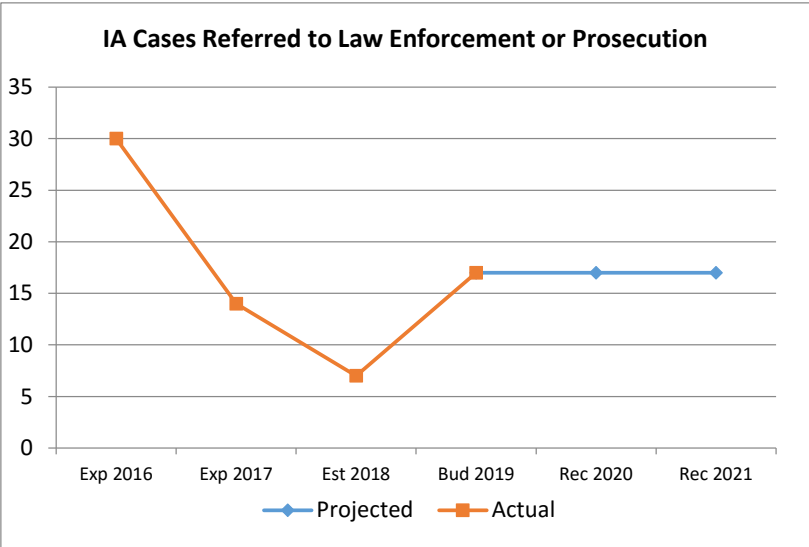
Legal Authority: Government Code § 531.102(p)(1)(2C); 1 Texas Administrative Code § 371.11 and § 371.1305(a)(4); 42 CFR 455, Subpart A.

Year Implemented	2018	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	Yes	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

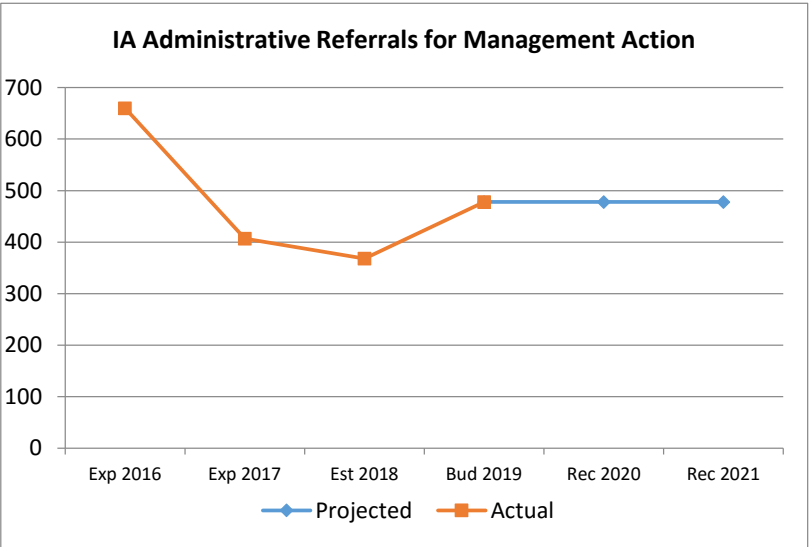
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 3,952,642	\$ 3,767,052	81.9%
Operating Costs	\$ 882,758	\$ 833,660	18.1%
Total	\$ 4,835,400	\$ 4,600,712	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 4,600,712	100.0%
Total	\$ 4,600,712	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Note: The decline in cases and referrals between fiscal year 2016 and fiscal year 2018 is primarily due to state hospital/SSLC cases moving from Internal Affairs to the State Center Investigative Team.

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Director III (\$105,052); 2) Manager V (\$71,179); and 3) Investigator VII (\$59,741). For fiscal year 2018, the average cost per FTE for this program was \$61,749 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 Funding sources for IA include General Revenue, General Revenue Match for Medicaid Account No. 758, General Revenue Match for Food Stamp Administration Account No. 8014, General Revenue Match for Title XXI (CHIP) Account No. 8010, General Revenue Certified as Match for Medicaid Account No. 8032; as well as an array of federal matching funds at a variety of match rates. IA also receives funding by Interagency Contract with the Department of State Health Services and the Department of Family and Protective Services.
- 3 In response to findings of the 2015 Sunset Report on HHSC, OIG indicates that it has refocused IA resources on employee investigations related to high-priority allegations. The Sunset Report identified that OIG was utilizing resources to investigate otherwise low-level Human Resources issues.

Challenges and Enhancement Opportunities

- 1 OIG did not identify any challenges to the operation of the program, but did note that IA continues to transition from conducting primarily Human Resources-related investigations of HHS employees to playing a larger role in investigating contracted services fraud.
- 2 OIG indicated that funding for a single consolidated OIG case management system would improve the tracking of cases that originated from a hotline report or referral.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality		
	X		
Authority			

Program: Finger Print Checks

Agency
Ranking

14 out of 20

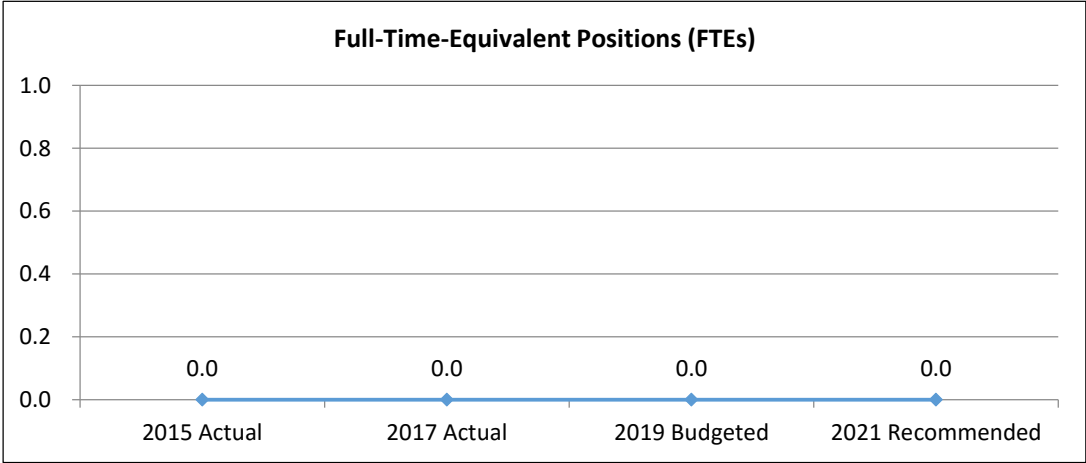
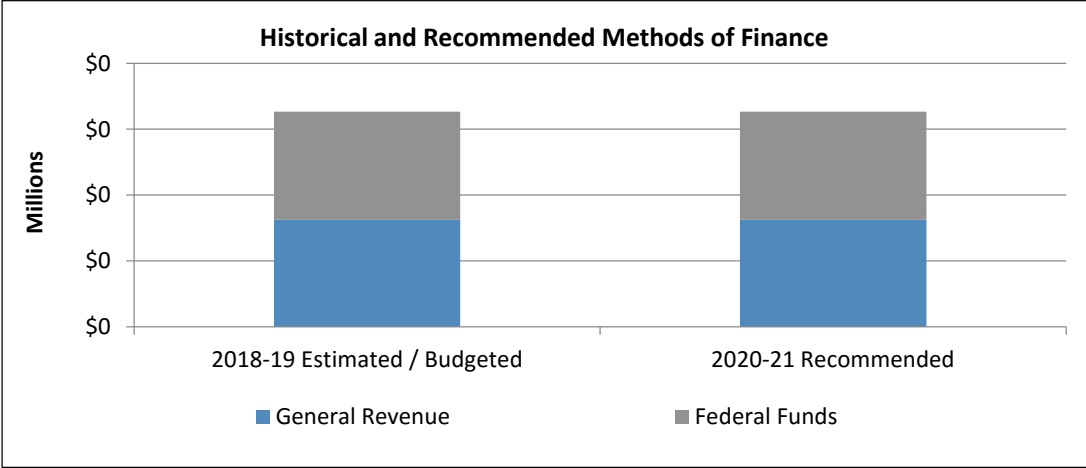
As part of its responsibility for conducting provider enrollment screenings on behalf of HHS, the Provider Enrollment Integrity Screenings (PEIS) team collaborates with HHS and the claims administration contractor to conduct and review fingerprint checks on high-risk providers. This program represents funding that supports a function or activity of the OIG but the funding is not reflected in Strategy K.1.1, Office of Inspector General.

