2. Introduction

Approximately 73 million Americans had health coverage through Medicaid or the Children’s Health Insurance Program (CHIP) in 2016. Enrollment in Medicaid grew 3.9 percent that year. To ensure quality health care that is effective and efficient, equitable and safe, timely and patient-centered, states have adopted managed care as their predominant delivery model. As of 2014, 39 states had contracts with managed care organizations (MCO). More than half of Medicaid enrollees nationally receive their care through a risk-based health plan such as an MCO.

Texas enrolled approximately 4.7 million individuals in either Medicaid or CHIP in 2016. The state launched its Medicaid managed care pilot programs in 1991, and in 2012, expanded Medicaid managed care statewide. The programs have undergone expansion since then, as described in Section Error! Reference source not found.. In 2015, approximately 88 percent of all Medicaid beneficiaries in Texas were enrolled in an MCO.

Section 2.1 describes the programs and health plans that comprise Texas Medicaid and CHIP.

2.1. Managed Care Programs and Participating Plans

In 2016, Texas Medicaid and CHIP benefits were administered through the following programs:

- **STAR** provides managed care in coordination with 18 MCOs for the majority of Texas Medicaid beneficiaries (low-income families, children, pregnant women, and some former foster care youth).
- **STAR+PLUS** integrates acute health services with long-term services and support (LTSS) for people who are age 65 or older or adults who have a disability in coordination with five MCOs.
- **STAR Health** is a managed care program for children and adolescents in state conservatorship and young adults previously in foster care and receiving Medicaid, up to age 20. Members may elect to enroll in a STAR plan upon their 18th birthday, and may continue to receive Medicaid benefits through the STAR plan of their choice up to age 26. In 2014, the sole MCO for STAR Health was Superior HealthPlan.
- **NorthSTAR** was a carve-out program for behavioral health (BH) services for STAR and STAR+PLUS members who live in the Dallas service area: it was in place through December 2016.
- **CHIP** provides managed care through 17 health plans to children and families whose income is too high to qualify for Medicaid but too low afford private insurance for their children.
- **Children’s Medicaid Dental Services** (hereafter, Medicaid Dental) provides dental services for children and young adults up to age 20 enrolled in Texas Medicaid through two dental maintenance organizations (DMOs), DentaQuest and MCNA.
- **CHIP Dental Services** (hereafter, CHIP Dental) provides dental services for children and adolescents ages 18 and younger in CHIP, through DentaQuest and MCNA.
• **CHIP Perinate** expands CHIP services to unborn children and neonates, with a smooth transition of coverage to Medicaid or CHIP at birth or before a child's first birthday.

As of August 31, 2016, 21 health plans served the Texas Medicaid and CHIP populations, including two dental maintenance organizations (DMOs) and 19 MCOs.

**Table 1** lists the programs served by each plan.

<table>
<thead>
<tr>
<th>Health Plans</th>
<th>STAR</th>
<th>CHIP</th>
<th>STAR+ PLUS</th>
<th>STAR Health</th>
<th>CHIP Dental</th>
<th>Medicaid Dental</th>
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</table>

**2.2. External Quality Review in Texas Medicaid and CHIP**

Federal regulations require external quality review of Medicaid managed care programs to ensure that state programs and their contracted MCOs and DMOs are compliant with established standards. States are required to validate MCOs’/DMOs’ performance-improvement measures and projects, and assess their compliance with access-to-care and quality-of-care

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i The NorthSTAR behavioral health carve-out operating in the Dallas service area was served by ValueOptions through the end of calendar year 2016.

ii MCO names have been abbreviated or acronyms used in some tables and charts.
standards. In addition, states also may validate member-level encounter data, conduct surveys and focus studies, and independently calculate performance measures. The U.S. Centers for Medicare & Medicaid Services (CMS) provides guidance for these mandatory and optional activities through protocols for evaluating the state’s quality assessment and improvement strategy.9

The Texas Health and Human Services Commission (HHS) has contracted the Institute for Child Health Policy at the University of Florida (ICHP) to serve as the Texas external quality review organization (EQRO) since 2002. This report summarizes the activities conducted during state fiscal year 2016 (September 1, 2015, to August 31, 2016). Findings include administrative quality-of-care calculations from calendar year 2015 claims and encounter data; studies of MCO quality improvement (QI) activities MCOs in calendar year 2015; and member-satisfaction surveys spanning all or part of calendar year 2016.iii

To further assist Texas HHS and the state’s MCOs in developing and implementing quality-improvement strategies, this report shows performance trends for selected quality-of-care measures from 2011 through 2015 (where data are available), with a focus on the state’s Pay-for-Quality (P4Q) program. Most of the trends presented are at the program level (e.g., STAR, CHIP).

### 2.3. External Quality Review Organization Activities

**Mandatory activities:**

1. Validation of MCO Performance Improvement Projects (PIP).
   
   a. *Evaluation of MCO PIPs* assess the methodology used, verify the findings, and evaluate the overall reliability and validity of the results.

2. Validation of performance measures.
   
   a. *Quality-of-care studies*: description of data collection, aggregation, and analysis and outcomes for each measure.

