

MCO Audit Draft Rule After HHSC Changes

Sections 2.13 and 2.23 of S.B. 200, (84th), require adoption of rules defining HHSC and OIG roles in and jurisdiction over audits of MCOs participating in Medicaid. HHSC is in the process of implementing new rules (attachment 5). We anticipate holding a public hearing and publishing the rules as proposed in April 2016 and taking them to the May MCAC and HHSC Council meetings.

Please send any comments you may receive to Jessica Morse at jessica.morse@hhsc.state.tx.us by February 12, 2016.

TITLE 1	ADMINISTRATION
PART 15	TEXAS HEALTH AND HUMAN SERVICES COMMISSION
CHAPTER 353	MEDICAID MANAGED CARE
SUBCHAPTER A	GENERAL PROVISIONS

§353.6. Audit of Managed Care Organizations

(a) HHSC is responsible for audits of participating MCOs.

(b) For purposes of this rule, the term "participating MCO" includes MCO subcontractors.

(c) HHSC conducts audits of participating MCOs, including financial audits, performance audits, and compliance audits:

(1) with the scope and frequency necessary to ensure the effective management and control of the MCOs; and

(2) as necessary to comply with all federal and state laws.

(d) The HHSC Executive Commissioner establishes policy outlining the roles and responsibilities of the divisions and offices of HHSC, including the Internal Audit Division, the Office of Inspector General, and the Medicaid/CHIP Division, in performing audits of participating MCOs.

TITLE 1
PART 15
CHAPTER 371
SERVICES

ADMINISTRATION
TEXAS HEALTH AND HUMAN SERVICES COMMISSION
MEDICAID AND OTHER HEALTH AND HUMAN

FRAUD AND ABUSE PROGRAM
INTEGRITY SUBCHAPTER B OFFICE OF INSPECTOR
GENERAL

§371.35. Audit of Managed Care Organizations

(a) The Office of Inspector General (the Inspector General) plans and conducts regular audits of managed care organizations (MCOs) participating in Medicaid according to policy established pursuant to §353.6 (d) of this title (relating to Audit of Managed Care Organizations.)

(b) The Inspector General coordinates with the Health and Human Services Commission (the Commission) in the development of risk assessments, audit plans, and findings to:

(1) minimize the duplication of activities relating to the audits of MCOs; and

(2) ensure that the Inspector General has a thorough understanding of the health and human services system for purposes of knowledgeable and effectively performing audits of MCOs.

(c) To facilitate coordination between the Inspector General and the Commission, the Inspector General annually develops and submits to the Commission's Executive Commissioner a draft audit plan identifying the Inspector General's planned audits of MCOs. The Inspector General considers input from the Commission and previous audits and review findings of MCOs by the Commission before finalizing the annual audit plan.

(d) Notwithstanding Subsections (a), (b), and (c), the Inspector General may investigate, including by means of regular audits, allegations of suspected fraud, waste, or abuse by MCOs

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