



Managed Care: Contract Oversight and Monitoring

Charles Smith

Executive Commissioner

Stephanie Muth

State Medicaid Director



TEXAS
Health and Human
Services

March 28, 2018

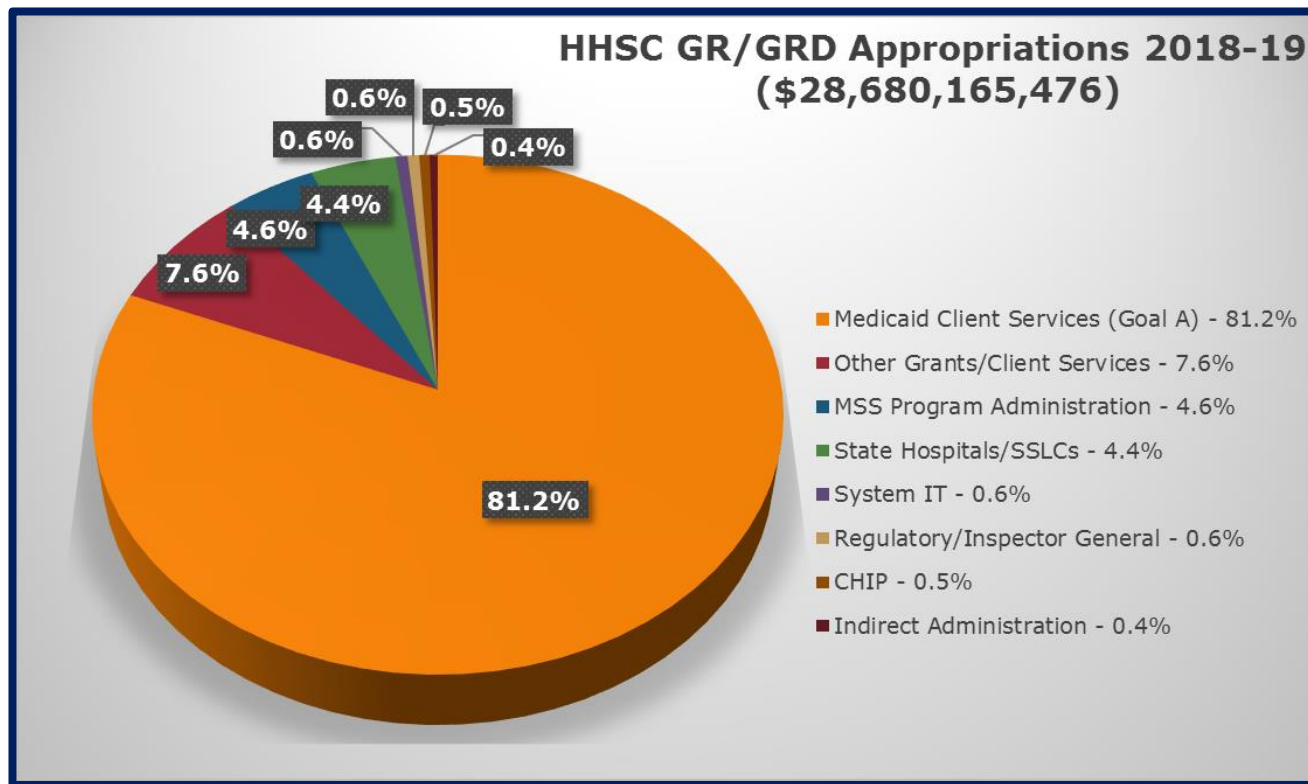


TEXAS
Health and Human
Services

HHS budget overview

Majority allocated to Medicaid client services

81.2% of the overall budget



- Other Grants/Client Services include TANF, Women's Health, MHBG, ECI, etc.
- MSS Program Admin includes salary, travel, and contracts (Eligibility staff, TIERS, TMHP, etc.)
- State Supported Living Centers appropriations include Medicaid funding.
- Indirect Administration includes PCS, FSD, GR/Comms, Legal, Internal Audit, Regional Support, etc.

