



# A Report on Health and Human Services Commission Contracts

October 4, 2016

Members of the Legislative Audit Committee:

Texas Government Code, Section 321.013(k), requires that, in devising its audit plan, the State Auditor's Office shall consider performing audits of Health and Human Services Commission (Commission) contracts that exceed \$100 million in annual value, including contracts between the Commission and managed care organizations. Pursuant to that requirement, the State Auditor's Office compiled a list of each Commission contract with a total value exceeding \$100 million, as well as all contracts for managed care services.

Based on unaudited information from the Commission's Health and Human Services Contract Administration and Tracking System (HCATS), the State Auditor's Office identified 67 contracts that met the criteria discussed above. Those contracts included:

- Seven contracts related to various aspects of operating the Medicaid, Children's Health Insurance, Medical Transportation, and Administrative programs.
- Four contracts related to information technology and telecommunications services.
- Six contracts related to the pharmacy providers for the Vendor Drug Program.
- Fifty contracts for managed care services.

According to the Commission, as of June 1, 2016, expenditures for those 67 contracts had totaled approximately \$62.3 billion. For the purposes of this project, HCATS was the most complete repository of Commission contract data, including expenditures associated with those contracts. Additionally, the State Auditor's Office reviewed expenditure data from the Commission's financial system (the Health and Human Services Administrative System) and the Uniform Statewide Accounting System to determine the reasonableness of total expenditures for certain contracts.

#### Objective, Scope, and Methodology

The objective of this project was to identify Commission contracts exceeding \$100 million in total value, including contracts with managed care organizations.

The project scope included active Commission contracts exceeding \$100 million in total value and all contracts for managed care services.

This project was not an audit. The project relied on self-reported Commission information regarding contracts and their associated expenditures. That information was not subject to the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy. The following members of the State Auditor's Office staff performed the project:

- Robert G. Kiker, CGAP (Project Manager)
- Salem Chuah, CPA
- Katherine Curtsinger
- Sarah Rajiah
- Brianna C. Pierce, CPA (Quality Control Reviewer)
- John Young, MPAff (Audit Manager)

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The State Auditor's Office will include the information identified in this report in its risk assessment process for selecting contracts to audit during fiscal year 2017. A list of the 67 contracts discussed above is attached to this letter.

If you have any questions, please contact John Young, Audit Manager, or me at (512) 936-9500.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA  
First Assistant State Auditor

Attachment

cc: The Honorable Greg Abbott, Governor  
Mr. Charles Smith, Executive Commissioner, Health and Human Services Commission



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# Attachment

## Summary of Health and Human Services Commission Contracts

Table 1 lists each Health and Human Services Commission (Commission) contract with a total value exceeding \$100 million, as well as all contracts for managed care services. The Commission reported that unaudited information as of June 1, 2016. It generated that information from its Health and Human Services Contract Administration and Tracking System (HCATS).

For the purposes of this project, HCATS was the most complete repository of Commission contract data, including expenditures associated with those contracts. Additionally, the State Auditor's Office reviewed expenditure data from the Commission's financial system (the Health and Human Services Administrative System) and the Uniform Statewide Accounting System to determine the reasonableness of total expenditures for certain contracts.

Table 1

Summary of Health and Human Services Commission Contracts				
	Contractor Name	Contract Number	Contract Description	Total Contract Expenditures as of June 1, 2016
Medicaid, Children's Health Insurance, Medical Transportation, and Administrative Programs Contracts				
1	Accenture LLC	529-14-0125-00003	Medicaid Claims Administration	\$430,730,828
2	Logisticare Solutions	529-11-0004-00002	Non-emergency Medical Transportation Program Services	140,241,912
3	Medical Transportation Management Inc.	529-11-0004-00001	Non-emergency Medical Transportation Program Services	129,279,996
4	Maximus Inc.	529-10-0005-00001	Managed Care Enrollment Broker Operations	161,115,685 <sup>a</sup>
5	Department of State Health Services	529-11-0107-00001	Vaccines for the Children's Health Insurance Program	111,210,060
6	Maximus Inc.	529-14-0006-00001	Medicaid Eligibility Support Services	35,570,958
7	Department of Family and Protective Services	529-16-0029-00001	Administrative Services	0 <sup>b</sup>
Subtotal				\$1,008,149,439
Information Technology and Telecommunications Contracts				
8	Deloitte Consulting LLP	529-08-0208-00001	Texas Integrated Eligibility Redesign System Maintenance and Support	\$210,842,754

