

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**TEXAS PAID MILLIONS FOR
UNALLOWABLE MEDICAID
ORTHODONTIC SERVICES**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



**Daniel R. Levinson
Inspector General**

June 2015
A-06-11-00048

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

Texas did not ensure that requests for prior authorization of Medicaid orthodontic services were approved in accordance with State Medicaid guidelines. As a result, Texas made erroneous payments to providers of at least \$133 million (Federal share) over almost 3 years.

WHY WE DID THIS REVIEW

In Texas, the Health and Human Services Commission (State agency) administers the Texas Health Steps program, which provides for the early detection and treatment of dental health problems for Medicaid beneficiaries from birth through age 20. Medicaid pays for orthodontic services, but only those that are medically necessary and that have received prior authorization. The prior-authorization process is intended to determine medical necessity. Because payments for Medicaid orthodontic services in Texas have risen sharply in recent years, we have identified this area as vulnerable to fraud, waste, and abuse.

The objective of this review was to determine whether the State agency ensured that requests for prior authorization of Medicaid orthodontic services were approved in accordance with State Medicaid guidelines.

BACKGROUND

The State agency contracted with the Texas Medicaid & Healthcare Partnership (TMHP) to determine the medical necessity of orthodontic services and process provider requests for prior authorizations. The prior-authorization requests should be reviewed for medical necessity in accordance with Medicaid criteria by knowledgeable and professional medical personnel, including the TMHP dental director.

HOW WE CONDUCTED THIS REVIEW

Our review covered 149,164 requests for prior authorization of Medicaid orthodontic services approved during the period September 1, 2008, through May 28, 2011. Claim payments associated with these requests totaled \$236,067,847. We selected a stratified random sample of 106 requests for prior authorization with claim payments totaling \$220,660. We obtained the services of an independent orthodontic consultant, who reviewed our sample of requests and determined whether they were approved in accordance with State Medicaid guidelines.

WHAT WE FOUND

The State agency did not ensure that requests for prior authorization of Medicaid orthodontic services were approved in accordance with State Medicaid guidelines. Of 106 sampled requests, 17 were approved by TMHP in accordance with State Medicaid guidelines and 89 were not. Of the 89 improperly approved requests, 78 did not qualify for orthodontic services and 11 did not have sufficient documentation to determine whether they qualified.

These deficiencies occurred because the State agency did not ensure that (1) TMHP properly reviewed each prior-authorization request to determine qualification for orthodontic services and (2) the TMHP dental director followed State Medicaid policies and procedures for determining qualification. As a result, TMHP approved requests for prior authorization of unallowable services. On the basis of our sample results, we estimated that the State agency paid at least \$191,410,707 (\$133,370,225 Federal share) for unallowable orthodontic services.

WHAT WE RECOMMEND

Although TMHP failed to approve requests for prior authorization of Medicaid orthodontic services in accordance with State Medicaid guidelines, the State agency is ultimately responsible for contractor compliance. Therefore, we recommend that the State agency:

- refund \$133,370,225 to the Federal Government,
- determine and refund the Federal share of any additional amounts related to orthodontic prior authorizations that the State agency improperly claimed after our audit period, and
- monitor the orthodontic program to ensure that it is in compliance with State Medicaid guidelines.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency provided information on actions that it had taken or planned to take to address our recommendations, including transitioning the majority of its Medicaid beneficiaries to managed care; terminating its contract with Xerox, the parent company of TMHP; having Accenture, LLP (Accenture), assume the Medicaid claims administrative contract; and placing stringent requirements on Accenture's orthodontic and dental service prior-authorization review process. The State agency said that it will refund the Federal share of any recovery for Medicaid orthodontic and dental services that were determined to be improperly paid; however, if judicial or administrative proceedings determine that the services were properly paid, it may challenge the methodology and findings of this audit. The State agency also said it will continue to monitor its orthodontic program to ensure that the program complies with State Medicaid guidelines.