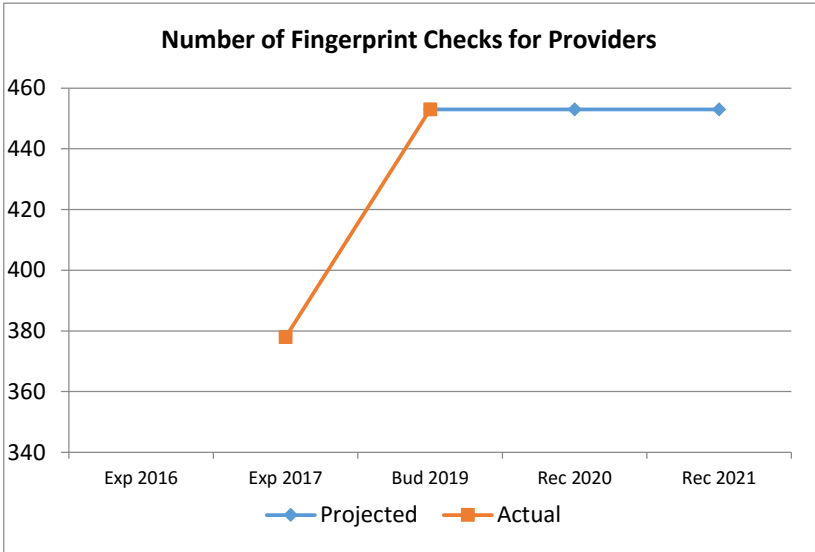
Legal Authority: Government Code § 531.1032; 42 CFR § 455.434 and § 455.450(c).

Year Implemented	2017	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 163,244	\$ 163,244	100.0%
Total	\$ 163,244	\$ 163,244	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 163,244	100.0%
Total	\$ 163,244	100.0%





Source: Office of the Inspector General
Note: Provider enrollment fingerprint-based criminal background checks were not implemented until the second quarter of fiscal year 2017.

Summary of Recommendations and Fiscal and Policy Issues

- 1** This program reflects additional funding that is currently appropriated to the Health and Human Services Commission in Strategy B.1.1, Medicaid Contracts and Administration. The funding supports certain activities of FTEs within the Provider Enrollment Integrity Screening (PEIS) program and does not directly support any additional FTEs.
- 2** Finger Print Checks are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rates.
- 3** Fingerprint checks are a part of the disclosure and screening requirements that the PEIS team conduct for provider enrollment. There are no specific staff at the OIG allocated solely to conducting fingerprint checks.

Challenges and Enhancement Opportunities

- 1** OIG indicated that ensuring the accuracy of ongoing provider education, the availability of electronic scanning kiosks in rural areas, obtaining fingerprints for out-of-state providers, and coordinating with the Texas Medicaid Healthcare Partnership are challenges of fingerprint checks in general.
- 2** OIG did not identify any specific enhancement opportunities that would improve the program's effectiveness.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	→	
↑			
	X		
Authority			

Program: Provider Enrollment Integrity Screening (PEIS)

Agency Ranking

15 out of 20

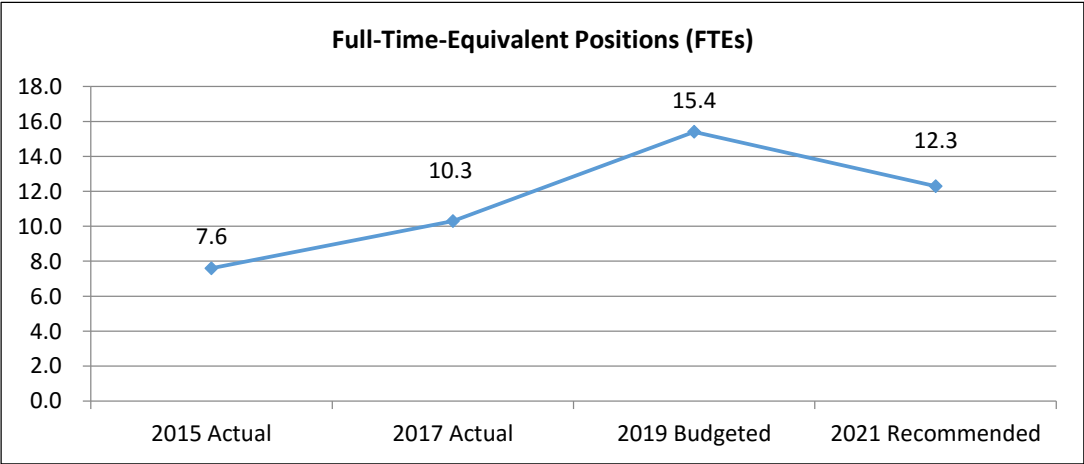
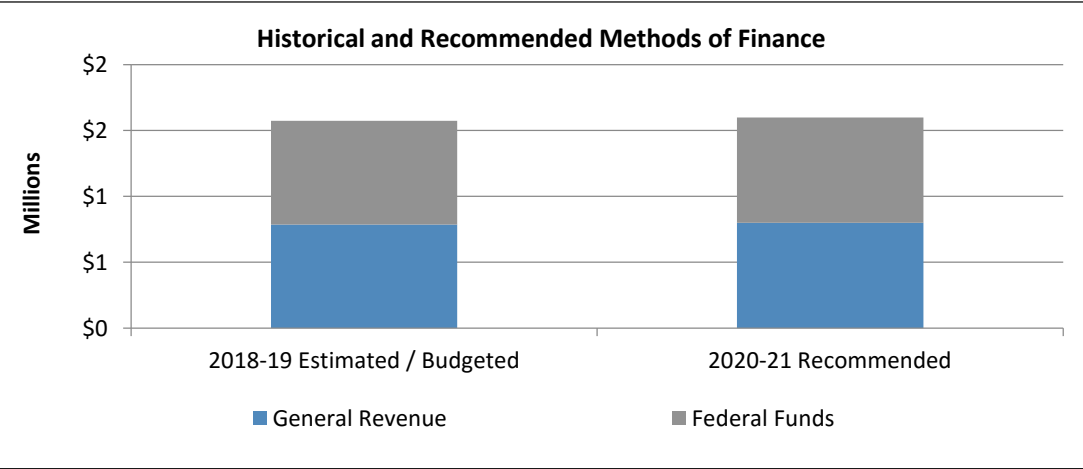
The PEIS team performs required state and federal disclosure and screening activities for providers seeking to enroll, re-enroll, or revalidate participation in Medicaid, CHIP and other HHS programs.