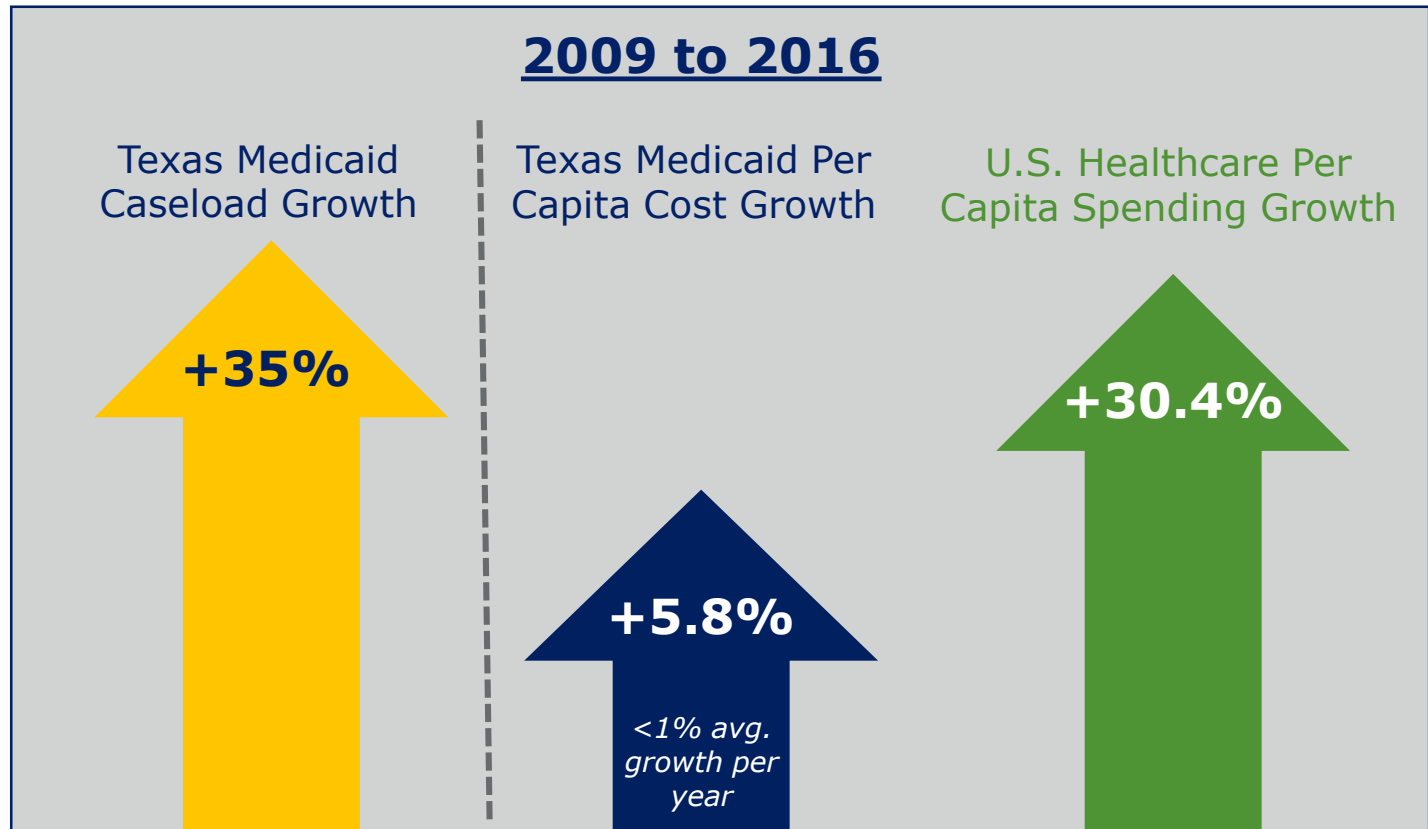


TEXAS
Health and Human
Services

Medicaid cost growth

Caseload is the primary driver of cost

Even with caseload increases, Texas Medicaid cost per person cost growth is substantially lower than the national trend.



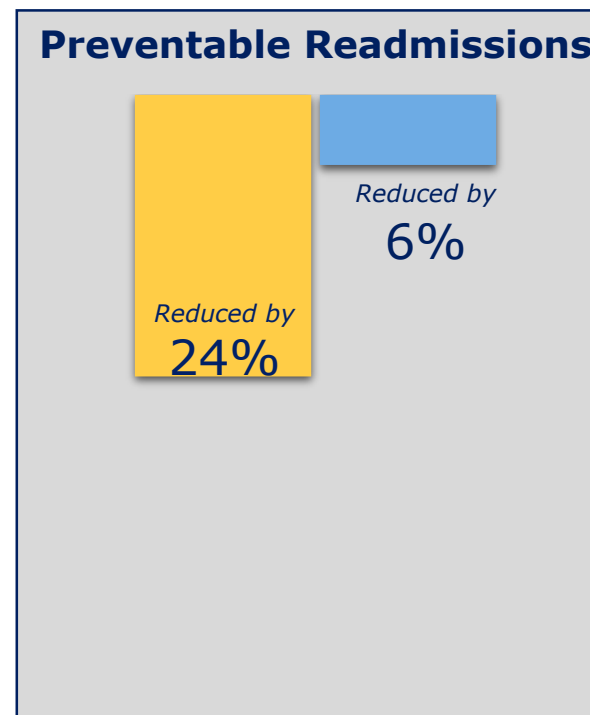
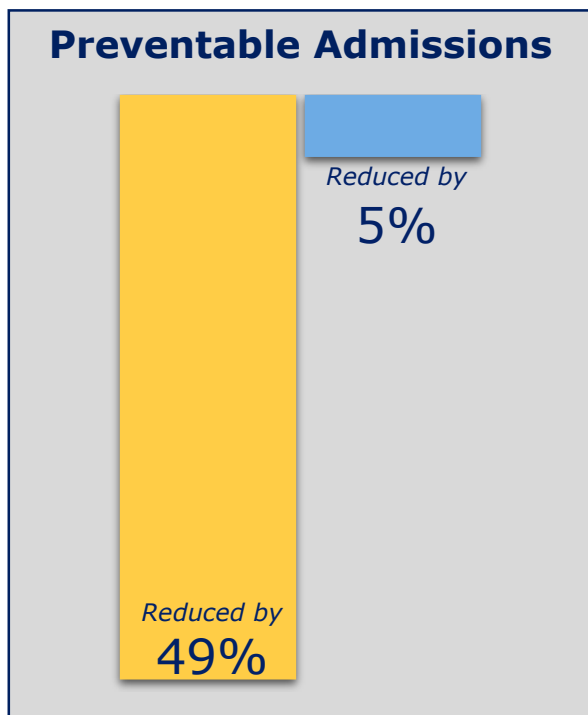


Positive outcome trends

Reduced potentially preventable events

Improved access to care, ambulatory care coordination, and quality of care may reduce hospital admissions and readmissions.