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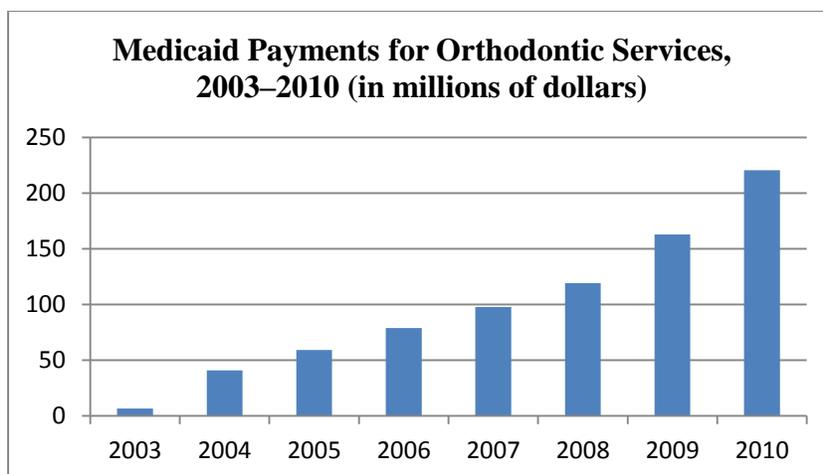
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INTRODUCTION

WHY WE DID THIS REVIEW

In Texas, the Health and Human Services Commission (State agency) administers the Texas Health Steps program, which provides for the early detection and treatment of dental health problems for Medicaid beneficiaries from birth through age 20. Medicaid pays for orthodontic services, but only those that are medically necessary and that have received prior authorization. The prior-authorization process is intended to determine medical necessity. Because payments for Medicaid orthodontic services in Texas have risen sharply in recent years, we have identified this area as vulnerable to fraud, waste, and abuse. As shown in the graph below, Texas Medicaid payments for orthodontic services rose from \$6.5 million in 2003 to \$220.5 million in 2010, an increase of more than 3,000 percent. By comparison, Texas Medicaid enrollment increased by only 33 percent during the same period.



OBJECTIVE

Our objective was to determine whether the State agency ensured that requests for prior authorization of Medicaid orthodontic services were approved in accordance with State Medicaid guidelines.

BACKGROUND

Medicaid Program

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. In Texas, the State agency administers the program.

Texas Medicaid Orthodontics

Medicaid orthodontic services must be authorized prior to treatment to determine medical necessity and are limited to severe handicapping malocclusion and related conditions as described and measured by the procedures and standards in the *Texas Medicaid Provider Procedures Manual* (Medicaid Manual).¹

Texas Medicaid & Healthcare Partnership

As of January 1, 2004, ACS State Healthcare, LLC (ACS), under contract with the State agency, assumed administration of claim processing for the Texas Medicaid program and other State health care programs.² ACS contracted with a team of subcontractors called the Texas Medicaid Healthcare Partnership (TMHP) to carry out its responsibilities. TMHP was responsible for processing Medicaid provider requests for prior authorization to perform orthodontic services. Processing these requests included determining whether a service was medically necessary.

Texas Medicaid & Healthcare Partnership's Prior-Authorization Process

Providers sent requests to perform orthodontic services to TMHP for prior authorization. The requests should have contained an orthodontic treatment plan, x-rays, facial photographs, and a Handicapping Labio-lingual Deviation Index (HLD).³ The HLD produces a numerical score that can be used to assess whether a beneficiary needs orthodontic services. TMHP's analysts performed a clerical review of the requests to check for completeness, verify HLD scores, and review patient histories to avoid approval of duplicate services. If a prior-authorization request contained all documentation and the HLD score sheet totaled at least 26 points, the analyst approved the request without review by TMHP's dental director or a determination of medical necessity. If an analyst determined that a request had an issue, for example, the beneficiary was under age 12⁴ or the stated HLD score was less than 26 points, the analyst sent the request to TMHP's dental director for a final determination. Although the State agency's contract with TMHP required the analysts to have some medical knowledge, the analysts did not make medical determinations regarding a beneficiary's need for orthodontic services.

¹ Texas Administrative Code Title 25, part 1, § 33.71; Medicaid Manual, Children's Service Handbook, Volume 2, § 4.2.24 (2011). The Medicaid Manual allows reimbursement for procedure code D8660 (preorthodontic treatment visit without prior authorization). Medicaid Manual, Children's Service Handbook, Volume 2, § 4.2.24.1 (2011).

² The State agency terminated its contract with TMHP effective August 1, 2014.

³ Texas Medicaid providers use the HLD to determine whether a beneficiary needs comprehensive orthodontics. The HLD lists nine conditions that the provider should consider when making a diagnosis. For each condition, a numerical score is given, and all scores are totaled at the bottom of the page. Medicaid Manual, Children's Service Handbook, Volume 2, §§ 4.2.24.1 and 4.2.26.1 (2011).