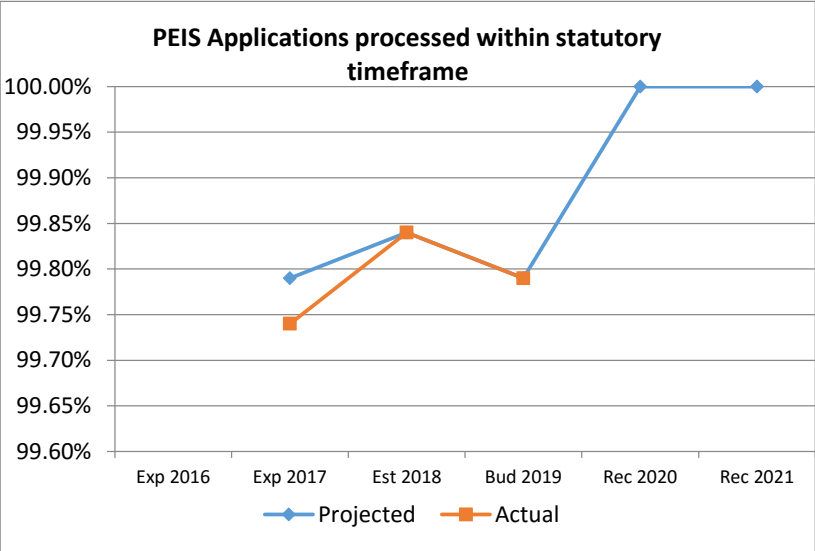
Legal Authority: Government Code § 531.102 and §§ 531.1032 - 531.1034; 1 Texas Administrative Code Chapters 352 and 371; 42 CFR Parts 438 and 455.

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority	Moderate	Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality	Weak	Outsourced Services	No	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

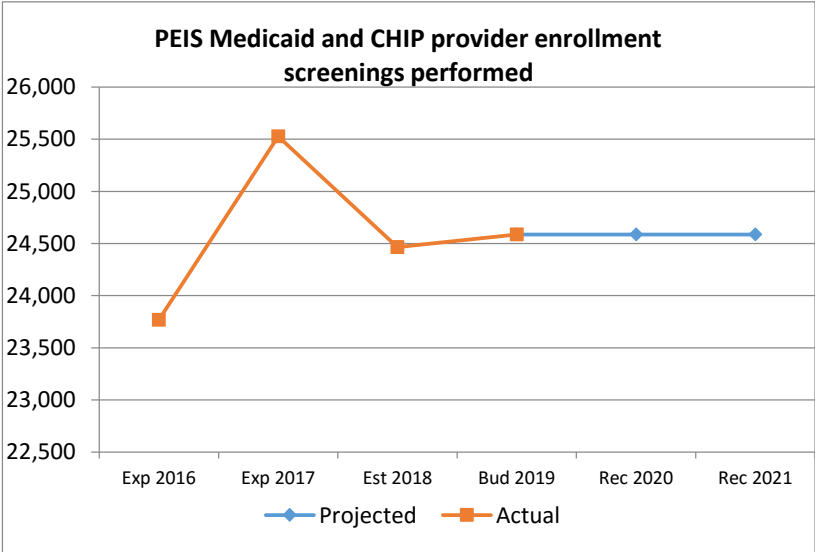
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 1,449,424	\$ 1,474,304	92.3%
Operating Costs	\$ 123,842	\$ 123,840	7.7%
Total	\$ 1,573,266	\$ 1,598,144	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,598,144	100.0%
Total	\$ 1,598,144	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The PEIS program performs federally mandated provider enrollment program integrity screening requirements in support of the HHSC Medicaid and CHIP Services Department (MCSD).
- 2 State statute requires OIG to complete provider enrollment screenings within 10 business days. Statute also prohibits duplication of criminal history background checks for certain providers who already underwent fingerprint checks through their respective professional licensure or credentialing board.
- 3 The three major position classifications for this program with the highest average annual salary include: 1) Director II (\$102,359); 2) Manager V (\$69,415); and 3) Program Specialist VII (\$67,916). For fiscal year 2018, the average cost per FTE for this program was \$58,948 (including salaries, other personnel costs, and travel costs; not including benefits).
- 4 PEIS activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.

Challenges and Enhancement Opportunities

- 1 OIG indicated that coordination with CMS, HHSC, and the claims administrator contractor to identify and implement improvements or to clarify program integrity requirements can be a challenge.
- 2 OIG indicated that additional staff would allow the PEIS team to provide additional support to the MCSD during provider enrollment activities.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
			X
Authority			

Program: Medicaid Fraud Law Enforcement

Agency Ranking
16 out of 20

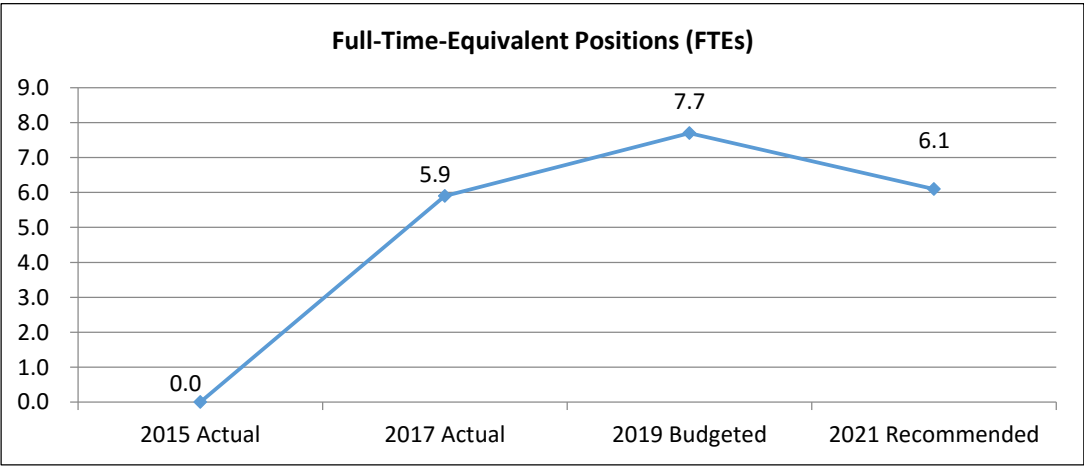
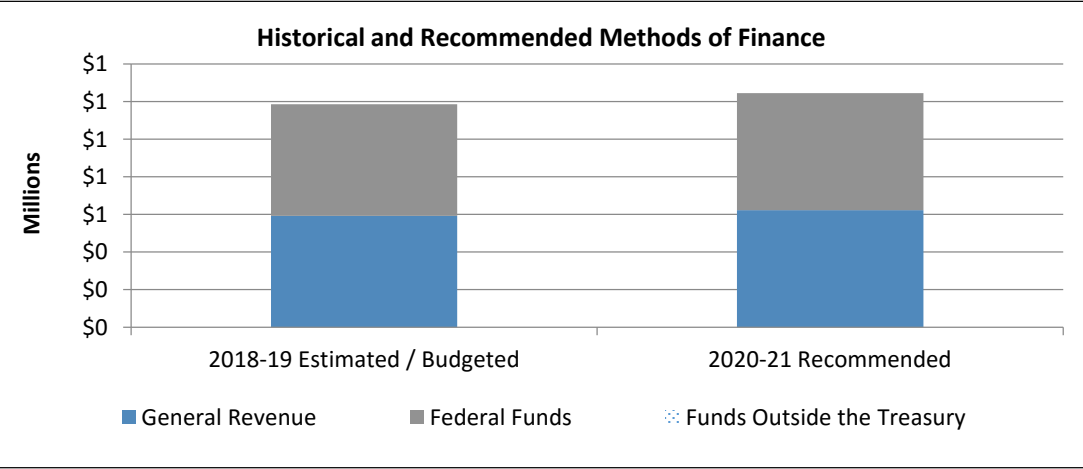
Identifies and targets for prosecution individuals and criminal enterprise groups responsible for health care fraud and financial crime. Also participates as a member of the Federal Bureau of Investigation (FBI) White Collar Crime-Complex Financial Crimes Task Force.

