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An Audit Report on

# **Performance Measures at the Health and Human Services Commission**

September 2011  
Report No. 12-003

An Audit Report on  
**Performance Measures at the Health and  
Human Services Commission**

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## Overall Conclusion

The Health and Human Services Commission (Commission) reported reliable results for 7 (87.5 percent) of 8 key performance measures tested for fiscal year 2010. The Commission also reported reliable results for 4 (80.0 percent) of 5 key performance measures tested for the first two quarters of fiscal year 2011. A result is considered reliable if it is certified or certified with qualification.

The following key performance measures<sup>1</sup> were certified with qualification for fiscal year 2010 because of internal control weaknesses in the Commission's processes for collecting, calculating, and reporting performance measure information and other issues:

- Percent of Poverty Met by TANF, Food Stamps, and Medicaid Benefits.
- Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months Per Month.
- Average CHIP Programs Benefit Cost with Prescription Benefit Per Recipient Month (Includes all CHIP Programs).

### Background Information

The Health and Human Services Commission (Commission) oversees the Texas health and human services system and administers the following programs:

- Medicaid.
- Children's Health Insurance Program (CHIP).
- Temporary Assistance for Needy Families (TANF).
- Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps).
- Family Violence Services.
- Refugee Services.
- Disaster Assistance.

See Appendix 2 for additional information on Commission programs.

The Commission performs the following functions:

- Eligibility determination.
- System planning and evaluation.
- Policy development and rule-making.
- Fraud and abuse prevention and detection.
- Border affairs.
- Early childhood coordination.
- Ombudsman services.

<sup>1</sup> This report refers to each performance measure as it was titled in the General Appropriations Act (81st Legislature). See Appendix 2 for the definitions of each performance measure audited. Acronyms used in the performances measure are as follows:

- TANF - Temporary Assistance for Needy Families.
- STAR+PLUS - State of Texas Access Reform Plus.
- CHIP - Children's Health Insurance Program.
- EPSDT - Early and Periodic Screening and Diagnosis and Treatment.

The following key performance measures were certified with qualification for fiscal year 2010 and the first two quarters of fiscal year 2011 because of internal control weaknesses in the Commission's processes for collecting, calculating, and reporting performance measure information and other issues:

- Average Monthly Number of Eligibility Determinations.
- Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only).
- Average Perinate Recipient Months Per Month.
- Average Monthly Grant: Temporary Assistance for Needy Families (TANF).

Factors prevented certification of one key performance measure—Average Cost Per Eligibility Determination—for fiscal year 2010 and the first two quarters of fiscal year 2011. The Commission did not include all costs when it calculated that performance measure. However, the definition of that performance measure is unclear regarding which time period the Commission should use when it determines which costs to use when calculating that performance measure. Therefore, auditors could not determine what costs should be included to calculate that performance measure.

Table 1 summarizes the certification results for the key performance measures tested.

Table 1

Health and Human Services Commission (Agency No. 529)				
Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in the Automated Budget and Evaluation System of Texas (ABEST)	Certification Results <sup>a</sup>
A.1.2, Output	Average Monthly Number of Eligibility Determinations	2010	826,309	Certified with Qualification
		2011 - First Two Quarters	833,190	Certified with Qualification
A.1.2, Efficiency	Average Cost Per Eligibility Determination	2010	\$43.26	Factors Prevented Certification
		2011 - First Two Quarters	\$39.62	Factors Prevented Certification
A.1.2, Explanatory	Percent of Poverty Met by TANF, Food Stamps, and Medicaid Benefits	2010 <sup>b</sup>	84.67%	Certified with Qualification
B, Outcome	Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months Per Month	2010 <sup>b</sup>	3,300,622	Certified with Qualification
B.3.3, Output	Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only)	2010	539,785	Certified with Qualification
		2011 - First Two Quarters	512,288	Certified with Qualification