⁴ The Medicaid Manual states that orthodontic services are limited to children 12 years of age or older, with some exceptions. Medicaid Manual, Children's Service Handbook, Volume 2, § 4.2.24 (2011).

HOW WE CONDUCTED THIS REVIEW

Our review covered 149,164 requests for prior authorization of Medicaid orthodontic services approved during the period September 1, 2008, through May 28, 2011. Claim payments associated with these requests totaled \$236,067,847. We selected a stratified random sample of 106 requests for prior authorization with claim payments totaling \$220,660. We obtained the services of an independent orthodontic consultant, who reviewed our sample of requests and determined whether they were approved in accordance with State Medicaid guidelines.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, Appendix B contains the details of our statistical sampling methodology, and Appendix C contains our sample results and estimates.

FINDINGS

The State agency did not ensure that requests for prior authorization of Medicaid orthodontic services were approved in accordance with State Medicaid guidelines. Of 106 sampled requests, 17 were approved by TMHP in accordance with State Medicaid guidelines and 89 were not. Of the 89 improperly approved requests, 78 did not qualify for orthodontic services and 11 did not have sufficient documentation to determine whether they qualified.

These deficiencies occurred because the State agency did not ensure that (1) TMHP properly reviewed each prior-authorization request to determine qualification for orthodontic services and (2) the TMHP dental director followed State Medicaid policies and procedures for determining qualification. As a result, TMHP approved requests for prior authorization of unallowable services with claim payments totaling \$178,698 (\$124,528 Federal share). On the basis of our sample results, we estimated that the State agency paid at least \$191,410,707 (\$133,370,225 Federal share) for unallowable orthodontic services. Although TMHP failed to approve requests for prior authorizations of Medicaid orthodontic services in accordance with State Medicaid guidelines, the State agency is ultimately responsible for contractor compliance and therefore responsible for unallowable costs.

THE STATE AGENCY DID NOT ENSURE THAT THE TEXAS MEDICAID & HEALTHCARE PARTNERSHIP FOLLOWED STATE MEDICAID GUIDELINES FOR APPROVING ORTHODONTIC PRIOR-AUTHORIZATION REQUESTS

According to the State agency's contract with TMHP, prior authorization is a process used to determine the medical necessity of selected medical services. The contract requires TMHP to review the facts associated with treatments proposed by providers and make determinations regarding the medical necessity and appropriateness of care.

Federal reimbursement for Medicaid services is authorized for expenditures furnished as medical assistance, including dental services.⁵ In Texas, orthodontic services are limited to severe handicapping malocclusion and related conditions as described and measured by the procedures and standards in the Medicaid Manual.⁶ The Medicaid Manual requires a total HLD score of at least 26 points or an exception to qualify for orthodontic services.⁷

The State agency did not ensure that TMHP followed State Medicaid guidelines for approving orthodontic prior-authorization requests. Of 106 sampled orthodontic prior authorizations, 78 did not have an HLD score of at least 26 points or meet any exceptions; therefore, they did not qualify for orthodontic services.

This deficiency occurred because the State agency did not ensure that (1) TMHP properly reviewed each prior-authorization request to determine qualification for orthodontic services⁸ and (2) the TMHP dental director followed State Medicaid policies and procedures on determining qualification for orthodontic services.⁹ As a result, TMHP approved unallowable requests for prior authorization with claim payments totaling \$169,760 (\$118,288 Federal share).

THE STATE AGENCY DID NOT ENSURE THAT THE TEXAS MEDICAID & HEALTHCARE PARTNERSHIP APPROVED ORTHODONTIC PRIOR-AUTHORIZATION REQUESTS WITH SUFFICIENT DOCUMENTATION TO DETERMINE QUALIFICATION FOR ORTHODONTIC SERVICES

The Medicaid Manual states that all orthodontic procedures require prior authorization as a condition for reimbursement.¹⁰ The Manual also states that a request for prior authorization of orthodontic services must contain an orthodontic treatment plan, x-rays, facial photographs, and an HLD.¹¹ Thus, without this documentation, the orthodontic procedures do not have proper prior authorization to be considered for reimbursement.