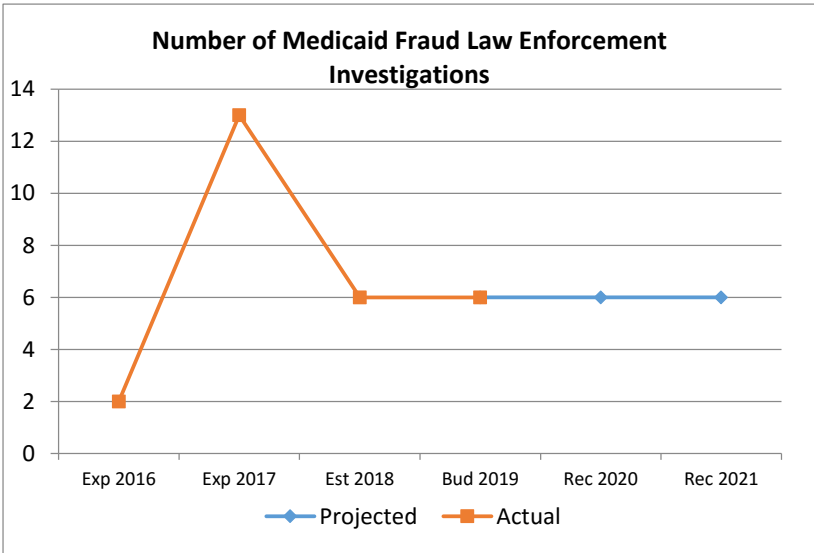
Legal Authority: Government Code § 531.102(a) and § 531.102(f); 28 U.S.C. § 533; 42 U.S.C. §3 771; 28 C.F.R. § 0.85.

Year Implemented	2014	Performance and/or	Revenue Supported	No
Authority	Strong	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Strong	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Regional	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 911,570	\$ 970,742	78.0%
Operating Costs	\$ 274,410	\$ 274,398	22.0%
Total	\$ 1,185,980	\$ 1,245,140	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,245,140	100.0%
Total	\$ 1,245,140	100.0%





Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 Employees of this program participate in surveillance activities, take statements from witnesses or clients, assist in making arrests, and review records.
- 2 The OIG has a full time commissioned officer participating in the South Texas White Collar Crimes - Complex Financial Crimes FBI Task Force. This officer works as a team member with other agencies on the task force and takes direction for task force activities from the Special Agent in Charge.
- 3 The Medicaid Fraud Law Enforcement Unit employs Investigator VIIs at an average annual salary of \$75,480. For fiscal year 2018, the average cost per FTE for this program was \$95,673 (including salaries and travel costs; not including benefits).
- 4 Medicaid Fraud Law Enforcement Unit activities are paid with General Revenue Match for Medicaid No. 758 and Medicaid administrative matching funds at a 50 percent match rate.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: WIC Vendor Monitoring Unit

Agency Ranking 17 out of 20

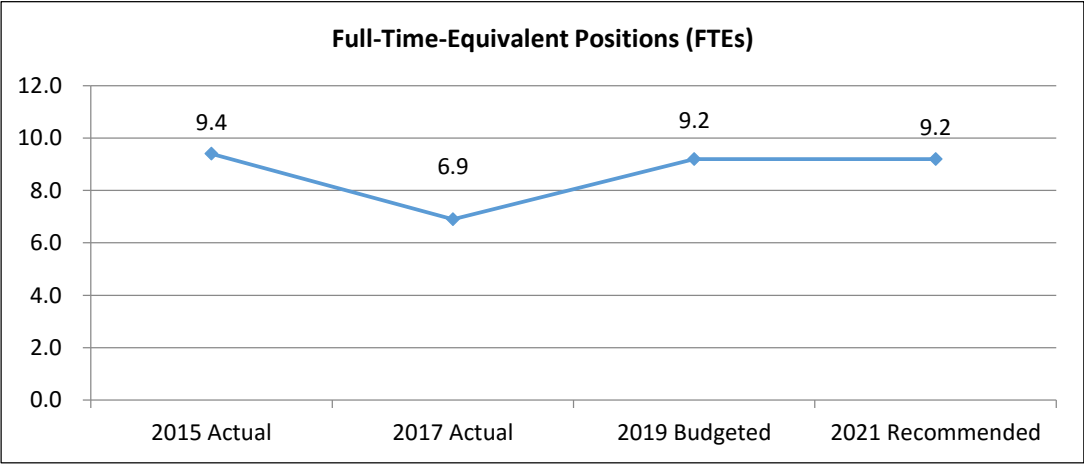
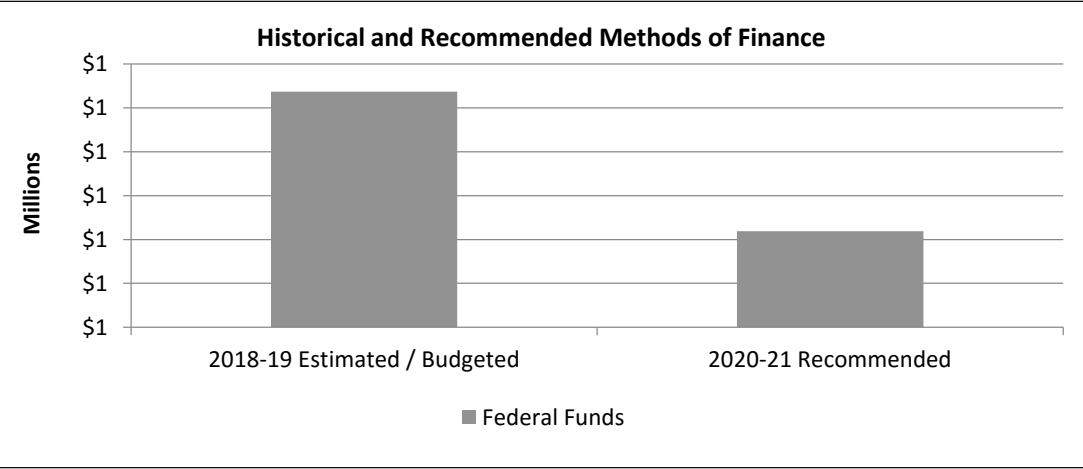
The Women, Infants, and Children (WIC) Vendor Monitoring Unit protects the integrity of the WIC program through compliance investigations and routine monitoring activities of vendors participating in the program. The monitoring activity is federally mandated. This program represents funding that supports a function or activity of the OIG but the funding is not reflected in strategies in Goal K, Office of Inspector General.

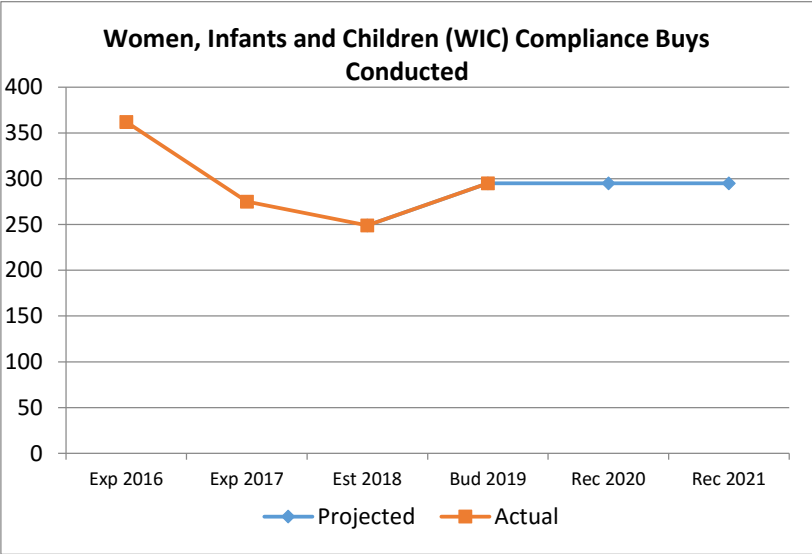
Legal Authority: Government Code § 531.102; 7 CFR 246.12(j).