**Health and Human Services Commission (Agency No. 529)**

Related Objective or Strategy, Classification	Description of Performance Measure	Fiscal Year	Results Reported in the Automated Budget and Evaluation System of Texas (ABEST)	Certification Results <sup>a</sup>
C, Outcome	Average CHIP Programs Benefit Cost with Prescription Benefit Per Recipient Month (Includes all CHIP Programs)	2010 <sup>b</sup>	\$162.73	Certified with Qualification
C.1.4, Output	Average Perinate Recipient Months per Month	2010	67,236	Certified with Qualification
		2011 - First Two Quarters	49,060	Certified with Qualification
D.1.1, Efficiency	Average Monthly Grant: Temporary Assistance for Needy Families (TANF)	2010	\$70.13	Certified with Qualification
		2011 - First Two Quarters	\$70.37	Certified with Qualification

<sup>a</sup> A performance measure is **certified** if reported performance is accurate within plus or minus 5 percent of actual performance and if it appears that controls to ensure accuracy are in place for collecting and reporting performance data.

A performance measure is **certified with qualification** when reported performance appears accurate but the controls over data collection and reporting are not adequate to ensure continued accuracy. A measure is also certified with qualification when controls are strong but source documentation is unavailable for testing. A measure is also certified with qualification if agency calculation of performance deviated from the measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A performance measure is **inaccurate** when the actual performance is not within 5 percent of reported performance, or when there is more than a 5 percent error rate in the sample of documentation tested. A measure is also inaccurate if the agency's calculation deviated from the measure definition and caused more than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

A **factors prevented certification** designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the performance measure definition and the auditor cannot determine the correct performance measure result.

<sup>b</sup> The Commission reports these performance measures only on an annual basis; therefore auditors did not test these performance measures for the first two quarters of fiscal year 2011.

## *Summary of Management's Response*

The Commission agreed with the recommendations in this report.

## *Summary of Information Technology Review*

Auditors assessed information technology (IT) controls over the Commission's information systems and the automated processes the Commission uses for performance measure data. Auditors evaluated logical access controls specifically related to the performance measures audited. Auditors also reviewed application controls, including process controls and output controls.

With some exceptions, the Commission's general and application controls for performance measure data were adequate (see Chapter 3 of this report for more information). The Commission should improve access controls for shared network

folders, and it should develop and implement procedures for reviewing how it extracts and processes certain data.

## ***Summary of Objectives, Scope, and Methodology***

The objectives of the audit were to determine whether the Commission:

- Is accurately reporting its performance measures to ABEST.
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

The audit scope included eight key performance measures the Commission reported for fiscal year 2010 and five key performance measures the Commission reported for the first two quarters of fiscal year 2011.

The audit methodology consisted of selecting eight key performance measures for fiscal year 2010 and five key performance measures for the first two quarters of fiscal year 2011, auditing reported results for accuracy and adherence to performance measure definitions, evaluating controls over the Commission's performance measure calculation processes, testing documentation, and assessing the reliability of the data obtained from the Commission's information systems that support performance measure data.

Auditors identified other, less significant issues that were communicated to management in writing.

Auditors determined that the information systems the Commission used in its performance measures calculations for fiscal year 2010 and the first two quarters of fiscal year 2011 were sufficiently reliable for the purposes of this audit by testing key access and application controls, reviewing data provided for completeness, and interviewing personnel knowledgeable about the systems.

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## *Detailed Results*

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# Detailed Results

Chapter 1

## ***The Commission Should Improve Certain Controls That Affect All Performance Measures Tested***

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The Health and Human Services Commission (Commission) should develop and implement complete and documented policies and procedures for the collection, calculation, and reporting of its performance measures. Although the Commission has some policies and procedures for the cost portion of the Average Cost Per Eligibility Determination performance measure, those policies and procedures are not sufficiently detailed, and the Commission does not have policies and procedures for the eligibility determination portion of that performance measure.

It is important to have documented policies and procedures because the Commission processes a large amount of information and uses multiple information systems and staff to calculate and report performance measures. For example:

- To calculate the Average Monthly Number of Eligibility Determinations performance measure, the Commission uses information for five programs from three different information systems. Because the Commission did not have policies and procedures, it did not include the correct program categories when it calculated Average Monthly Number of Eligibility Determinations (see Chapter 2 for additional information).
- Four different Commission staff are involved in collecting and preparing information to calculate the Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months per Month performance measure, and the Commission uses information from three information systems to calculate that performance measure. With multiple staff involved, having detailed policies and procedures could help the Commission ensure accurate and consistent reporting of that performance measure.