⁵ Social Security Act §§ 1903(a)(1) and 1905(a)(10).

⁶ Texas Administrative Code Title 25, part 1, § 33.71; Medicaid Manual, Children's Service Handbook, Volume 2, § 4.2.24 (2011).

⁷ Medicaid Manual, Children's Service Handbook, Volume 2, §§ 4.2.24 & 4.2.24.1 (2011).

⁸ Prior-authorization analysts processed all requests for prior authorization of orthodontic services without review by the dental director or another licensed dentist when the HLD score was 26 (or higher) and all of the relevant documents were present in the file.

⁹ The dental director stated that he used his professional judgment rather than Medicaid criteria to approve prior-authorization requests.

¹⁰ Medicaid Manual, Children's Service Handbook, Volume 2, §§ 4.2.24.1 & 4.2.29.3 (2011).

¹¹ Medicaid Manual, Children's Service Handbook, Volume 2, § 4.3.2 (2011).

The State agency did not ensure that TMHP approved requests for prior authorization that contained sufficient documentation to determine qualification for orthodontic services. Of 106 sampled orthodontic prior-authorization requests, TMHP approved 11 requests for extension of treatment, appliances, and replacement of lost retainers that did not contain sufficient documentation to determine qualification for orthodontic services. For example, 6 of the 11 requests were missing all 4 required documents (treatment plan, x-rays, facial photographs, and an HLD). This deficiency occurred because the State agency did not ensure that TMHP properly reviewed each prior-authorization request to determine qualification for orthodontic services. As a result, TMHP approved unallowable requests for prior authorization with claim payments totaling \$8,938 (\$6,240 Federal share).

EFFECT OF THESE DEFICIENCIES

On the basis of our sample results, we estimated that the State agency paid claims totaling at least \$191,410,707 (\$133,370,225 Federal share) for unallowable orthodontic services.

RECOMMENDATIONS

Although TMHP failed to approve requests for prior authorizations of Medicaid orthodontic services in accordance with State Medicaid guidelines, the State agency is ultimately responsible for contractor compliance. Therefore, we recommend that the State agency:

- refund \$133,370,225 to the Federal Government,
- determine and refund the Federal share of any additional amounts related to orthodontic prior authorizations that the State agency improperly claimed after our audit period, and
- monitor the orthodontic program to ensure that it is in compliance with State Medicaid guidelines.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency provided information on actions that it had taken or planned to take to address our recommendations. The State agency said that it had initiated legal action against Xerox¹² to recover inappropriate Medicaid payments for orthodontic and dental services that were improperly approved by Xerox and paid during and after the audit period. The State agency said that it will refund the Federal share of any recovery for Medicaid orthodontic and dental services that were determined to be improperly paid. The State agency also said that if judicial or administrative proceedings determine that the services were properly paid, it may challenge the methodology and findings of this audit.

The State agency said that it transitioned the majority of its Medicaid beneficiaries to managed care effective March 1, 2012. After that time, Xerox did not approve any orthodontic or dental services.

¹² Xerox is the parent company of TMHP.

Additionally, the State agency said that it had terminated its contract with Xerox and that Accenture, LLP (Accenture), had assumed the Medicaid claims administrative contract effective August 1, 2014. The State agency added that it has instituted stringent requirements for Accenture's orthodontic and dental service prior-authorization review process.

The State agency will also continue to monitor its orthodontic program to ensure that it complies with State Medicaid guidelines.

The State agency's comments are included in their entirety as Appendix D.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our review covered 149,164 requests for prior authorization for Medicaid orthodontic services approved during the period September 1, 2008, through May 28, 2011, with claim payments totaling \$236,067,847. We selected a stratified random sample of 106 requests for prior authorization with claim payments totaling \$220,660.

We did not review the overall internal control structure of the State agency or the Medicaid program. We limited our review to determining whether TMHP approved orthodontic prior-authorization requests in accordance with State Medicaid guidelines. Our review enabled us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the State agency's Office of Inspector General for our audit period, but we did not assess the completeness of the data.

Our audit work included contacting providers from September 2012 through May 2013.

