By:  Meza (Senate Sponsor - Johnson) H.C.R. No. 54

(In the Senate - Received from the House May 17, 2021; May 17, 2021, read first time and referred to Committee on Health & Human Services; May 21, 2021, reported favorably by the following vote: Yeas 9, Nays 0; May 21, 2021, sent to printer.)

COMMITTEE VOTE

                 Yea Nay Absent  PNV

Kolkhorst         X

Perry             X

Blanco            X

Buckingham        X

Campbell          X

Hall              X

Miles             X

Powell            X

Seliger           X

HOUSE CONCURRENT RESOLUTION

WHEREAS, In 2015, the federal Department of Justice (DOJ) began an investigation of the Health and Human Services Commission (HHSC) quality control (QC) of the Supplemental Nutrition Assistance Program (SNAP) from 2007 to the present, requesting documents from HHSC in April 2017 and deposing HHSC staff in March 2019; and

WHEREAS, DOJ's investigation focused on whether HHSC properly and accurately calculated, determined, and reported Texas' error rates in compliance with FNS requirements regarding SNAP QC; specifically, DOJ focused on HHSC's relationship with Julie Osnes Consulting (Osnes), a contractor who assisted HHSC in determining SNAP error rates and quality control review of SNAP cases from September 2009 to June 2015; and

WHEREAS, DOJ was concerned that, by following certain recommendations by Osnes, HHSC failed to maintain the integrity of the QC system by introducing bias into its processes; and

WHEREAS, Osnes reached a settlement with DOJ in June 2019 of $751,571, and to date three other states have settled DOJ's claims related to their implementation of Osnes's recommendations:

(a)  April 2017--Virginia settled for $7,150,436;

(b)  April 2017--Wisconsin settled for $6,991,905;

(c)  September 2017--Alaska settled for $2,489,999; and

WHEREAS, DOJ claimed that HHSC's SNAP management violated the Federal False Claims Act (31 U.S.C. 3729, et seq.) and the Program Fraud Civil Remedies Act (31 U.S.C. 3801, et seq.), in addition to asserting various claims under common law; and

WHEREAS, The Covered Conduct alleged by DOJ included:

(a)  Changing QC findings or dropping cases from review to reduce or eliminate errors;

(b)  Adding to or removing information from case files as necessary to support the new findings and submitting the revised findings and information to the U.S. Food and Nutrition Service;

(c)  Finding ways to induce client responses to justify dropping error cases from the review and asking leading questions of clients to obtain desired answers to eliminate error potential;

(d)  Selectively applying requirements and policies to overturn and reduce errors;

(e)  Retaliating against SNAP employees who questioned using Osnes's methods by removing the employees from the QC review team; and

WHEREAS, DOJ sought recovery of two years of accuracy performance bonuses paid to HHSC, as well as certain other costs associated with the QC process and the relationship with Osnes; and

WHEREAS, DOJ engaged HHSC in settlement negotiations, with the Office of the Attorney General representing HHSC in both the investigation and settlement discussions; and

WHEREAS, In December 2019, the parties reached agreement on the following terms:

(a)  A total settlement amount of $15,294,360:

(1)  Of that amount, DOJ characterizes $13,396,343 as restitution for the performance bonuses paid to the State;

(2)  The remaining $1,898,017 represents repayment of the federally funded portion of HHSC's QC costs and the amounts paid to Osnes, plus a "multiplier" required by DOJ;

(b)  Waiver by HHSC of any claim to the 2014 performance bonus that was awarded but never paid to the State;

(c)  No admission of liability by HHSC; and

WHEREAS, Section 111.003(b) of the Texas Civil Practice and Remedies Code prohibits HHSC from entering a settlement agreement that requires the payment of damages of more than $10,000,000 within a fiscal biennium; therefore, the settlement agreement is expressly conditioned upon the legislature approving and appropriating the agreed upon settlement amount; and

WHEREAS, Since the findings resulting in the settlement, the U.S. Department of Agriculture has reviewed HHSC's Quality Control SNAP section processes twice and did not identify any adverse finding; now, therefore, be it

RESOLVED, That the 87th Legislature of the State of Texas hereby approve the proposed Settlement Agreement.

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