In addition, for the eight performance measures that auditors tested, the Commission does not have policies and procedures that require its staff to review performance measure information before sending it to the Automated Budget and Evaluation System of Texas (ABEST) coordinator. The Commission also should develop policies and procedures to document that review. Although the executive commissioner approves performance measure information after staff enter it into ABEST, the same individual both enters performance measure information into ABEST and releases it into ABEST.

## Recommendations

The Commission should:

- Develop or revise its policies and procedures to specify the detailed information it uses to calculate performance measures. To help ensure consistency, the Commission should communicate those policies and procedures to all staff who participate in performance measure calculation and reporting.
- Develop, document, and implement additional reviews of the information it uses to calculate and report performance measures.
- Ensure that different individuals enter performance measure information into ABEST and release performance measure information into ABEST.

## Management's Response

*HHSC will develop or revise, as applicable, procedures and controls for reporting all performance measures, communicate procedures and controls to responsible parties, develop protocols for the review process of reported data, and establish internal controls to ensure separation of duties for entry and release of information into ABEST.*

### ***Estimated Completion Date:***

*February 2012*

### ***Title of Responsible Person:***

*Chief Financial Officer*

## ***The Commission Should Improve Certain Controls and Processes Over Its Performance Measures***

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The Commission reported reliable results for 7 (87.5 percent) of 8 key performance measures<sup>2</sup> tested for fiscal year 2010 and for 4 (80.0 percent) of 5 key performance measures tested for the first two quarters of fiscal year 2011. A result is considered reliable if it is certified or certified with qualification.

### Key Measures

**Average CHIP Programs Benefit Cost with Prescription Benefit Per Recipient Month (Includes all CHIP Programs) (for fiscal year 2010)**

**Average Perinate Recipient Months Per Month (for fiscal year 2010 and the first two quarters of fiscal year 2011)**

**Average Monthly Grant: Temporary Assistance for Needy Families (TANF) (for fiscal year 2010 and the first two quarters of fiscal year 2011)**

#### **Results: Certified with Qualification**

A measure is certified with qualification when reported performance appears accurate but the controls over data collection and reporting are not adequate to ensure continued accuracy. A measure is also certified with qualification if agency calculation of performance deviated from the measure definition but caused less than a 5 percent difference between the number reported to ABEST and the correct performance measure result.

Auditors identified no issues when testing or recalculating these three performance measures. However, these performance measures were certified with qualification because the issues regarding policies and procedures discussed in Chapter 1 create a risk that the Commission could report inaccurate results in the future. To ensure continued accuracy, the Commission should implement the recommendations in Chapter 1.

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<sup>2</sup> This report refers to each performance measure as it was titled in the General Appropriations Act (81st Legislature). See Appendix 2 for the definitions of each performance measure audited. Acronyms used in the performances measure are as follows:

- TANF - Temporary Assistance for Needy Families.
- STAR+PLUS - State of Texas Access Reform Plus.
- CHIP - Children's Health Insurance Program.
- EPSDT – Early and Periodic Screening and Diagnosis and Treatment.

**Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months per Month (for fiscal year 2010)**

**Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only) (for fiscal year 2010 and the first two quarters of fiscal year 2011)**

These two performance measures were certified with qualification because the Commission deviated from the performance measure definitions or methodologies. The Commission included in its calculation of performance measure results additional programs that were not included in the performance measure definitions or methodologies. Specifically:

- The Commission included foster care children when it calculated the Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months per Month. Foster care children are not included in the performance measure definition. Foster care children were formerly included within the TANF group but were separated into a new group in 2008. However, the definition was not changed in ABEST to reflect that change.
- The Commission included pregnant women under age 21 when it calculated the Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only). Pregnant women under age 21 are not included in the performance measure definition.