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Contractor Name		Contract Number	Contract Description	Total Contract Expenditures as of June 1, 2016
9	Northrop Grumman Systems Corporation	529-12-0006-00001	Data Center Services for the Texas Integrated Eligibility Redesign System	112,441,424
10	Department of Information Resources	529-13-0088-00001	State Data Center Services	96,866,021 <sup>a</sup>
11	SBC Global Services Inc.	529-07-0124-00001	Commission Enterprise Telecommunications Services	65,372,034
Subtotal				\$485,522,233
Vendor Drug Program Contracts				
12	US Bioservices Corporation	529-05-0063-00959	Vendor Drug Program Pharmacy Provider	\$214,164,346
13	Accredo Health Group Inc.	529-05-0063-00956	Vendor Drug Program Pharmacy Provider	207,013,586 <sup>c</sup>
14	Premier Kids Care Inc.	529-05-0063-01419	Vendor Drug Program Pharmacy Provider	136,572,815
15	ProCare Pharmacy Direct Inc.	529-09-0069-00164	Vendor Drug Program Pharmacy Provider	136,461,725
16	Cook Children's Home Health	529-05-0063-00390	Vendor Drug Program Pharmacy Provider	137,438,057 <sup>c</sup>
17	Accredo Health Group Inc.	529-07-0020-00043	Vendor Drug Program Pharmacy Provider	103,839,654
Subtotal				\$935,490,183
Managed Care Contracts				
18	Amerigroup Texas - Houston CHIP	529-12-0002-00019	Managed Care Services	\$7,663,916,725
19	United Healthcare Community Plan of Texas	529-12-0002-00009	Managed Care Services	5,619,482,752
20	Molina Healthcare Inc.	529-12-0002-00008	Managed Care Services	5,591,821,585
21	Bankers Reserve Life Insurance Co. of Wisconsin	529-12-0002-00006	Managed Care Services	5,564,212,352
22	Superior Health Plan Inc.	529-12-0002-00007	Managed Care Services	5,053,484,253
23	Texas Children's Health Plan	529-12-0002-00014	Managed Care Services	3,713,508,211
24	Community Health Choice	529-12-0002-00003	Managed Care Services	3,110,917,518
25	DentaQuest Ventures Inc.	529-12-0003-00002	Managed Care Services	3,002,395,116
26	MCNA Insurance Company	529-12-0003-00003	Managed Care Services	2,378,572,437
27	Parkland Community Health Plan Inc.	529-12-0002-00004	Managed Care Services	2,261,355,633
28	Driscoll Children's Health Plan	529-12-0002-00010	Managed Care Services	1,645,531,915