Calendar Year 2013 - 2016



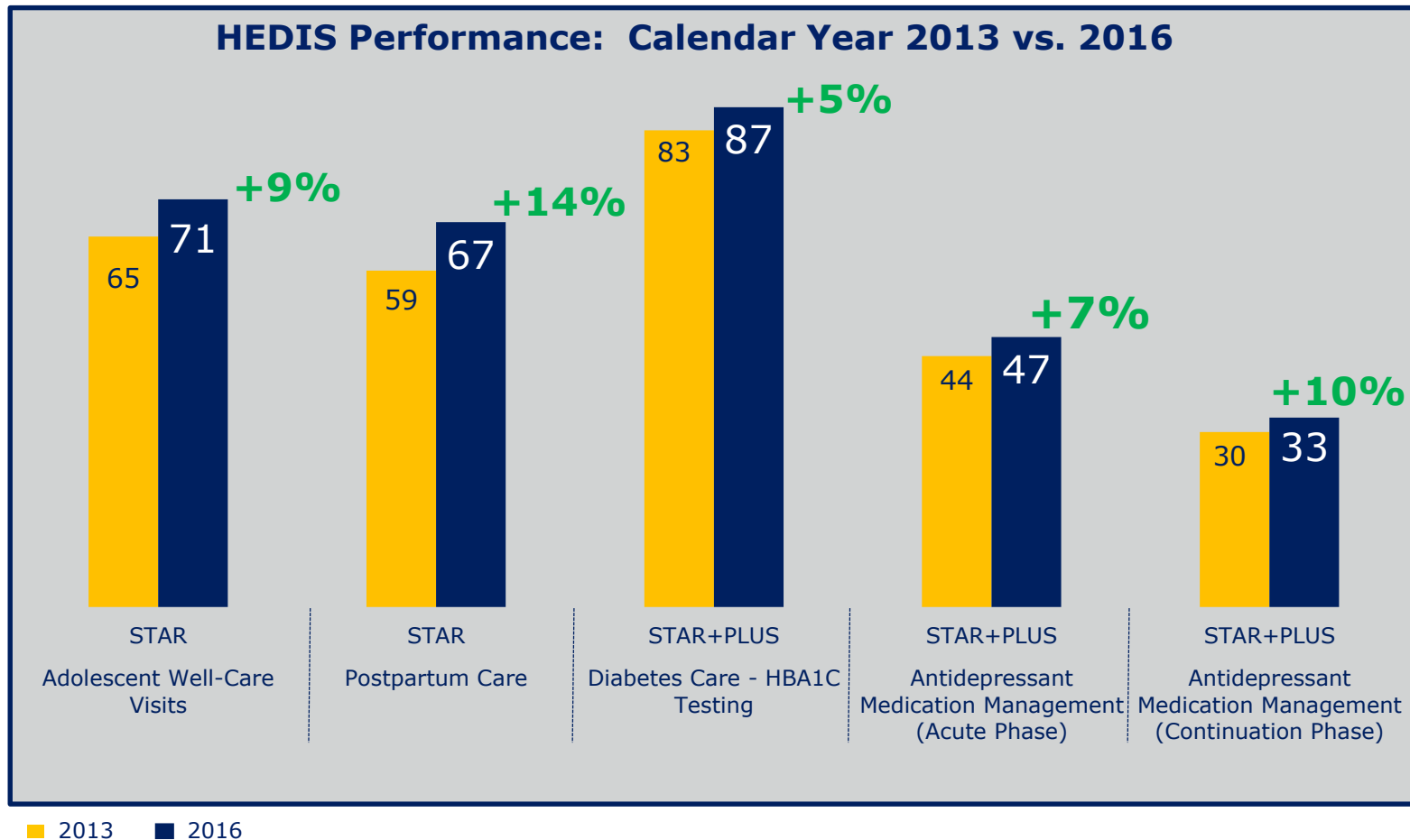


TEXAS
Health and Human
Services

Positive outcome trends

HEDIS measures for Texas managed care

Measures demonstrate improvement in the effectiveness of or access to care.





Incentivizing value-based care Based on the Triple Aim

Defined by three factors: experience of care,
health of population, and per capita cost.

Pay for Quality (P4Q)

Medical measures:

- Prevention
- Chronic disease management (including behavioral health)
- Maternal and infant health

Dental measures:

- Annual oral evaluations
- Primary prevention against dental caries (cavities)

% capitation at risk

Measurement began January
2018

Alternative Payment Model (APM)

