

By: Muñoz, Jr.

H.B. No. 3596

A BILL TO BE ENTITLED

AN ACT

relating to the Health and Human Services Commission's strategy for managing audit resources, including procedures for auditing and collecting payments from Medicaid managed care organizations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 533, Government Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. STRATEGY FOR MANAGING AUDIT RESOURCES

Sec. 533.051. DEFINITIONS. In this subchapter:

(1) "Accounts receivable tracking system" means the system the commission uses to track experience rebates and other payments collected from managed care organizations.

(2) "Agreed-upon procedures engagement" means an evaluation of a managed care organization's financial statistical reports or other data conducted by an independent auditing firm engaged by the commission as agreed in the managed care organization's contract with the commission.

(3) "Experience rebate" means the amount a managed care organization is required to pay the state according to the graduated rebate method described in the managed care organization's contract with the commission.

(4) "External quality review organization" means an organization that performs an external quality review of a managed care organization in accordance with 42 C.F.R. Section 438.350.

1 Sec. 533.052. OVERALL STRATEGY FOR MANAGING AUDIT
2 RESOURCES. The commission shall develop and implement an overall
3 strategy for planning, managing, and coordinating audit resources
4 that the commission uses to verify the accuracy and reliability of
5 program and financial information reported by managed care
6 organizations.

7 Sec. 533.053. PERFORMANCE AUDIT SELECTION PROCESS AND
8 FOLLOW-UP. (a) To improve the commission's processes for
9 performance audits of managed care organizations, the commission
10 shall:

11 (1) document the process by which the commission
12 selects managed care organizations to audit;

13 (2) include previous audit coverage as a risk factor
14 in selecting managed care organizations to audit; and

15 (3) prioritize the highest risk managed care
16 organizations to audit.

17 (b) To verify that managed care organizations correct
18 negative performance audit findings, the commission shall:

19 (1) establish a process to:

20 (A) document how the commission follows up on
21 negative performance audit findings; and

22 (B) verify that managed care organizations
23 implement performance audit recommendations; and

24 (2) establish and implement policies and procedures
25 to:

26 (A) determine under what circumstances the
27 commission must issue a corrective action plan to a managed care

1 organization based on a performance audit; and

2 (B) follow up on the managed care organization's
3 implementation of the corrective action plan.

4 Sec. 533.054. AGREED-UPON PROCEDURES ENGAGEMENTS AND
5 CORRECTIVE ACTION PLANS. To enhance the commission's use of
6 agreed-upon procedures engagements to identify managed care
7 organizations' performance and compliance issues, the commission
8 shall:

9 (1) ensure that financial risks identified in
10 agreed-upon procedures engagements are adequately and consistently
11 addressed; and

12 (2) establish policies and procedures to determine
13 under what circumstances the commission must issue a corrective
14 action plan based on an agreed-upon procedures engagement.

15 Sec. 533.055. AUDITS OF PHARMACY BENEFIT MANAGERS. To
16 obtain greater assurance about the effectiveness of pharmacy
17 benefit managers' internal controls and compliance with state
18 requirements, the commission shall:

19 (1) periodically audit each pharmacy benefit manager
20 that contracts with a managed care organization or require each
21 managed care organization to periodically audit each pharmacy
22 benefit manager that contracts with the managed care organization;
23 and

24 (2) develop, document, and implement a monitoring
25 process to ensure that managed care organizations correct and
26 resolve negative findings reported in performance audits or
27 agreed-upon procedures engagements of pharmacy benefit managers.

1 Sec. 533.056. COLLECTION OF COSTS FOR AUDIT-RELATED
2 SERVICES. The commission shall develop, document, and implement
3 billing processes in the Medicaid and CHIP services department of
4 the commission to ensure that managed care organizations reimburse
5 the commission for audit-related services as required by contract.

6 Sec. 533.057. COLLECTION ACTIVITIES RELATED TO PROFIT
7 SHARING. To strengthen the commission's process for collecting
8 shared profits from managed care organizations, the commission
9 shall develop, document, and implement monitoring processes in the
10 Medicaid and CHIP services department of the commission to ensure
11 that the commission:

12 (1) identifies experience rebates deposited in the
13 commission's suspense account and timely transfers those rebates to
14 the appropriate accounts; and

15 (2) timely follows up on and resolves disputes over
16 experience rebates claimed by managed care organizations.

17 Sec. 533.058. USE OF INFORMATION FROM EXTERNAL QUALITY
18 REVIEWS. (a) To enhance the commission's monitoring of managed
19 care organizations, the commission shall use the information
20 provided by the external quality review organization, including:

21 (1) detailed data from results of surveys of Medicaid
22 recipients and, if applicable, child health plan program enrollees,
23 caregivers of those recipients and enrollees, and Medicaid and, as
24 applicable, child health plan program providers; and

25 (2) the validation results of matching paid claims
26 data with medical records.

27 (b) The commission shall document how the commission uses

1 the information described by Subsection (a) to monitor managed care
2 organizations.

3 Sec. 533.059. SECURITY AND PROCESSING CONTROLS OVER
4 INFORMATION TECHNOLOGY SYSTEMS. The commission shall:

5 (1) strengthen user access controls for the
6 commission's accounts receivable tracking system and network
7 folders that the commission uses to manage the collection of
8 experience rebates;

9 (2) document daily reconciliations of deposits
10 recorded in the accounts receivable tracking system to the
11 transactions processed in:

12 (A) the commission's cost accounting system for
13 all health and human services agencies; and

14 (B) the uniform statewide accounting system; and

15 (3) develop, document, and implement a process to
16 ensure that the commission formally documents:

17 (A) all programming changes made to the accounts
18 receivable tracking system; and

19 (B) the authorization and testing of the changes
20 described by Paragraph (A).

21 SECTION 2. As soon as practicable after the effective date
22 of this Act, the executive commissioner of the Health and Human
23 Services Commission shall adopt the rules necessary to implement
24 Subchapter B, Chapter 533, Government Code, as added by this Act.

25 SECTION 3. This Act takes effect September 1, 2017.