METHODOLOGY

To accomplish our objective, we:

- reviewed State laws, regulations, and guidance pertaining to Texas Medicaid orthodontic services;
- reviewed the State agency's contract with TMHP for processing claims for the Texas Medicaid program;
- interviewed the State dental director, TMHP's dental director and prior-authorization director, and other State agency and TMHP officials about the orthodontic prior-authorization process;
- reviewed TMHP's internal document describing the step-by-step procedures for processing prior authorizations;
- obtained a population of 339,917 requests for prior authorization from the State agency's Office of Inspector General and removed all requests from providers under investigation, as well as those that were not for orthodontic services and those for which no claims were paid during our audit period;
- identified a sampling frame of 149,164 requests for prior authorization with claim payments totaling \$236,067,847;
- selected a stratified random sample of 106 orthodontic prior-authorization requests for review (Appendix B);

- contacted providers throughout Texas to obtain documentation specifically related to our sampled prior-authorization requests;
- used an independent orthodontic consultant to determine whether TMHP approved the sampled prior-authorization requests in accordance with State Medicaid guidelines;
- had the independent orthodontic consultant (1) evaluate the cast models (if available), x-rays, and digital photographs that the providers had submitted to TMHP when requesting prior authorization to determine a score on the HLD and (2) compare his HLDs with the HLDs submitted by the providers to identify any discrepancies;
- estimated the overpayment in the total sampling frame of 149,164 requests for prior authorization (Appendix C); and
- discussed the results of our review with the State agency.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: STATISTICAL SAMPLING METHODOLOGY

POPULATION

The population consisted of all prior-authorization requests for Medicaid orthodontic services approved by the State agency during the period September 1, 2008, through May 28, 2011.¹³

SAMPLING FRAME

The sampling frame consisted of 149,164 prior-authorization requests with claim payments totaling \$236,067,847. We obtained a database table from the State agency's Office of Inspector General, which included 339,917 prior-authorization requests. We removed all prior-authorization requests for providers under investigation. We also removed all prior-authorization requests that were not for orthodontic services and those for which no claims were paid during our audit period.

SAMPLE UNIT

The sample unit was an orthodontic prior-authorization request.

SAMPLE DESIGN

We used a stratified random sample containing four strata. We divided the sampling frame into four strata based on the total payments made for each prior-authorization request.

Stratum	Payment Amount Range	No. of Items	Value of Frame
1	\$1.00 to \$1,000.00	39,018	\$20,001,182
2	\$1,000.01 through \$3,000.00	100,612	182,861,885
3	\$3,000.01 through \$6,000.00	9,533	33,198,675
4	Over \$6,000.00	1	6,105
Total		149,164	\$236,067,847

SAMPLE SIZE

We selected a sample of 106 prior-authorization requests. The sample size by stratum was:

- stratum 1: 30 sample items,
- stratum 2: 40 sample items,
- stratum 3: 35 sample items, and
- stratum 4: 1 sample item.

¹³ When we collected the data, May 28, 2011, was the most recent date available.

SOURCE OF RANDOM NUMBERS

We used the Office of Inspector General (OIG), Office of Audit Services (OAS), statistical software to generate the random numbers.

METHOD FOR SELECTING SAMPLE ITEMS

We separated our sampling frame into four strata and then consecutively numbered the sample units from each stratum in the frame. After generating random numbers for strata 1, 2, and 3, we selected the corresponding frame items. We selected the one item in stratum 4.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to appraise the sample results. We estimated the total amount of unallowable Medicaid payments that the State agency made for orthodontic services at the lower limit of the 90-percent confidence interval.

APPENDIX C: SAMPLE RESULTS AND ESTIMATES

Sample Results

Stratum	Frame Size	Value of Frame	Sample Size	Value of Sample	Number of Unallowable Services	Value of Unallowable Services
1	39,018	\$20,001,182	30	\$15,115	26	\$13,221
2	100,612	182,861,885	40	76,346	35	67,318
3	9,533	33,198,675	35	123,094	28	98,159
4	1	6,105	1	6,105	0	0
Total	149,164	\$236,067,847	106	\$220,660	89	\$178,698

Estimated Value of Unallowable Services
(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$213,256,016
Lower limit	191,410,707
Upper limit	235,101,325

Sample Results (Federal Share)

Stratum	Frame Size	Value of Frame (Federal Share)	Sample Size	Value of Sample (Federal Share)	Number of Unallowable Services	Value of Unallowable Services (Federal Share)
1	39,018	\$14,320,440	30	\$10,417	26	\$9,113
2	100,612	127,602,332	40	53,323	35	46,948
3	9,533	23,095,274	35	85,815	28	68,467
4	1	4,250	1	4,250	0	0
Total	149,164	\$165,022,296	106	\$153,805	89	\$124,528