The Commission also applied forecasting techniques to calculate the Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only). However, neither the definition nor the methodology for that performance measure discusses the use of forecasting. The forecasting techniques the Commission used for that performance measure (as well as for the Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months per Month performance measure) resulted in its reported results being accurate within 5 percent of actual results.

In addition, the data source listed in ABEST for both of those performance measures was not accurate. The data source in ABEST lists the Premium Payable System hard-copy reports RG-23 and RG-24, but the Commission now uses the Premium Payable System itself (and not the hard-copy RG-23 and RG-24 reports) to calculate those performance measures.

## **Recommendations**

The Commission should work with the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy to clarify performance measure definitions and methodologies in ABEST for:

- Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months per Month.
- Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only).

**Management's Response**

*HHSC will review and amend, as appropriate, performance measure definitions and methodologies in the agency strategic plan submitted biennially during the spring of 2012, and coordinate with the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy as part of the strategic planning process.*

***Estimated Completion Date:***

*August 2012*

***Title of Responsible Person:***

*Chief Financial Officer*

**Average Monthly Number of Eligibility Determinations (for fiscal year 2010 and the first two quarters of fiscal year 2011)**

This performance measure was certified with qualification for fiscal year 2010 and the first two quarters of fiscal year 2011 because the Commission did not always use the correct categories of eligibility determinations when it calculated this performance measure. However, that caused less than a 5 percent difference between the reported performance measure results and the actual results.

This performance measure represents the average monthly number of eligibility determinations for TANF and State Two Parent Cash Assistance, SNAP, Medicaid for the Elderly and People with Disabilities (MEPD), Medicaid, and CHIP. According to the performance measure definition, determining eligibility refers to actions taken to determine the eligibility status of applicants or ongoing cases; approved, denied, or open/closed applications; and sustained or denied complete reviews. Each program has many categories of assistance.

Auditors identified the following issues in the Commission's calculation of this performance measure:

- Auditors identified the following errors related to Medicaid:

- The Commission incorrectly excluded eligibility determinations for Healthcare – Former Foster Care in Higher Education, Medicaid - Refugee, and TANF Level Families in its performance measure calculations. The Commission should have included those categories of Medicaid programs because it made eligibility determinations for those programs.
- The Commission incorrectly excluded “initial application” eligibility determinations from the Texas Integrated Eligibility Redesign System (TIERS) (see text box) for Transitioning Foster Care Youth in its performance measure calculations. Although the Commission included “eligibility redeterminations” for this program, it should also include “initial applications” for this program.
- The Commission incorrectly included a specific category of “eligibility redeterminations” for the Pregnant Women - Presumptive program from the System of Application, Verification, Eligibility, Referral, and Reporting (SAVERR) and the Texas Integrated Eligibility Redesign System (TIERS) in its performance measure calculations. The Commission should not have included this category because it had already included this category within the Pregnant Women category.
- The Commission incorrectly excluded eligibility determinations for MEPD cases processed in TIERS in its performance measure calculations. However, it is important to note that the number of MEPD cases in TIERS in September 2009 was minimal, and the Commission started processing all MEPD cases in TIERS at the beginning of calendar year 2011. Although the Commission included eligibility determinations in the System for Application, Verification, Eligibility, Referral, and Reporting (SAVERR), it should also include eligibility determinations in TIERS.
- The Commission incorrectly excluded TANF “eligibility redeterminations” in its performance measure calculations. Although the Commission included “initial application” eligibility determinations for this program, it should also include “eligibility redeterminations” for this program.

**TIERS and SAVERR**

The Texas Integrated Eligibility Redesign System (TIERS) was designed to replace several systems in use since the 1970s, including the System for Application, Verification, Eligibility, Referral, and Reporting (SAVERR).

TIERS is a browser-based system that supports eligibility determination and benefits calculation for the following programs:

- Temporary Assistance for Needy Families (TANF).
- Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps).
- Medicaid.
- Long-term Care.

Source: *An Audit Report on the Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)*, State Auditor's Office Report No. 08-009, October 2007.

As discussed in Chapter 1, having detailed policies and procedures would help the Commission ensure consistent and accurate calculation of this performance measure.

## Recommendation

The Commission should calculate the Average Monthly Number of Eligibility Determinations performance measure consistently across programs and include all applicable eligibility determinations in its calculation.