3. Review of MCO compliance with state and federal regulations for access to care, structure and operations, and quality measurement and improvement.
   
   a. *Claims and encounter data quality certification*: assess key data elements, including those that are critical for proper care coordination and quality-of-care measurement.

   b. *MCO administrative interviews (AI)*: structured and targeted interviews to assess health plan organizational structure, strengths, and opportunities for improvement with respect to quality, timeliness, and access to health care services. In addition, responses on the AIs are reviewed and evaluated to assess health plan compliance with state and federal regulations.

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iii Throughout the report, references to “calendar year” correspond with the period January 1 through December 31, and are used in regard to data periods (e.g., claims and encounter data from calendar year 2015). References to “fiscal year” correspond with the period September 1 through August 31. In reference to EQRO reports, the term “fiscal year” may also refer to the EQRO contract year for which the report was written.
c. **Evaluation of MCO Quality Assessment and Performance Improvement Programs (QAPI):** evaluate the structure and process of the health plans’ QI programs, which includes the evaluation of clinical and nonclinical aspects of quality and performance improvement, availability of human and material resources, indicator monitoring efforts, and the implementation of evidence-based clinical practice guidelines.

**Optional activities:**

1. Validation of encounter data reported by MCOs.
   
   d. **Encounter data validation (EDV) studies (biennial):** determine the accuracy and completeness of claims and encounter data by comparing paid and denied claims to documentation in a representative sample of medical or dental records.

2. Administration or validation of consumer or provider surveys of quality-of-care.
   
   a. **Member and caregiver satisfaction surveys (biennial):** collect member and caregiver perspectives on satisfaction with and experience of care and communicate to stakeholders and the MCOs.

3. Calculation of performance measures in addition to those reported by a MCO and validated by the EQRO.
   
   a. **Quality-of-care studies:** The EQRO independently calculates a number of additional measures, and each year chooses several to analyze in depth.

4. Conduct quality assessment studies that focus on a particular aspect of clinical or non-clinical services at a point in time.
   
   a. **Focus studies:** ad hoc reports on topics selected annually.
   
   b. **Health-based risk analysis:** in-depth reports of factors associated with health outcomes.

The EQRO also calculates results of administrative and hybrid measures from National Committee for Quality Assurance (NCQA) Healthcare Effectiveness Data and Information Set (HEDIS®), the AHRQ Pediatric Quality Indicators (PDI) and Prevention Quality Indicators (PQI), and 3M™ Health Information Systems measures of Potentially Preventable Events (PPE). Results for these measures were reported using calendar year 2015 data for STAR, CHIP, STAR+PLUS, STAR Health, and Medicaid/CHIP Dental. The set of measures for each program varies, with measures selected according to state health care quality priorities as well as the demographic and health profile of each program’s members. A number of measures specific to adults (e.g., HEDIS® Comprehensive Diabetes Care, HEDIS® Adults’ Access to Preventive/Ambulatory Health Services) were not calculated for CHIP or STAR Health because the vast majority of members in these programs do not meet the age criteria. In addition, the measure set for STAR Health was more limited than the measure sets for STAR and CHIP.\(^{10}\)

The EQRO annually produces results on administrative measures at the MCO and service delivery area levels. These include in-depth analyses of selected performance measures, which are reported to HHS and made available to the Medicaid and CHIP MCOs through the Texas Health Care Learning Collaborative web portal.\(^{11}\)
In addition, the EQRO conducts certain optional activities on a biennial basis: member satisfaction surveys and EDV studies. EQRO member survey projects are specific to particular populations, and their content can vary from year to year.

The EQRO conducted a number of special studies and projects in calendar year 2016 to assist HHS in quality-of-care evaluation activities and policy decisions, including:

- A Home and Community Based Services (HCBS) Settings Assessment Study.
- A pre-implementation study that examined administrative quality measures and survey results for members identified as being potentially eligible for the new STAR Kids program.
- An analysis of National Core Indicators--Aging and Disability (NCI-AD) Study implementation.
- Appointment availability studies to assess provider compliance with contractual requirements for timeliness of appointments.
- MCO Report Card evaluation study.
- Primary Care Provider (PCP) Referral pilot study.

To promote continued improvements in health care quality for Texas Medicaid and CHIP members, the EQRO also provides resources and guidance for MCOs and patients. These include training and continuing education sessions as well as new tools to share quality-of-care results with MCOs and members. In state fiscal year 2016, the EQRO continued two initiatives to advance tools for sharing health care quality information. The Texas Health Care Learning Collaborative web portal allows MCOs to access and analyze their results on important quality-of-care measures. MCO report cards make quality-of-care information easily accessible to Medicaid members and help new Medicaid and CHIP enrollees make informed decisions when selecting their MCO. The MCO report cards are mailed to new members with their enrollment packet and posted to the HHS website.12
References


5 CMS. 2016.


7 Texas HHS, 2015.

8 Smith VK, Gifford K, Ellis E, et al. 2014.


10 The set of HEDIS® measures run for STAR Health was more limited than the set run for STAR and CHIP. The following quality-of-care measures, which may be applied to children, were not run for STAR Health on calendar year 2015 data: Inpatient Utilization—General Hospital/Acute Care. Additionally, the following measures were run using only administrative data without supplementation with medical records to calculate a hybrid rate, and are not reported here: Childhood Immunization Status, Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents.


12 HHS. 2015b. Questions About Your Benefits. Available at: https://hhs.texas.gov/services/questions-about-your-benefits