Year Implemented	2003	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

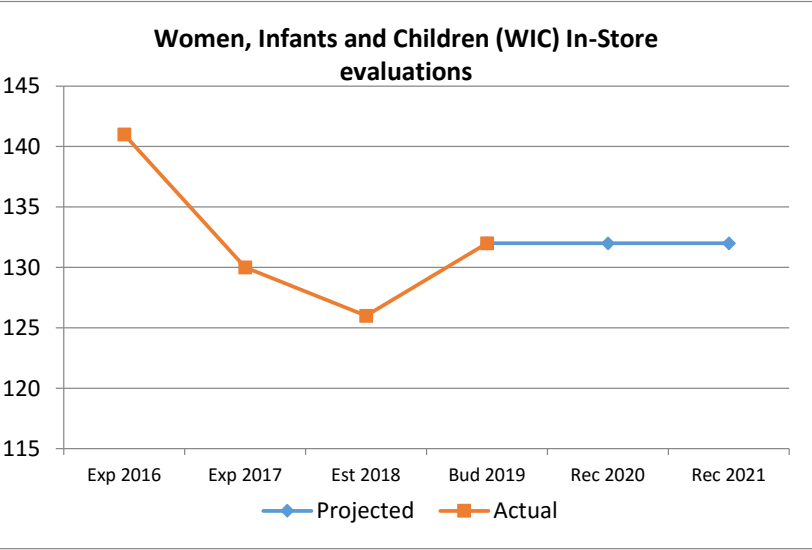
Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 977,873	\$ 948,944	88.5%
Operating Costs	\$ 125,824	\$ 122,974	11.5%
Total	\$ 1,103,697	\$ 1,071,918	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 1,071,918	100.0%
Total	\$ 1,071,918	100.0%





Source: Office of the Inspector General



Source: Office of the Inspector General

Summary of Recommendations and Fiscal and Policy Issues

- 1 The three major position classifications for this program with the highest average annual salary include: 1) Program Specialist VII (\$78,650); 2) Program Specialist V (\$60,000); and 3) Auditor V (\$59,392). For fiscal year 2018, the average cost per FTE for this program was \$78,040 (including salaries, other personnel costs, and travel costs; not including benefits).
- 2 WIC Vendor Monitoring Unit activities are paid entirely from WIC federal funds. This program reflects additional funding that is currently appropriated to the Health and Human Services Commission in Strategy E.1.2, Provide WIC Services.
- 3 7 CFR 246.12(j) allows states to delegate WIC vendor monitoring to a local agency or contractor if the state agency indicates its intention to do so in the State Plan. In such cases, the State agency must provide supervision and instruction to ensure uniformity and quality of vendor monitoring.

Challenges and Enhancement Opportunities

- 1 The Code of Federal Regulations (CFR) requires a pattern of violations to impose a sanction on a WIC retailer. The CFR defers to state programs to define "pattern." HHSC defines a pattern as either two or three occurrences of the same violation. If a violation is noted during the initial compliance buy, subsequent compliance buys must be conducted until the pattern is established which can require as many as a dozen visits over multiple years.
- 2 OIG did not provide any specific enhancement opportunities, but did indicate that resources for additional technology could increase the efficiency of field work.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
		X	
Authority			

Program: Disability Determination Services (DDS) Investigations

Agency
Ranking

18 out of 20

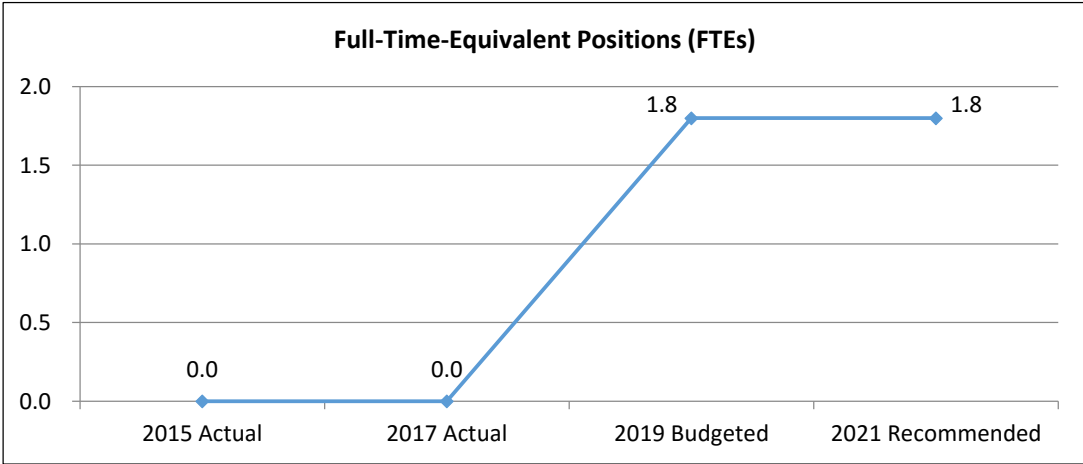
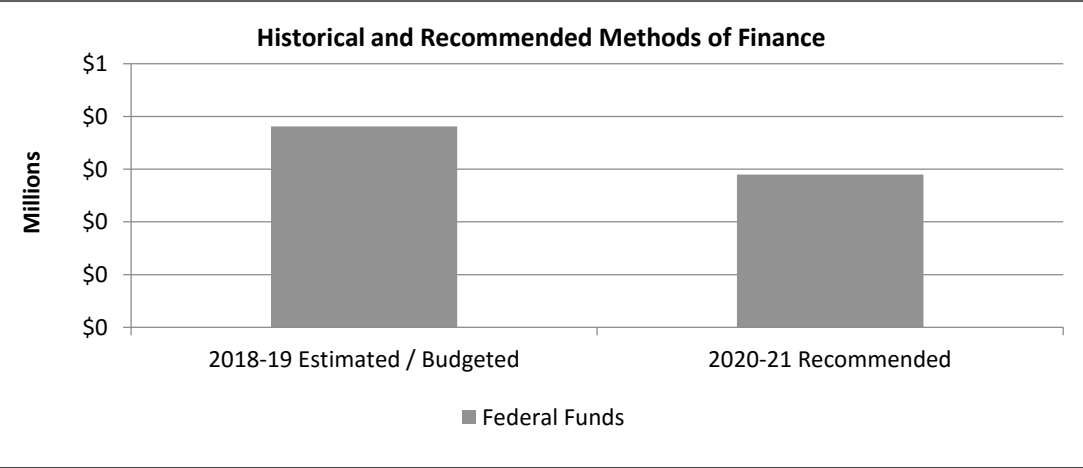
DDS Investigations investigates claimants, medical providers, or other service providers for disability fraud. The evidence gathered can assist the DDS program at HHSC make timely and accurate disability determinations and the Social Security Administration's Office of Inspector General determine if other remedies are warranted. The team also generates cases for GI and the EBT trafficking team. This program represents funding that supports a function or activity of the OIG but the funding is not reflected in strategies in Goal K, Office of Inspector General.