Contracts require a minimum %
of provider payments linked to
quality based APMs

Annual % increases over four
years

*Year 1 (CY 2018) minimum APM
ratios:*

- Overall: $\geq 25\%$
- Risk-Based: $\geq 10\%$

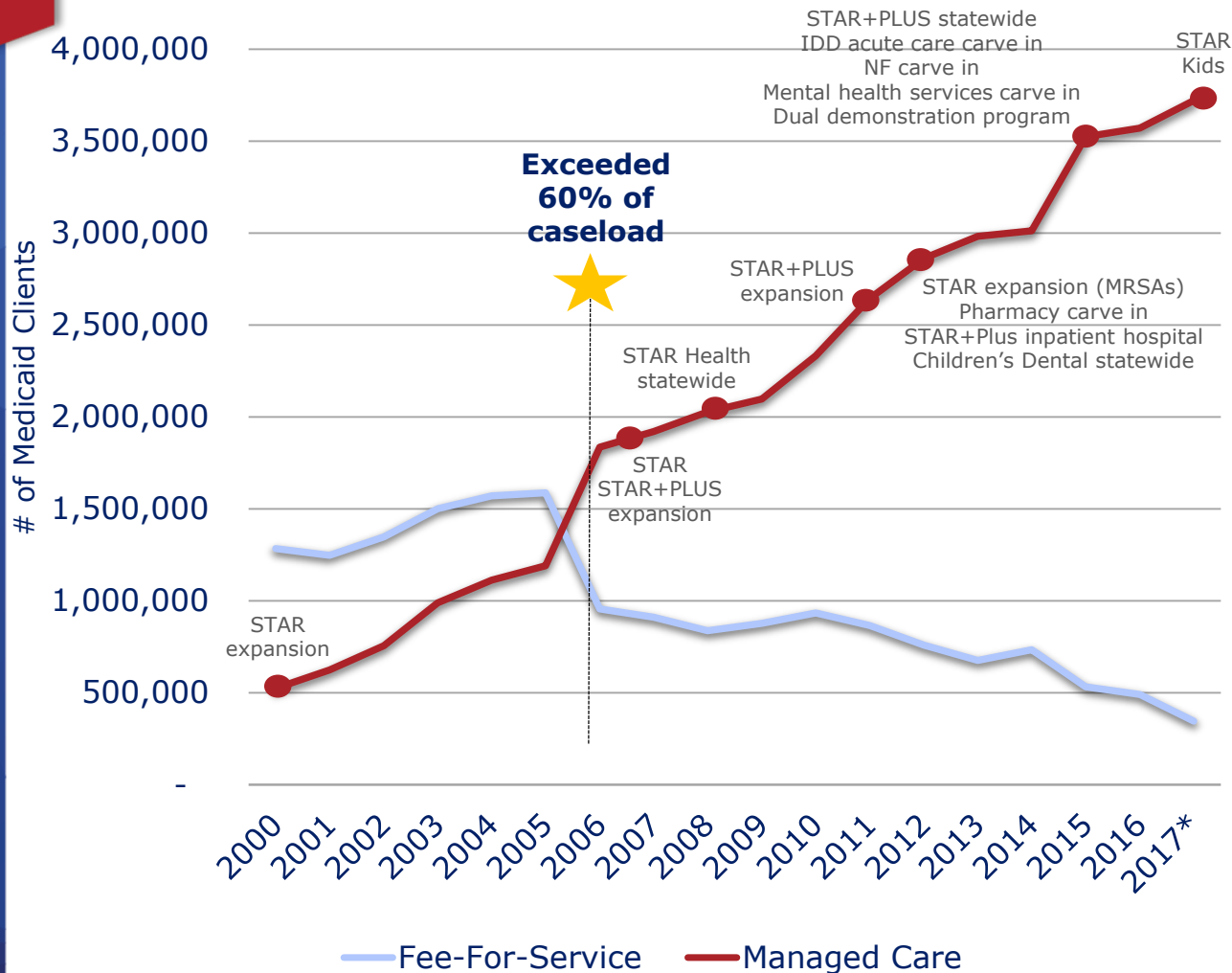
Measurement began January
2018



TEXAS
Health and Human
Services

An evolving landscape

Rapid growth of managed care model



92% of caseload

+1.2MM in 10 years

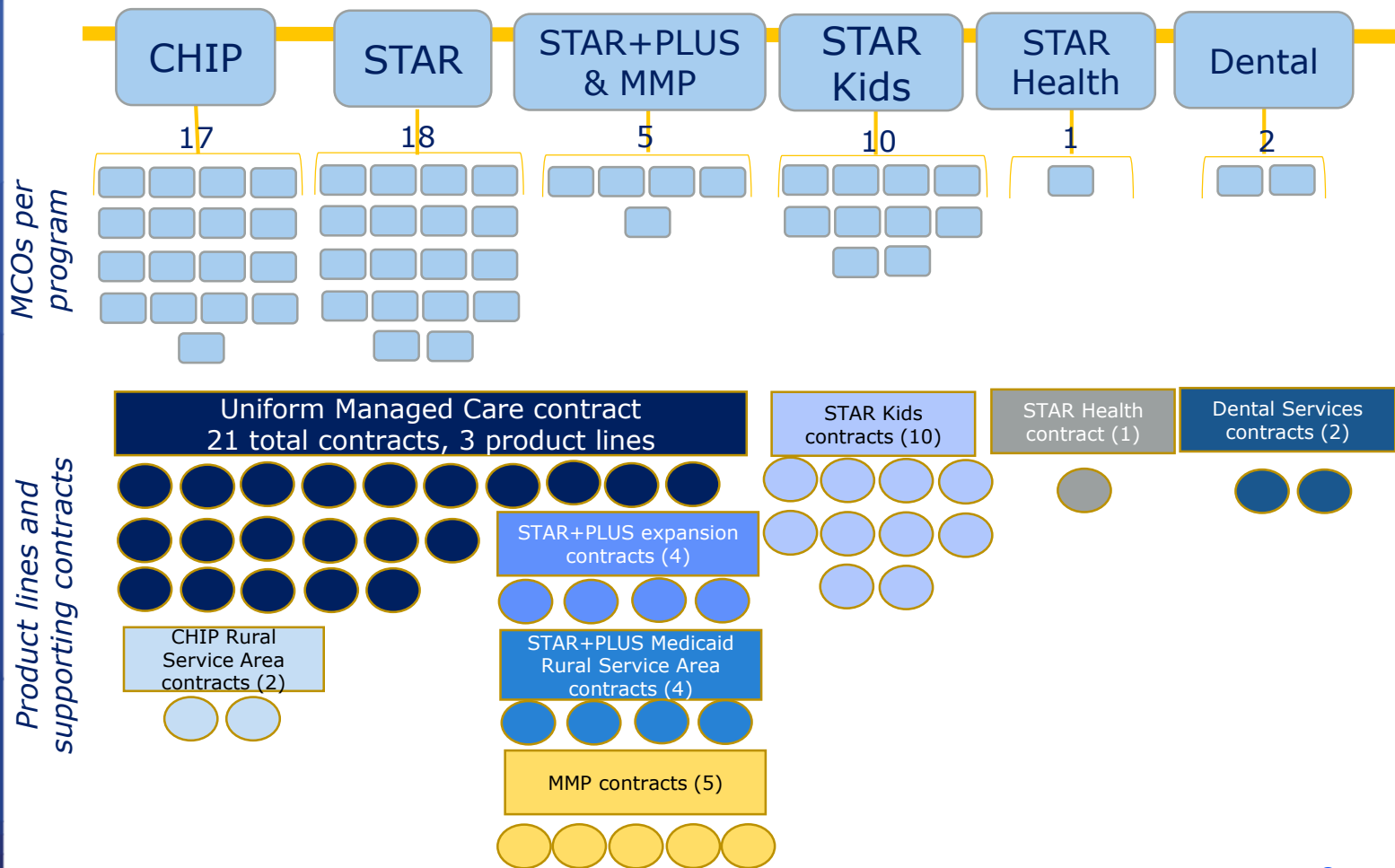


TEXAS
Health and Human
Services

An evolving infrastructure

Supporting managed care

Managed Care Programs





Contract lifecycle approach

Multiple points being leveraged for oversight

Strength in oversight comes from an integrated horizontal and vertical approach within the organization.

Pre-contract stage

- ✓ Ongoing leadership engagement in the Request for Proposal (RFP) process
- ✓ Comprehensive contract development and structuring
- ✓ Robust readiness reviews and transition process

Management and oversight of the contract

- ✓ Policy and Program Requirements
- ✓ Performance on Quality Metrics and Initiatives
- ✓ Financial Compliance
- ✓ Encounter Data
- ✓ Operational Compliance
- ✓ Utilization Reviews