## Management's Response

*Strategic Decision Support staff will coordinate with the Office of Family Services and the Office of Eligibility Services to determine which programs and eligibility groups should be included in the measure definition. If Strategic Decision Support staff determine that the current measure definition requires revision, the measure definition will be appropriately revised as part of the next strategic planning process.*

*Based upon the final definition of the performance measure, Strategic Decision Support staff will calculate the measure consistently across programs, and coordinate with Budget Management Office staff to ensure the same information is used in the calculation of the measure, Average Cost Per Eligibility Determination.*

### ***Estimated Completion Date:***

*December 2011*

### ***Title of Responsible Person:***

*Director of Strategic Decision Support*

## Percent of Poverty Met by TANF, Food Stamps, and Medicaid Benefits (for fiscal year 2010)

This key performance measure was certified with qualification for fiscal year 2010 because the Commission did not retain supporting documentation to substantiate the Medicaid inflation rate it used to calculate this performance measure.

The Commission obtained the Medicaid inflation rate published on IHS Global Insight's Web site and then input that rate into a spreadsheet. However, the original rate was overwritten on the spreadsheet as the Commission made subsequent calculations. Using a Medicaid inflation rate from an alternate source, auditors were able to recalculate the performance measure within a 5 percent error rate.

## Recommendation

The Commission should maintain all supporting documentation for its calculation of the Percent of Poverty Met by TANF, Food Stamps, and Medicaid Benefits.

## Management's Response

*Strategic Decision Support staff are revising procedures to maintain supporting documentation by creating a separate file for each calculation instance. This revised process will ensure that the supporting documentation is present for each calculation instance.*

### ***Estimated Completion Date:***

*October 2011*

### ***Title of Responsible Person:***

*Director of Strategic Decision Support*

## Average Cost Per Eligibility Determination (for fiscal year 2010 and the first two quarters of fiscal year 2011)

### **Results: Factors Prevented Certification**

A factors prevented certification designation is used if documentation is unavailable and controls are not adequate to ensure accuracy. This designation also will be used when there is a deviation from the performance measure definition and the auditor cannot determine the correct performance measure result.

Factors prevented certification of this performance measure for fiscal year 2010 and the first two quarters of fiscal year 2011. This performance measure is calculated by determining the total costs associated with the eligibility determination sub-strategy divided by the number of months in the reporting period; the result of that calculation is then divided by the total number of eligibility determinations.

The Commission did not include all costs incurred in fiscal years 2010 and 2011 when it calculated this performance measure. The Commission calculated the performance measure using only costs paid during the same fiscal year and the appropriation year. As a result, \$14,767,562 in costs incurred in fiscal year 2010 and paid in fiscal year 2011 were not reported for this performance measure in either fiscal year 2010 or fiscal year 2011. The performance measure should account for all costs. Auditors also identified mathematical errors in the Commission's calculation of this performance measure.

The Commission asserts that its programs are unique and that this performance measure should be calculated using appropriation year costs and

encumbrances. The Commission asserts that such an approach would address the fluctuation in costs that, at the end of the fiscal year, have been incurred but not paid.

It is important to note that the definition of this performance measure is unclear regarding which time period the Commission should use when it determines which costs to use when calculating this performance measure. It is unclear whether the definition requires the Commission to (1) include all expenditures in a fiscal year, regardless of the appropriation year or (2) include all expenditures from the appropriation year and the fiscal year and accrue expenditures incurred at the end of the year that will be paid in the next fiscal year.

Because of the issues discussed above, auditors could not identify which costs should be included in the calculation of this performance measure. Clarification of the performance measure definition is important because the amount and timing of program costs vary.

## Recommendations

The Commission should:

- Work with the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy to clarify the performance measure definition and methodology in ABEST for Average Cost Per Eligibility Determination.
- Include all costs incurred during the defined time period when calculating Average Cost Per Eligibility Determination.