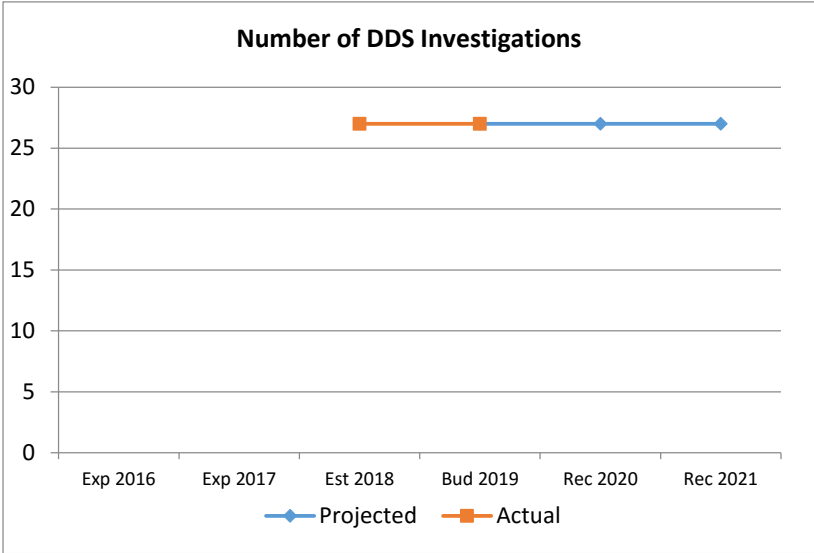
Legal Authority: Texas Government Code § 531.102(a); 42 U.S.C. 902(a); 5 U.S.C. App. 3 Sec. 6(a)(9).

Year Implemented	2018	Performance and/or	Revenue Supported	No
Authority	Moderate	Operational Issues	Appropriate Use of Constitutional and	
Centrality	Moderate	Outsourced Services	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation	

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Personnel Costs	\$ 192,596	\$ 201,858	69.7%
Operating Costs	\$ 188,686	\$ 87,758	30.3%
Total	\$ 381,282	\$ 289,616	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 289,616	100.0%
Total	\$ 289,616	100.0%





Source: Office of the Inspector General
Note: OIG began performing DDS Investigations in fiscal year 2018 and there is no data to report in prior fiscal years.

Summary of Recommendations and Fiscal and Policy Issues

- OIG indicates that the decision was made to implement this program under the relatively broad statutory authority of Government Code 531.102 because being part of the Disability Determination Services Cooperative Disability Investigations (CDI) Unit has the potential to increase the number of client referrals to the Benefits Program Integrity Division and to increase recoveries in Medicaid and other programs. The Social Security Administration has a CDI Unit in each state. OIG indicates that its Investigators are the only investigators currently on the CDI team in Dallas.
- DDS Investigations are paid entirely from Social Security Disability Insurance federal funds. This program reflects additional funding that is currently appropriated to the Health and Human Services Commission in Strategy J.1.1, Disability Determination Services.
- The two major position classifications for this program include: 1) Investigator VI (\$75,000); and 2) Criminal Intelligence Analyst III (\$55,184). For fiscal year 2018, the average cost per FTE for this program was \$83,859 (including salaries and wages and travel costs; not including benefits).

Challenges and Enhancement Opportunities

- OIG indicated that challenges of this program stem from the program being new and are related to staffing, training, and the establishment of operational procedures.
- OIG did not identify any specific enhancement opportunities that would improve the program's effectiveness.

Alternative Funding Options

- OIG did not identify any alternative funding options for this program. Note that this program is 100 percent federally funded.

Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
Authority			

Program: Agency Allocated Support Cost (From HHSC)

Agency Ranking
19 out of 20

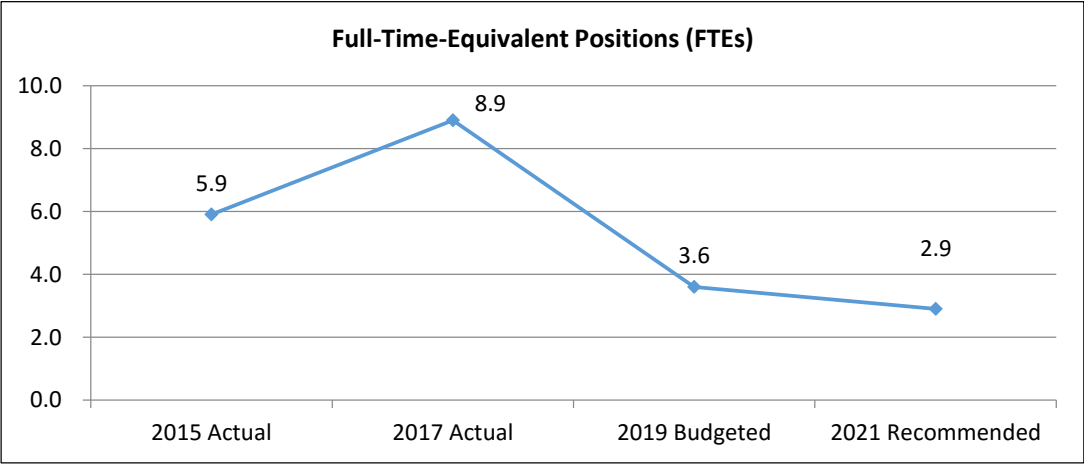
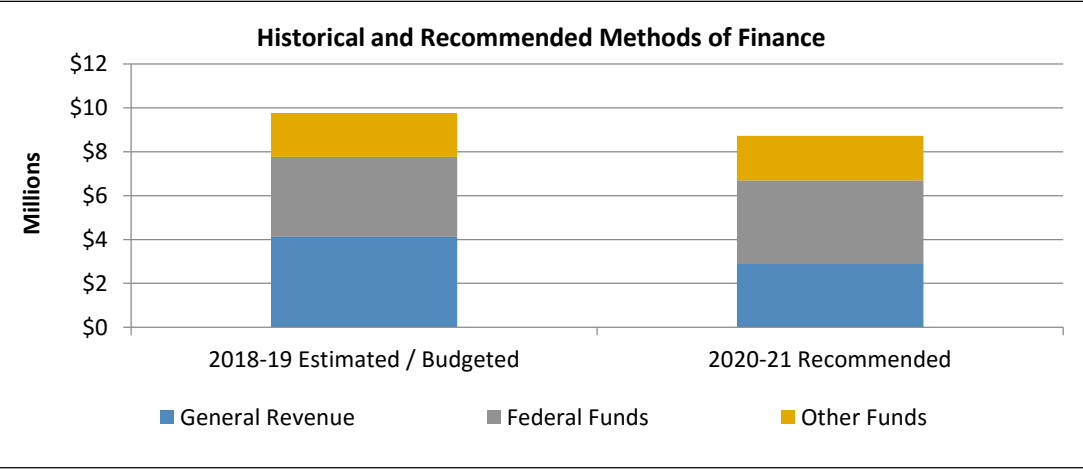
This program represents the OIG's allocation of certain consolidated HHSC cost pool costs. Cost pool costs include postage, occupancy costs, equipment repaid, telephones, office printing costs, supplies, freight and transport costs, telephone system costs and salary and travel costs of staff whose functions supports several programs.