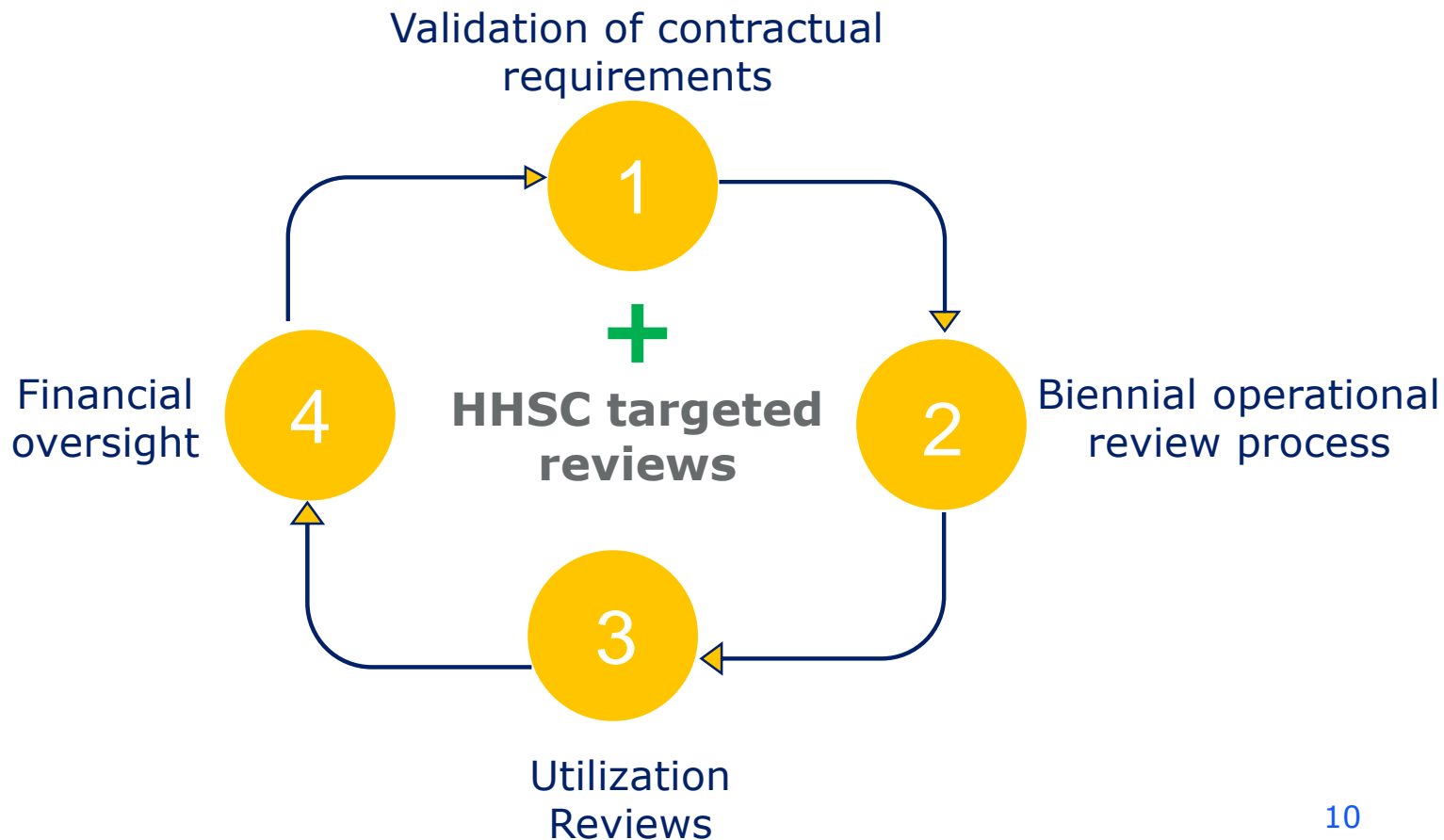


TEXAS
Health and Human
Services

Contract oversight tools

Span a multitude of areas

Administered by various expertise across the organization.





Strength in oversight Starts with contract formation

Example: Financial Oversight



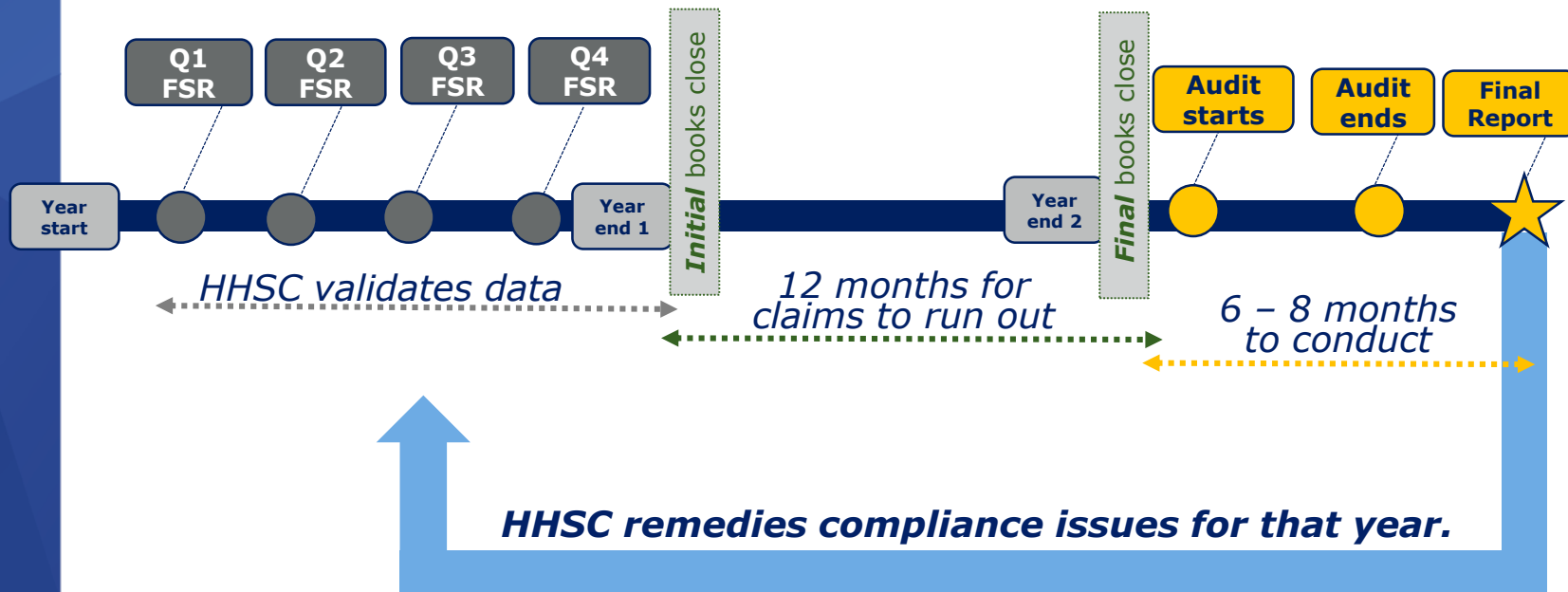
Non-compliance discoveries enforced as established in the contract, including liquidated damages or recovery of the Experience Rebate (i.e. recovery of "excess profit").