## Management's Response

*HHSC will review and amend, as appropriate, performance measure definitions and methodologies in the agency strategic plan submitted biennially during the spring of 2012, and coordinate with the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy as part of the strategic planning process. HHSC is revising its internal procedure to incorporate a methodology for including accruals for appropriate quarters in the calculation of the measure, Average Cost Per Eligibility Determination.*

### ***Estimated Completion Date:***

*November 2011      Complete revision of internal procedures*

*August 2012      Complete review of performance measures and receive approval of recommendations*

***Title of Responsible Person:***

*Chief Financial Officer*

## ***The Commission Should Improve Certain Controls Over Its Information Systems***

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With some exceptions, the Commission's logical access and application controls for information systems related to the performance measures tested were adequate to ensure that the data in those information systems was reliable. The Commission should improve access controls for shared network folders. In addition, it should develop and implement procedures for reviewing how it extracts and processes certain data.

**The Commission should properly restrict access to shared network folders.**

The Commission has a process for approval and removal of user access to shared network folders, including the folders that it uses to calculate performance measures. However, it does not always sufficiently control access to shared network folders. As a result, unauthorized changes could be made to data, and confidential or sensitive information could be viewed by unauthorized individuals. Auditors identified the following issues:

- A total of 19,187 user accounts can access and modify files located in the shared network folder that the Commission uses to calculate the Average Monthly Grant: Temporary Assistance for Needy Families (TANF) performance measure.
- Two (10 percent) of 20 domain administrator accounts tested were associated with former employees; therefore, those individuals still had accounts that would enable them to access the shared network folders. Domain administrator accounts have complete control over all domain servers and the files stored on those servers. One of the remaining 18 domain administrator accounts tested was for a current employee whose job responsibilities did not require that access.

**The Commission should develop and implement formal procedures for certain information technology processes.**

The Commission exports data from the System for Application, Verification, Eligibility, Referral, and Reporting (SAVERR) and the Texas Integrated Eligibility Redesign System (TIERS) into the Premium Payable System (PPS) to calculate the following performance measures:

- Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months Per Month.
- Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only).

The Commission uses the resulting file in PPS to forecast data and calculate the performance measures. The Commission reviews the data; however, it

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does not have formal procedures for that review. While the extract process produces control totals, the Commission does not have formal procedures that document how departments should use those control totals to validate the data.

## Recommendations

The Commission should:

- Review the network security groups associated with all shared network folders that the Commission uses to calculate performance measures.
- Conduct periodic reviews of all user accounts to ensure that it removes user accounts for former employees in a timely manner.
- Document all processes that it performs to collect, calculate, and review performance measures data, and train staff to follow those processes.

## Management's Response

*HHSC IT has a monthly termination process in effect. The process consist of two steps: (1) disabling accounts when notified by a supervisor (performed daily) and (2) using a daily termination file from AccessHR to identify terminated employees to be processed during the end of month deletion process.*

*To further improve this process, HHSC IT will produce quarterly reports of user accounts with access to the shared network folders used to calculate performance measures. These reports will be provided to the Director of Strategic Decision Support one month before quarterly performance updates are due. Strategic Decision Support will review the access reports and approve appropriate user access within its response to HHSC IT.*

*In addition, to address accounts for contractors and volunteers (non-FTE accounts) with access to the shared network folders used to calculate performance measures, HHSC IT will identify non-FTE accounts and require validation by the non-FTE's HHSC supervisor in order for the non-FTE user account to remain active. If no validation is received from the supervisor, the account will be flagged for deletion as part of a quarterly deletion process.*

### ***Estimated Completion Date:***

*November 2011*

### ***Title of Responsible Person:***

*Chief Information Officer*

*HHSC will establish a process to document all functions and tasks relating to the collection, calculation, and review of performance measure data, and will train responsible staff on this process.*

***Estimated Completion Date:***

*August 2012*

***Title of Responsible Person:***

*Chief Financial Officer*

# Appendices

Appendix 1

## **Objectives, Scope, and Methodology**

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### **Objectives**

The objectives of this audit were to determine whether the Health and Human Services Commission (Commission):

- Is accurately reporting its performance measures to the Automated Budget and Evaluation System of Texas (ABEST).
- Has adequate controls in place over the collection, calculation, and reporting of its performance measures.