Legal Authority: N/A

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority		Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality		Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Operating Costs	\$ 9,019,878	\$ 7,772,798	89.1%
Personnel Costs	\$ 752,715	\$ 951,104	10.9%
Total	\$ 9,772,593	\$ 8,723,902	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 8,723,902	100.0%
Total	\$ 8,723,902	100.0%



Health and Human Services Commission - Office of Inspector General
Strategic Fiscal Review Appendix 5c: Program Summary - House
(Includes Programs from All Funding Sources - Both Inside and Outside the State Treasury)

Mission Centrality/Authority			
	Centrality	Authority	
Authority			

Program: System Oversight & Program Support (from HHSC)

Agency Ranking 20 out of 20

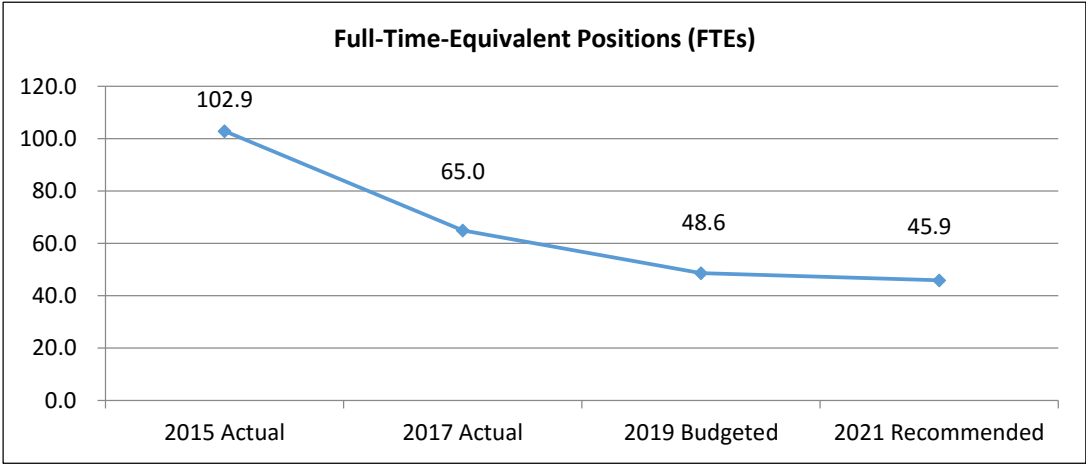
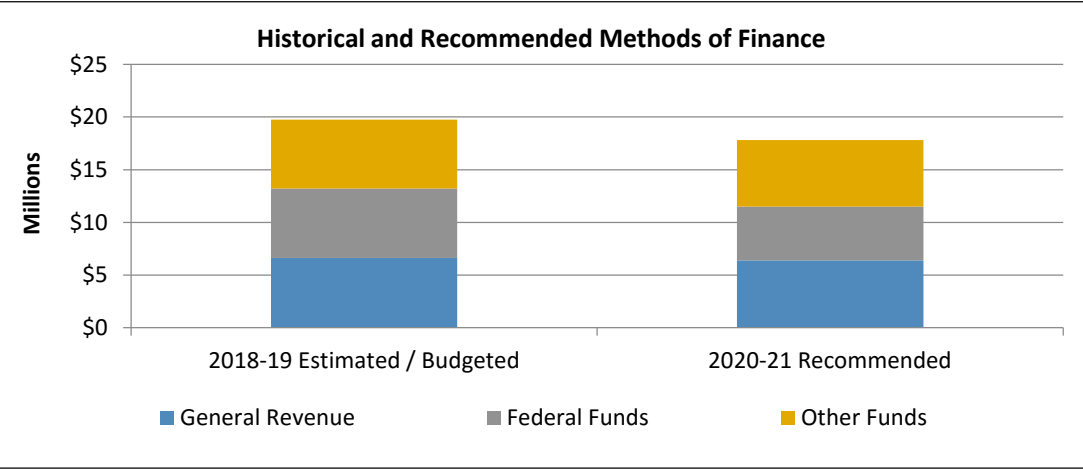
System Oversight & Program Support (HHSC Goal L) provides oversight of the HHS system and Indirect Administration of HHSC. Goal L provides support to programs within the Office of the Inspector General. This program represents an allocation of indirect administration to the OIG, but this funding is not reflected in strategies in Goal K, Office of Inspector General.

Legal Authority: N/A

Year Implemented	2003	Performance and/or		Revenue Supported	No
Authority		Operational Issues	N/A	Appropriate Use of Constitutional and	
Centrality		Outsourced Services	N/A	General Revenue-Dedicated Funds	N/A
Service Area	Statewide	State Service(s)	Business & Workforce Development & Regulation		

Objects of Expense	2018-19 Estimated / Budgeted	2020-21 Recommended	% of Total Rec. Funding
Operating Costs	\$ 12,864,348	\$ 10,740,773	60.3%
Personnel Costs	\$ 6,265,325	\$ 6,485,301	36.4%
Grants	\$ 457,125	\$ 437,944	2.5%
Capital Costs	\$ 172,873	\$ 141,530	0.8%
Total	\$ 19,759,671	\$ 17,805,548	100.0%

	2020-21 Recommended	% of Total
Funds Inside the State Treasury	\$ 17,805,548	100.0%
Total	\$ 17,805,548	100.0%



Health and Human Services Commission
Strategic Fiscal Review Appendix 6: Program and Strategies Crosswalk - House

Agency Ranking	Program	Strategy
1	Quality Review (QR)	11.1.1 Office Of Inspector General
2	Acute Care Surveillance Team (ACS)	11.1.1 Office Of Inspector General
3	Medicaid Provider Integrity (MPI)	11.1.1 Office Of Inspector General
4	Audit	11.1.1 Office Of Inspector General 2.1.1 Medicaid Contracts & Administration
5	General Investigations (GI)	11.1.1 Office Of Inspector General
6	Inspections	11.1.1 Office Of Inspector General
7	Electronic Benefit Transfer (EBT) Trafficking Unit	11.1.1 Office Of Inspector General
8	State Centers Investigative Team (SCIT)	11.1.1 Office Of Inspector General
9	Chief Counsel	11.1.1 Office Of Inspector General
10	Other Support Services (Direct Support Services)	11.1.2 OIG Administrative Support
11	Clinical Subject Matter Expert (CSME)	11.1.1 Office Of Inspector General
12	Fraud Hotline	11.1.1 Office Of Inspector General
13	Internal Affairs (IA)	11.1.1 Office Of Inspector General
14	Finger Print Checks	2.1.1 Medicaid Contracts & Administration
15	Provider Enrollment Integrity Screening (PEIS)	11.1.1 Office Of Inspector General
16	Medicaid Fraud Law Enforcement	11.1.1 Office Of Inspector General
17	WIC Vendor Monitoring Unit	5.1.2 Provide WIC Services
18	DDS Investigations	10.1.1 Disability Determination Services
19	<i>Agency Allocated Support Cost - Office of Inspector General</i>	11.1.2 OIG Administrative Support 12.1.1 HHS System Support 12.1.2 IT Oversight & Program Support 12.2.1 Central Program Support 12.2.2 Regional Program Support
20	<i>System Oversight & Program Support (from HHSC)</i>	

Note: Indirect administration program names are italicized.

Health and Human Services Commission - Office of Inspector General
Appendices - House

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C	FTE Highlights	*
D	Performance Measure Highlights	*
E	Summary of Ten Percent Biennial Base Reduction Options	71

* Information is included in the presentation section of the packet.