Financial oversight

Timeline for managing compliance

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

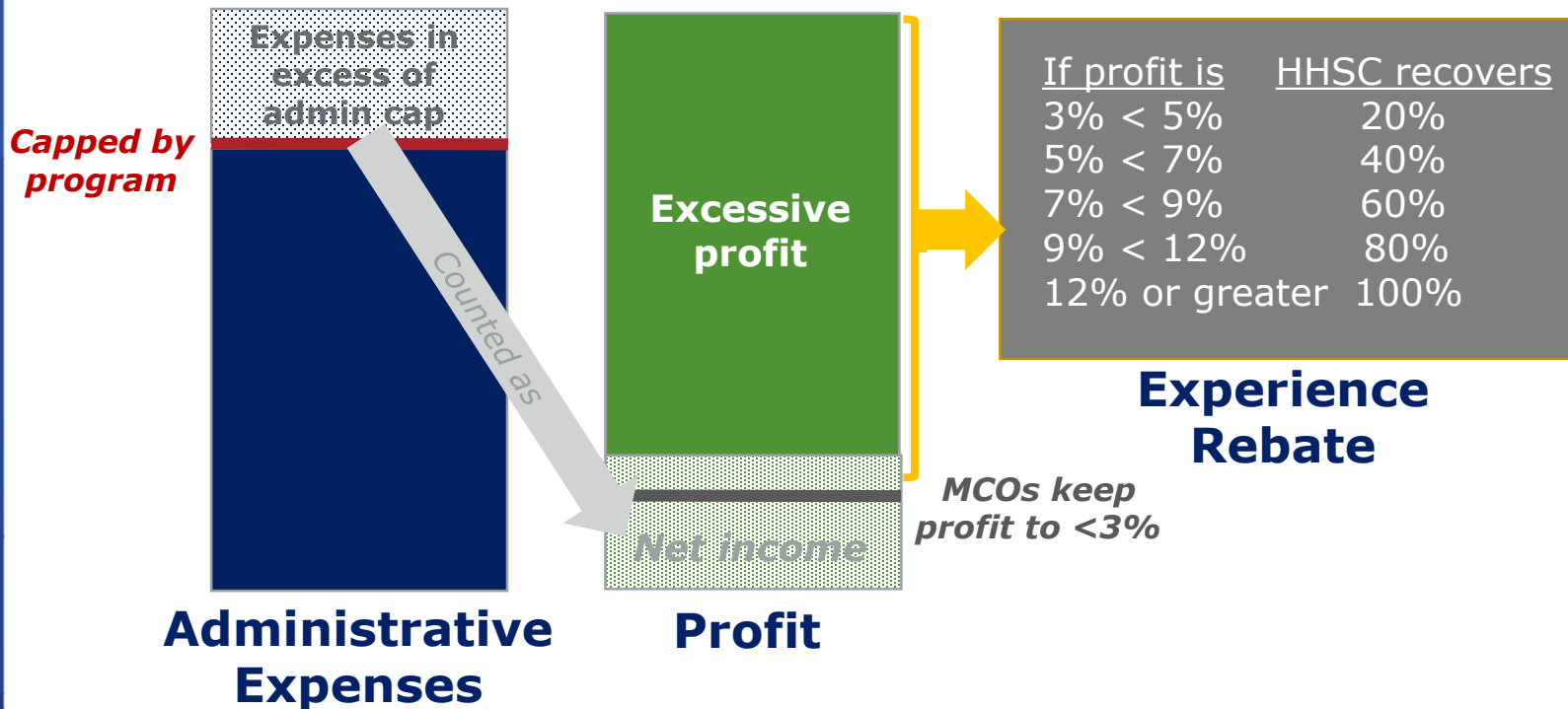




Contract financial structure

Safeguards to ensure FISCAL responsibility

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





Operations oversight tools

HHSC and external auditors

Like financial oversight, operations has multiple monitoring perspectives.

HHSC onsite biennial operational reviews

Critical indicator focus

Claims Processing

Encounter Data

Provider Relations

Prior Authorization Process

Complaints/ Appeals

Utilization Management

Call Center Functioning

Website Critical Elements

+ Additional modules under development

3rd party biennial performance audits
(or more frequently as determined by risk)

Two areas of focus

MCO self-reported data

Operational processes

Targeted area(s) may vary.
Examples include:

- MCO Hotlines
- Claims processing
- Complaints and Appeals
- Subcontractor monitoring (including PBMs)

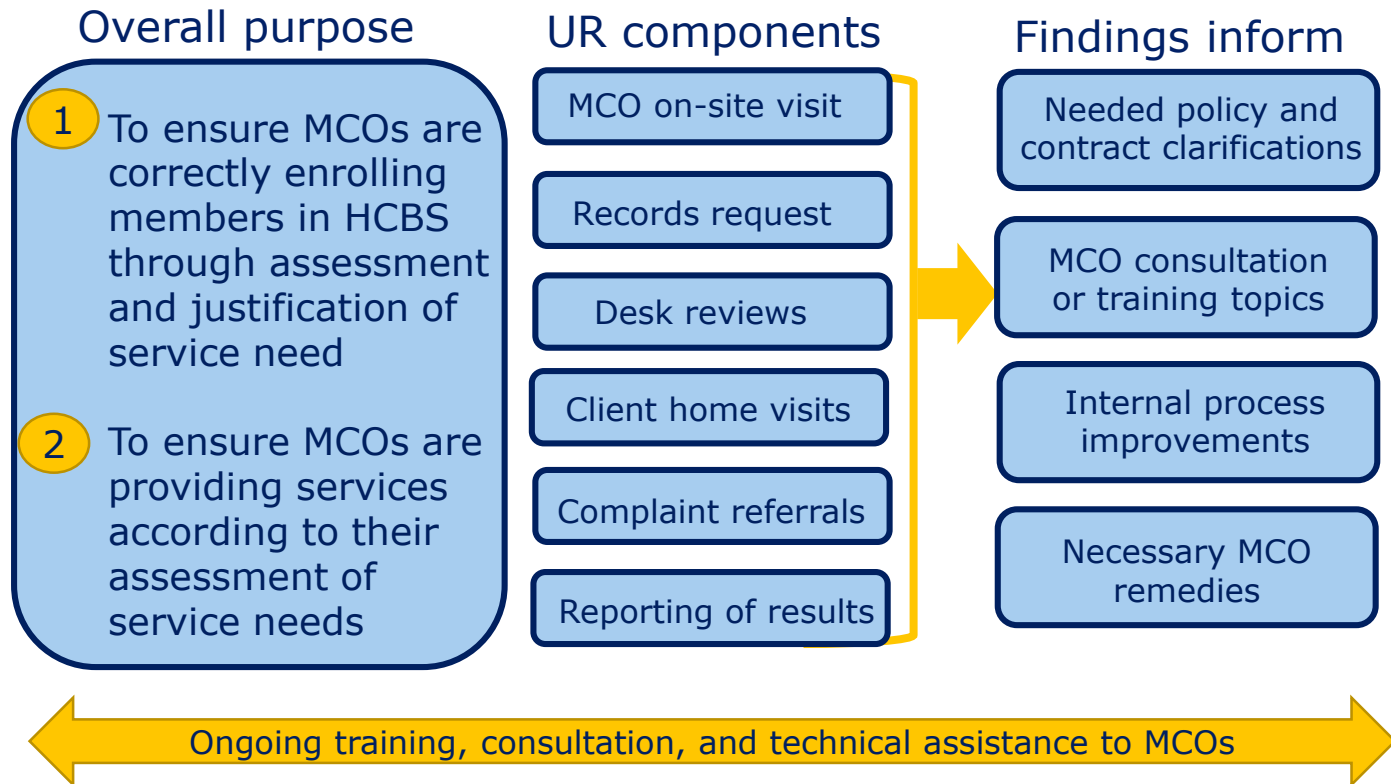
Can inform the focus of the 3rd party audit or the need for an incremental one.



Services oversight tool

STAR+PLUS Utilization Reviews

Utilization Reviews (UR) are conducted by nurses and overseen by the Office of the Medical Director.