### **Scope**

The scope of this audit included eight key performance measures the Commission reported for fiscal year 2010 and five key performance measures the Commission reported for the first two quarters of fiscal year 2011.

### **Methodology**

The audit methodology consisted of selecting eight key performance measures for fiscal year 2010 and five key performance measures for the first two quarters of fiscal year 2011, auditing reported results for accuracy and adherence to performance measure definitions, evaluating controls over performance measure calculation processes, testing documentation, and assessing the reliability of the data obtained from Commission information systems that support performance measure data.

The Commission completed questionnaires related to its performance measure process to help auditors identify preliminary control information.

Auditors assessed the reliability of Commission data by (1) determining population completeness and reasonableness, (2) reviewing queries used to generate data and data flow processes related to the calculation of the performance measures, (3) performing logical access control testing, and (4) interviewing Commission employees knowledgeable about the data and systems. In addition, auditors traced a random sample of performance measure data from reports to documentation. Auditors determined that the data was sufficiently reliable for the purposes of this audit.

Information collected and reviewed included the following:

- Documentation supporting the Commission's calculation of each performance measure tested.
- Performance measure data stored in multiple information systems, databases, and spreadsheets.
- Program code for key performance measure calculations.
- Selected business rules for the Commission's Premium Payables System.
- Available Commission policies and procedures.

Procedures and tests conducted included the following:

- Interviewing Commission staff to gain an understanding of the processes the Commission uses to calculate performance measures.
- Evaluating the sufficiency of policies and procedures to determine whether they were adequate to help ensure the correct calculation of performance measures.
- Auditing performance measure calculations for accuracy and to determine whether they were consistent with the methodology on which the Commission; the Legislative Budget Board; and the Governor's Office of Budget, Planning and Policy agreed.
- Analyzing data flow to evaluate whether proper controls were in place.
- Testing a sample of documentation to verify the accuracy of reported performance.
- Reviewing queries used to generate data and data flow processes related to the calculation of the performance measures.
- Testing business rules for the Commission's Premium Payables System and verifying the risk group assignments for a sample of recipients.
- Performing logical access control testing.
- Assessing performance measure results in one of four categories: certified, certified with qualification, inaccurate, and factors prevented certification.

Criteria used included the following:

- *Guide to Performance Measure Management* (State Auditor's Office Report No. 06-329, August 2006).
- ABEST performance measure definitions.

- Commission policies and procedures.
- *Performance Measure Reporting in ABEST* (Legislative Budget Board Report, December 2009).

### Project Information

Audit fieldwork was conducted from June 2011 through July 2011. 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.

The following members of the State Auditor's staff performed the audit:

- Ann E. Karnes, CPA (Project Manager)
- Jeannette Quiñonez, CPA (Assistant Project Manager)
- Michelle Lea DeFrance, CPA
- David Dowden
- Brian Jones, CGAP
- Darcy Melton, MSA
- Jaime J. Navarro, CIDA
- Anca Pinchas, CPA, CIDA
- Michael Sanford
- Steven M. Summers, CPA, CISA
- Michael C. Apperley, CPA (Quality Control Reviewer)
- Verma Elliott, CPA, CIA, CGAP, MBA (Audit Manager)

## ***Background Information on Commission Programs Related to the Performance Measures Tested and Performance Measure Definitions***

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The programs that the Health and Human Services Commission administers that were part of this performance measures audit include:

- **Medicaid.** This is a jointly funded, state-federal health care program that pays for various health care and long-term services and support for certain people and families with low incomes and resources. Medicaid includes various programs such as:
  - **State of Texas Access Reform Plus (STAR+PLUS).** This program provides health care, acute and long-term services, and support through a managed care system.
  - **The Early and Periodic Screening, Diagnosis, and Treatment program (EPSDT).** This program, also known as Texas Health Steps (THSteps), provides medical and dental prevention and treatment services for children of low-income families from birth through age 20 who also receive Medicaid.
  - **Medicaid for the Elderly and People with Disabilities (MEPD).** This program provides institutional and community-based health-related care to the elderly and people with disabilities.
- **Children's Health Insurance Program (CHIP).** This program provides health insurance to low-income, uninsured children in families with incomes too high to qualify for Medicaid. CHIP also has a Perinate program that provides unborn children with health benefit coverage under CHIP by allowing pregnant women who are ineligible for Medicaid due to income or immigration status to receive prenatal and post-partum care.
- **Temporary Assistance for Needy Families (TANF).** This program provides financial assistance to families with children to help them pay for food, clothing, housing, utilities, and other basic needs.
- **The Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps).** This program helps people with low incomes and resources buy the food they need for good health.

