

By: Buckingham

S.B. No. 894

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.