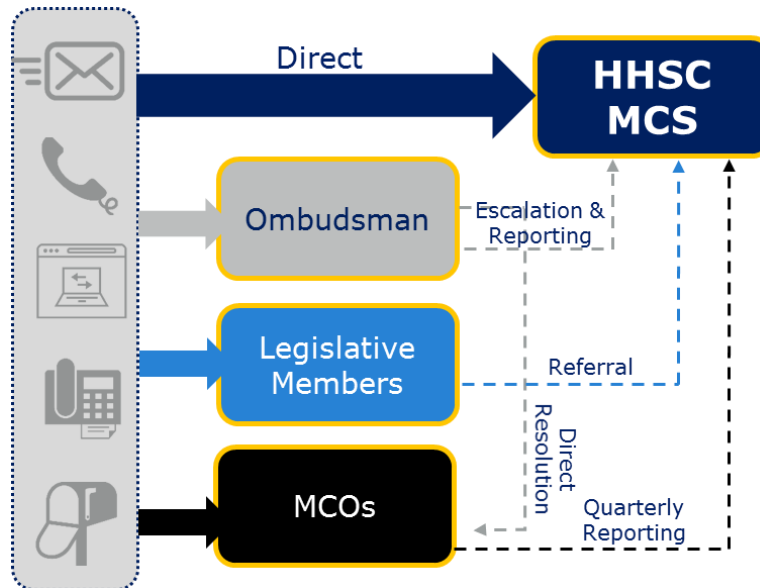




MCO member complaints

Two areas of focus

#1 is resolution



- No wrong point of entry
- HHSC resolution specialist assigned until case is closed
- Resolution timelines in contract requirements

#2 is oversight

- Analysis of MCO member complaints to pinpoint trends that indicate:
 - Operational issues
 - Needed policy clarifications
- Adding additional resources to strengthen analytics and focus on real time data

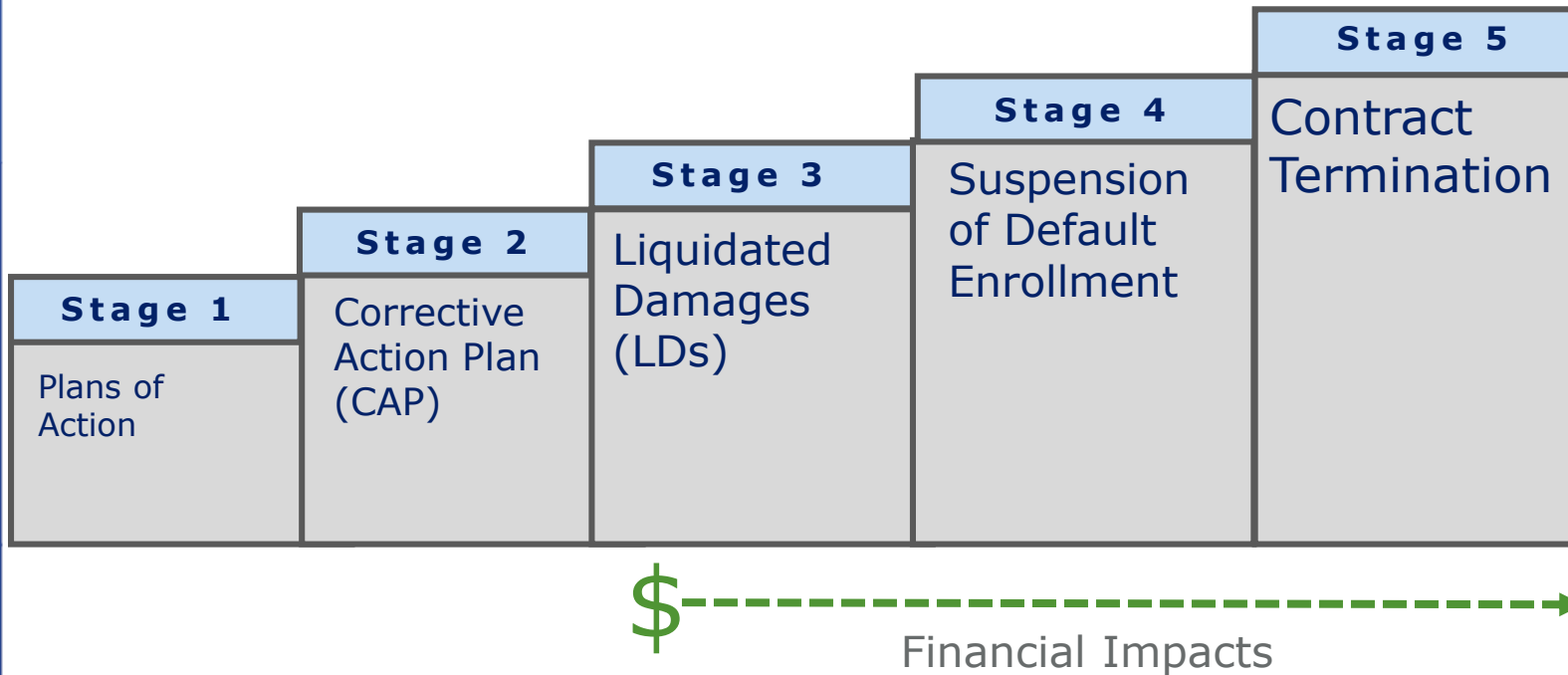


Addressing non-compliance

Graduated remedy process

Multiple stages to address non-compliance discovered via oversight and monitoring.

Increased levels of impact for MCOs.