Estimated Value of Unallowable Services (Federal Share)
(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$148,588,846
Lower limit	133,370,225
Upper limit	163,807,468

APPENDIX D: STATE AGENCY COMMENTS



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

KYLE L. JANEK, M.D.
EXECUTIVE COMMISSIONER

January 5, 2015

Ms. Patricia Wheeler
Regional Inspector General for Audit Services
Office of Inspector General, Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

Reference Report Number A-06-11-00048

Dear Ms. Wheeler:

The Texas Health and Human Services Commission (HHSC) received a draft audit report entitled "Texas Paid Millions for Unallowable Medicaid Orthodontic Services" from the Department of Health and Human Services Office of Inspector General. The cover letter, dated October 6, 2014, requested that HHSC provide written comments, including the status of actions taken or planned in response to report recommendations.

I appreciate the opportunity to respond. Please find the attached HHSC management response which (a) includes comments related to the content of the findings and recommendations, and (b) details actions HHSC has completed or planned.

If you have any questions or require additional information, please contact David Griffith, Director of HHS Risk and Compliance Management. Mr. Griffith may be reached by telephone at (512) 424-6998 or by e-mail at David.Griffith@hhsc.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle L. Janek".

Kyle L. Janek, M.D.

P. O. Box 13247 • Austin, Texas 78711 • 4900 North Lamar, Austin, Texas 78751 • (512) 424-6500

Texas Health and Human Services Commission
Management Response to the
U.S. Department of Health and Human Services Office of Inspector General Report:

Texas Paid Millions for Unallowable Medicaid Orthodontic Services

Summary of Management Response

The Texas Office of Attorney General (OAG) has initiated legal action against Xerox pursuant to the Texas Medicaid Fraud Prevention Act¹. Texas seeks to recover inappropriate Medicaid payments for orthodontic and dental services that were improperly approved by Xerox and paid during and after the audit period. Upon resolution of the pending litigation, HHSC will refund the federal share of any recovery for Medicaid orthodontic and dental services that were determined to be improperly paid.

Detailed responses to each of the recommendations included in the report follow.

DHHS - OIG Recommendation: *We recommend that the State agency refund \$133,370,225 to the Federal Government.*

Actions Planned:

Upon resolution of the pending litigation, HHSC will refund the federal share of any recovery for Medicaid orthodontic and dental services that were determined to be improperly paid during the audit period. If judicial or administrative proceedings determine that provider claims for orthodontic services of the nature determined to be overpayments in this audit were properly paid by Texas Medicaid, HHSC may challenge the methodology and findings of this audit.

Title of Responsible Person:

Associate Commissioner for Medicaid and CHIP

DHHS - OIG Recommendation: *We recommend that the State agency determine and refund the Federal share of any additional amounts related to orthodontic prior authorizations that the State agency improperly claimed after our audit period.*

Actions Planned:

Upon resolution of the pending litigation, HHSC will refund the federal share of any recovery for Medicaid orthodontic and dental services that were determined to be improperly paid after the audit period.

¹ *State v. Xerox Corp.*, No. D-1-6V-14-000581, 2014.

Title of Responsible Person:

Associate Commissioner for Medicaid and CHIP

DHHS - OIG Recommendation: *We recommend that the State agency monitor the orthodontic program to ensure that it is in compliance with State Medicaid guidelines.*

HHSC Management Response:

HHSC transitioned the vast majority of its Medicaid recipients to a managed care delivery model effective March 1, 2012. After this transition to managed care, no orthodontic and dental services have been approved by Xerox.

HHSC terminated its contract with Xerox, and Accenture, LLP assumed the Medicaid Claims Administrator contract effective August 1, 2014. With this transition, stringent requirements for Accenture's orthodontic and dental service prior authorization review process were put in place including:

- All requests for services are reviewed by licensed dentists.
- Medical necessity criteria must be met for services to be approved.
- Diagnostic tools, including dental molds, are reviewed as part of the approval process.

Actions Planned:

HHSC will continue to monitor its orthodontic program to ensure that the program complies with state Medicaid guidelines.

Title of Responsible Person:

Associate Commissioner for Medicaid and CHIP