The following are the definitions of the performance measures audited as they appeared in the Automated Budget and Evaluation System of Texas (ABEST). All references to “food stamps” in the ABEST definitions below are references to SNAP.

- **Average Monthly Number of Eligibility Determinations** - This performance measure reports the average monthly number of eligibility determinations for TANF and State Two Parent Cash Assistance, food stamps, MEPSD, Medicaid, and CHIP. Determining eligibility refers to actions taken to determine the eligibility status of applicants or ongoing cases: approved, denied, or open/closed applications, and sustained or denied complete reviews.
- **Average Cost Per Eligibility Determination** - This performance measure reports the average cost of determining eligibility for TANF and State Two Parent Cash Assistance, food stamps, MEPSD, Medicaid, and CHIP. Determining eligibility refers to approved, denied, or open/closed applications, and sustained or denied complete reviews.
- **Percent of Poverty Met by TANF, Food Stamps, and Medicaid Benefits** - This measure reports the value of TANF, food stamps, and Medicaid benefits that a family of three receives expressed as a percent of the poverty income guideline amount for a three-person family.
- **Average Medicaid Acute Care (Includes STAR+PLUS) Recipient Months Per Month - Medicaid Acute Care Recipient Months per Month (Includes Star+Plus)** is the average monthly number of recipient months (Managed Care and non-Managed Care combined) for Medicaid recipients classified in the nine risk groups (Aged and Medicare Related, Disabled and Blind, TANF Children, TANF Adults, Pregnant Women, Newborns, Expansion Children, Federal Mandate Children, and Medically Needy).
- **Average Number of Texas Health Steps (EPSDT) Comprehensive Care Program Recipient Month per Month (Fee-for-Service Only)** - This performance measure is the monthly average number of Fee-for-Service recipient months in the Texas Health Steps Early Periodic Screening Diagnosis Treatment (EPSDT) Comprehensive Care Program.
- **Average CHIP Programs Benefit Cost with Prescription Benefit Per Recipient Month (Includes all CHIP Programs)** - The measure provides the average monthly benefit cost paid to CHIP-enrolled medical (including immunizations and prescription drugs) and dental providers on behalf of all CHIP-enrolled children (which includes CHIP Phase II, Immigrant children, School Employee children, and Perinates). Benefit costs are understood to include amounts paid to health plans, the dental contractor, and the Department of State Health Services (or successor agency) to cover contractor administration.

- Average Perinate Recipient Months per Month - This measure is the number of children enrolled in coverage under the CHIP Perinate program for a reporting period.
- Average Monthly Grant: Temporary Assistance for Needy Families (TANF) - This measure reports the dollar amount of the average monthly TANF grant per recipient. The TANF program provides a monthly financial assistance payment to eligible families with children and with no or one certified adult.

## ***Related State Auditor's Office Work***

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Related State Auditor's Office Work		
Number	Product Name	Release Date
11-555	State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2010	February 2011
11-318	State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2010	February 2011

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The Honorable David Dewhurst, Lieutenant Governor, Joint Chair

The Honorable Joe Straus III, Speaker of the House, Joint Chair

The Honorable Steve Ogden, Senate Finance Committee

The Honorable Thomas “Tommy” Williams, Member, Texas Senate

The Honorable Jim Pitts, House Appropriations Committee

The Honorable Harvey Hilderbran, House Ways and Means Committee

### **Office of the Governor**

The Honorable Rick Perry, Governor

### **Health and Human Services Commission**

Mr. Thomas Suehs, Executive Commissioner



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