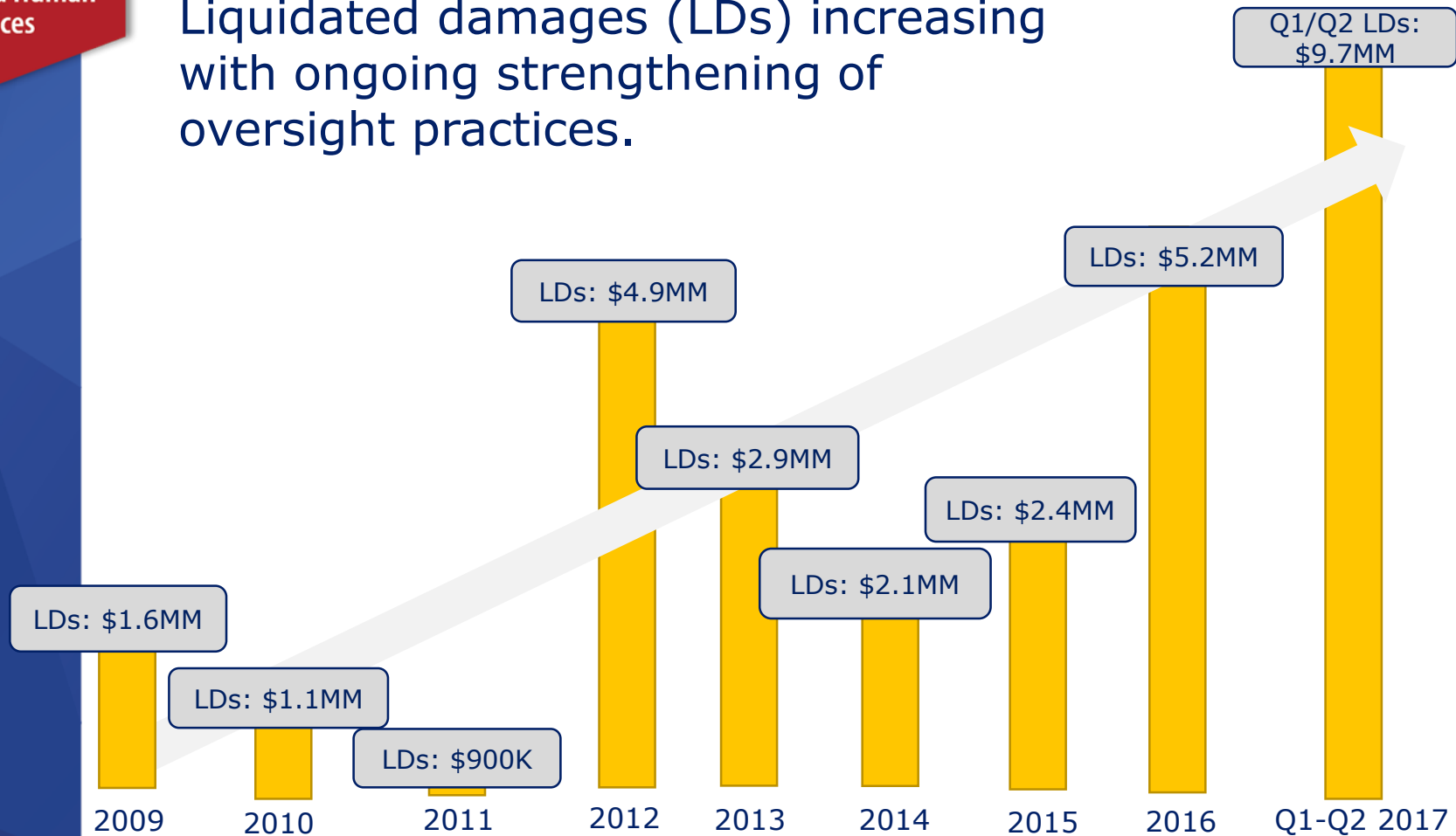




Financial impact stage

Liquidated damages issued

Liquidated damages (LDs) increasing with ongoing strengthening of oversight practices.





TEXAS
Health and Human
Services

MCO Oversight

Next steps and recommendations

Maximize current contract resources

Implement an Annual Review of MCO deliverables to identify deliverables that no longer contribute to evaluation of outcomes and performance.

Consider service delivery area reconfiguration for future procurements

Engage stakeholders in development of potential new configurations.

Utilization review expansion

Seek resources to expand STAR+PLUS utilization reviews and include reviews for STAR Health and STAR Kids programs.



Update on Internal Audit and Contract Oversight Implementation

Stephanie Muth
State Medicaid Director

Sonja Gaines
Associate Commissioner, IDD-BH

Ron Pigott
Deputy Executive Commissioner, PCS

March 28, 2018



TEXAS
Health and Human
Services



TEXAS
Health and Human
Services

Enrollment Broker Functions

Provides state-wide enrollment assistance for Medicaid and CHIP managed care programs

Produces and distributes materials related to Medicaid managed care and Texas Health Steps

Provides call center operations

Provides outreach and informing services for Texas Health Steps

Processes premium payments for CHIP and Medicaid Buy-In programs



TEXAS
Health and Human
Services

Internal Audit of Enrollment Broker Contract Monitoring

- HHSC Internal Audit conducted an Audit of Enrollment Broker Contract Monitoring and published their report August 2016.
- Internal Audit made four recommendations:
 1. Improve Critical Contract Monitoring Processes
 2. Clearly Define and Communicate the Contract Monitoring Roles and Responsibilities
 3. Validate the Accuracy and Ensure Completeness of Required Reports
 4. Verify Whether Self-Reported Expenses are Unallowable Based on a Review of Expense Detail



TEXAS
Health and Human
Services

HHSC Actions

Conduct quarterly random onsite reviews of mail house operations and monthly sampling of call center operations

Perform enhanced monthly financial desk reviews and use of external audit firm for financial contract audits

Track and review contractual deliverables for outcomes and risks

Convene internal work group to identify items for future solicitations and contracts

Strengthening documentation for contract oversight and future procurement



TEXAS
Health and Human
Services

Audit of Contract Monitoring for LMHAs

HHSC Internal Audit completed the Audit of Contract Monitoring of Local Mental Health Authorities (LMHAs) in October 2017.

- Purpose: To determine if contract monitoring effectively ensures funds are utilized appropriately and LMHAs are meeting performance expectations.
- Findings and Recommendations: Focused on improving the administration and monitoring of the LMHA contracts.
- Management Action Steps: Currently underway with full implementation expected August 2018.

Senate Bill 20 implementation

HHSC is in full compliance with the provisions of SB 20, 84th Legislature, Regular Session.

- Records Retention
- Revolving Door Prohibition
- Using CAPPs
- Best Value Certification
- Vendor Performance Tracking System
- DIR Purchases
- Conflicts of Interest
- Prohibited Contracts
- Contracts on the Web
- Enhanced Monitoring
- Contracts over \$1 million
- Contracts over \$5 million
- Risk Analysis
- Contract Management Handbook





TEXAS
Health and Human
Services

Update on major contracting legislation

HHSC has fully implemented legislation enacted by the 85th Legislature that continued to improve procurement and contracting processes in Texas.

Senate Bill 533, 85th Regular Session, improved upon SB 20 provisions:

- Increased DIR's purchasing thresholds from \$1 million to \$5 million; and
- Lowered the Contract Advisory Team review threshold from \$10 million to \$5 million.

Senate Bill 255, 85th Legislature, Regular Session, requires agencies to:

- Identify all employees that must receive purchasing and contract management training;
- Report the number needing training to the Comptroller; and
- Send purchasers who are directly negotiating IT contracts to the required DIR training.



TEXAS
Health and Human
Services

Other key contracting provisions

- Section 7.04 and Section 7.12, Article IX, Senate Bill 1, Regular Session, requires agencies to report all contracts of \$50,000 or more within 30 days.
- These riders also require specific notification of contracts with an amendment changing the value by 10 percent or more.