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Contractor Name		Contract Number	Contract Description	Total Contract Expenditures as of June 1, 2016
29	Amerigroup Insurance Company	529-12-0002-00015	Managed Care Services	1,457,246,573
30	SHA LLC (FirstCare)	529-12-0002-00001	Managed Care Services	1,273,772,116
31	Community First Health Plans	529-12-0002-00020	Managed Care Services	1,240,841,910
32	Cook Children's Health Plan	529-12-0002-00002	Managed Care Services	1,240,581,655
33	HealthSpring Life and Health Insurance Company	529-10-0020-00006	Managed Care Services	1,013,304,839
34	Aetna Health Inc.	529-12-0002-00022	Managed Care Services	961,151,037
35	United Healthcare Insurance Company	529-13-0042-00004	Managed Care Services	742,255,937
36	Superior Health Plan Inc.	529-13-0042-00003	Managed Care Services	676,353,020
37	El Paso First Health Plans Inc.	529-12-0002-00013	Managed Care Services	670,313,087
38	Molina Healthcare Inc.	529-10-0020-00005	Managed Care Services	669,216,274
39	Scott and White Health Plan	529-12-0002-00011	Managed Care Services	495,690,083
40	Superior Health Plan Inc.	529-10-0020-00003	Managed Care Services	463,683,300
41	Superior Health Plan Inc.	529-08-0001-00001	Managed Care Services	450,485,278
42	HealthSpring Life and Health Insurance Company	529-13-0042-00002	Managed Care Services	405,601,476
43	HealthSpring Life and Health Insurance Company	529-12-0002-00012	Managed Care Services	388,892,930
44	Amerigroup Insurance Company	529-13-0042-00001	Managed Care Services	310,865,438
45	Blue Cross and Blue Shield of Texas	529-12-0002-00017	Managed Care Services	274,729,678
46	Seton Health Plan Inc.	529-12-0002-00005	Managed Care Services	225,820,808
47	Molina Healthcare Inc.	529-15-0058-00001	Managed Care Services	190,658,891
48	Amerigroup Insurance Company	529-15-0060-00001	Managed Care Services	169,528,943
49	Amerigroup Texas - Houston CHIP	529-10-0020-00002	Managed Care Services	164,415,607
50	Sendero Health Plans Inc.	529-12-0002-00021	Managed Care Services	156,393,409
51	Superior Health Plan Inc.	529-15-0001-00001	Managed Care Services	141,466,332

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Contractor Name		Contract Number	Contract Description	Total Contract Expenditures as of June 1, 2016
52	Superior Health Plan Inc.	529-15-0061-00001	Managed Care Services	139,905,526
53	CHRISTUS Health Plan	529-12-0002-00018	Managed Care Services	104,268,049
54	Department of State Health Services	529-13-0023-00001	Managed Care Services	82,550,000
55	United Healthcare Community Plan of Texas	529-15-0059-00001	Managed Care Services	74,723,592
56	Molina Healthcare Inc.	529-08-0001-00002	Managed Care Services	65,292,871
57	HealthSpring Life and Health Insurance Company	529-15-0057-00001	Managed Care Services	43,715,509
58	Aetna Better Health of Texas	529-13-0071-00001	Managed Care Services	0 <sup>d</sup>
59	Amerigroup Insurance Company	529-13-0071-00002	Managed Care Services	0 <sup>d</sup>
60	Blue Cross and Blue Shield of Texas	529-13-0071-00007	Managed Care Services	0 <sup>d</sup>
61	Children's Medical Center Health Plan	529-13-0071-00003	Managed Care Services	0 <sup>d</sup>
62	Community First Health Plans	529-13-0071-00004	Managed Care Services	0 <sup>d</sup>
63	Cook Children's Health Plan	529-13-0071-00005	Managed Care Services	0 <sup>d</sup>
63	Driscoll Children's Health Plan	529-13-0071-00006	Managed Care Services	0 <sup>d</sup>
65	Superior Health Plan Inc.	529-13-0071-00008	Managed Care Services	0 <sup>d</sup>
66	Texas Children's Health Plan	529-13-0071-00009	Managed Care Services	0 <sup>d</sup>
67	United Healthcare Insurance Company	529-13-0071-00010	Managed Care Services	0 <sup>d</sup>
Subtotal				\$59,898,922,665
Total for all contracts				\$62,328,084,520

<sup>a</sup> Total contract expenditures include expenditures recorded in the Health and Human Services Administrative System but not recorded in HCATS.

<sup>b</sup> The contract's value exceeded \$100,000,000; however, as of June 1, 2016, no expenditures had been recorded for the contract.

<sup>c</sup> **The State Auditor's Office adjusted the total contract expenditures** using data from the Health and Human Services Administrative System and the Uniform Statewide Accounting System.

<sup>d</sup> As of June 1, 2016, no expenditures had been recorded for this contract for managed care services.

Source: Unaudited information from the Commission.