Health and Human Services Commission - Office of Inspector General
Funding Changes and Recommendations by Strategy -- Supplemental - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OFFICE OF INSPECTOR GENERAL K.1.1	\$75,663,134	\$78,393,798	\$2,730,664	3.6%	
GENERAL REVENUE FUNDS	\$34,007,196	\$35,141,986	\$1,134,790	3.3%	Recommendations include an increase of \$1.1 million in General Revenue due to an increase of \$0.6 million to biennialize funding that transferred from other strategies at HHSC to the OIG in fiscal year 2019 for the Subrogation and Recovery program pursuant to the LBB approval letter dated August 24, 2018 and a net increase of \$0.5 million due to changes in the HHSC Public Assistance Cost Allocation Plan (PACAP). (See Selected Fiscal and Policy Issue #7).
FEDERAL FUNDS	\$36,429,325	\$39,029,200	\$2,599,875	7.1%	Recommendations include an increase of \$0.6 million to reflect federal matching funds for General Revenue transferred to OIG for the Subrogation and Recovery program pursuant to the LBB approval letter dated August 24, 2018 and a net increase of \$2.0 million in Federal Funds due to changes in the PACAP. (See Selected Fiscal and Policy Issue #7).
OTHER FUNDS	\$5,226,613	\$4,222,612	(\$1,004,001)	(19.2%)	Recommendations include a decrease of \$1.0 million to reflect a \$1.4 million decrease in OIG Direct Support Services to maintain the 2018-19 base spending level, partially offset by a \$0.4 million increase primarily due to agency projection of increased demand for Interagency Contract funding as a result of cost allocation changes related to the revised PACAP.
OIG ADMINISTRATIVE SUPPORT K.1.2	\$32,927,989	\$31,879,298	(\$1,048,691)	(3.2%)	
GENERAL REVENUE FUNDS	\$11,617,576	\$10,365,994	(\$1,251,582)	(10.8%)	Recommendations include a decrease of \$1.3 million in General Revenue due to a decrease in anticipated HHSC cost pool costs allocated to OIG General Revenue.

Health and Human Services Commission - Office of Inspector General
Funding Changes and Recommendations by Strategy -- Supplemental - House

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$14,184,031	\$14,373,927	\$189,896	1.3%	Recommendations include an increase of \$0.2 million in Federal Funds due to an increase in anticipated HHSC cost pool costs allocated to OIG federal funds.
OTHER FUNDS	\$7,126,382	\$7,139,377	\$12,995	0.2%	
Total, Goal A, OFFICE OF INSPECTOR GENERAL	\$108,591,123	\$110,273,096	\$1,681,973	1.5%	
GENERAL REVENUE FUNDS	\$45,624,772	\$45,507,980	(\$116,792)	(0.3%)	
FEDERAL FUNDS	\$50,613,356	\$53,403,127	\$2,789,771	5.5%	
OTHER FUNDS	\$12,352,995	\$11,361,989	(\$991,006)	(8.0%)	

Health and Human Services Commission - Office of the Inspector General
Summary of Federal Funds - House
(Dollar amounts in Millions)

Appendix B

Program	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Medicaid Administration (50% Match)	\$10.6	\$11.0	\$12.3	\$11.9	\$21.6	\$24.2	45.3%	\$2.6	12.2%
Medicaid Administration (75% Match)	\$7.8	\$7.7	\$7.6	\$7.9	\$15.5	\$15.6	29.2%	\$0.0	0.2%
SNAP State Administration	\$5.0	\$4.9	\$5.1	\$5.1	\$9.9	\$10.2	19.0%	\$0.2	2.3%
Medicaid	\$0.6	\$0.6	\$0.6	\$0.6	\$1.2	\$1.2	2.2%	(\$0.0)	(0.0%)
Disability Determinations	\$0.4	\$0.4	\$0.4	\$0.4	\$0.8	\$0.9	1.6%	\$0.1	7.9%
Children's Health Insurance Program (CHIP)	\$0.4	\$0.4	\$0.4	\$0.3	\$0.8	\$0.7	1.4%	(\$0.1)	(12.0%)
Temporary Assistance for Needy Families	\$0.2	\$0.2	\$0.2	\$0.2	\$0.3	\$0.4	0.7%	\$0.0	2.5%
Nutrition Program for Women, Infants, and Children	\$0.2	\$0.1	\$0.1	\$0.1	\$0.4	\$0.3	0.6%	(\$0.1)	(17.4%)
All Others ¹	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	(\$0.0)	(99.5%)
TOTAL:	\$25.2	\$25.4	\$26.8	\$26.6	\$50.6	\$53.4	100.0%	\$2.8	5.5%

¹All Others includes WIC Nutrition Education, Special Programs for the Aging - Supportive Services, Special Programs for the Aging - Nutrition Services, National Family Caregiver Support Program, and Social Services Block Grant.

Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a low to moderate impact on the agency's mission. These reductions could impact the level and timeliness of services and support in addition to potentially increasing response times. <i>See also Options 4, 7, and 10.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No
2)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would have the greatest affect on IT contracts and would reduce the agency's ability to perform security risk assessments for Medicaid CHIP which are required by current audit findings and CISO security policies. <i>See also Options 5, 8, and 11.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No
3)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would affect HHSC's other operating expenses. <i>See also Options 6, 8, and 12.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
4)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a moderate impact on the agency's mission. These reductions would impact the level and timeliness of services and support in addition to potentially increasing response times. <i>See also Options 1, 7, and 10. The reduction would be in addition to the reduction in Option 1.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No

**Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House**

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
5)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would have the greatest affect on IT contracts and would reduce staff augmentation contractors who support IT projects and advance important process improvement projects across HHS, reduce managed services for Consolidated Help Desk and Office Support, and eliminate managed services for SSLCs and technology research contract. <i>See also Options 2, 8, and 11. The reduction would be in addition to the reduction in Option 2.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No
6)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would affect HHSC's other operating expenses. <i>See also Options 3, 9, and 12. The reduction would be in addition to the reduction in Option 3.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
7)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a significant impact on the agency's mission. These reductions would impact the level and timeliness of services and support, increase response times, and reduce the number of internal audits and the number of IG investigations. <i>See also Options 1, 4, and 10. The reduction would be in addition to the reductions in Options 1 and 4.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No
8)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would have the greatest affect on IT contracts by reducing staff augmentation contractors who support IT projects and reducing resources to support Procurement projects. These reductions would also decrease services for Human Resources and Payroll Services, and decrease systems support levels. <i>See also Options 2, 5, and 11. The reduction would be in addition to the reductions in Options 2 and 5.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No

**Health and Human Services Commission - Office of Inspector General
Summary of Ten Percent Biennial Base Reduction Options - House**

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
9)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would affect HHSC's other operating expenses. These continuing reductions would severely impact Office of Inspector General activities. <i>See also Options 3, 6, and 12. The reduction would be in addition to the reductions in Options 3 and 6.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
10)	Salary Savings - Hold FTEs Vacant	According to the agency: The reduction is expected to have a significant impact on the agency's mission. These reductions would severely reduce the number of internal audits, the number of IG investigations and the number of litigation cases pursued. These reductions would also severely reduce positions that are critical to timely and quality review of cost reports for the Long-Term Services and Support programs to ensure HHSC sets reimbursement rates that include only federally allowable costs, which is critical to contain costs for nursing facilities, community services, and other long-term services programs. <i>See also Options 1, 4, and 7. The reduction would be in addition to the reductions in Options 1, 4, and 7.</i>	\$832,494	\$832,494	14.0	\$1,220,274	1.8%	\$45,507,980	No
11)	Administrative Contract Reductions	According to the agency: The reduction and associated federal funding revenue loss would significantly affect IT contracts by reducing staff augmentation contractors who support IT projects and reducing resources to support Procurement projects. These continued reductions would also severely decrease services for Human Resources and Payroll Services, and severely decrease systems support levels. <i>See also Options 2, 5, and 8. The reduction would be in addition to reductions in Options 2, 5, and 8.</i>	\$51,228	\$51,228	0.0	\$150,690	0.1%	\$45,507,980	No

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
12)	Administrative Operating Reductions	According to the agency: The reduction and associated federal funding revenue loss would severely affect HHSC's other operating expenses. <i>See also Options 3, 6, and 9. The reduction would be in addition to the reductions in Options 3, 6, and 9.</i>	\$106,028	\$106,028	0.0	\$131,572	0.2%	\$45,507,980	No
TOTAL, 10% Reduction Options			\$3,959,000	\$3,959,000	56.0	\$6,010,144			