



Highlights of [GAO-05-388](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) provided, among other things, funding by transfer to the Federal Bureau of Investigation (FBI) to carry out specific purposes of the Health Care Fraud and Abuse Control Program. The Committee expressed concern about a shift in FBI resources from health care fraud investigations to counterterrorism activities after September 11, 2001. The Committee asked GAO to review FBI's accountability for the funds transferred under HIPAA for fiscal years 2000 through 2003. GAO determined (1) whether FBI had an adequate approach for ensuring the proper use of the HIPAA transfers and (2) the extent to which FBI had expended these transferred funds on health care fraud investigations in fiscal years 2000 through 2003.

What GAO Recommends

To enhance accountability for the HIPAA transfers and the costs related to health care fraud investigations, GAO recommends that the FBI Director augment the cost-tracking capabilities of the new Unified Financial Management System (UFMS) and, in the interim, establish formal policies and procedures to report and adequately support the costs of health care fraud investigations and validate the underlying data used. The Department of Justice (DOJ) and FBI agreed with these recommendations and indicated that FBI has already taken action to implement them.

www.gao.gov/cgi-bin/getrpt?GAO-05-388.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Calbom at (202) 512-9508 or calboml@gao.gov.

FEDERAL BUREAU OF INVESTIGATION

Accountability over the HIPAA Funding of Health Care Fraud Investigations Is Inadequate

What GAO Found

FBI used a limited approach to monitoring its use of HIPAA transfers, which might have been sufficient during times when it clearly used more agent full time equivalents (FTEs) for health care fraud investigations than budgeted but was insufficient when some of the agent FTEs previously devoted to health care fraud investigations were shifted to counterterrorism activities. FBI's budgeted FTEs (agent and other personnel) and related costs (such as rent and utilities) were equivalent to the amount of the HIPAA transfers. However, FBI's approach to monitoring the use of HIPAA transfers considered only agent FTEs, which made up about 42 percent of the budgeted health care fraud costs, but did not consider other personnel FTEs or related costs. According to FBI officials, they did not monitor these other budgeted amounts to determine compliance with HIPAA because the actual agent FTEs were historically far in excess of those budgeted. However, once FBI began to shift agent resources away from health care fraud investigations, agent FTEs charged to health care fraud investigations fell below the budgeted amounts, and FBI could no longer rely on this limited approach to ensure that the transferred HIPAA funds were properly used. Furthermore, FBI did not have a system in place to capture its overall health care fraud investigation costs, and therefore, was not in a position to determine whether or not all transferred HIPAA funds were properly expended.

In response to GAO's review, FBI engaged in extensive manual efforts to develop cost estimates related to health care fraud investigations for fiscal years 2000 through 2003. The final estimate provided to GAO showed that FBI spent more on health care fraud investigations than was funded by transfers for each of the 4 years. However, GAO found that, overall, FBI's estimates of its health care fraud investigation costs were based on data that had not been or could not be fully validated. Therefore, even though FBI made a good-faith effort to estimate these costs, because of data limitations, neither GAO nor FBI could reliably determine whether all of the HIPAA transfers were spent solely for health care fraud investigations and related activities for the 4-year period. DOJ is currently planning the implementation of a new DOJ-wide UFMS, but it has yet to develop the specific systems requirements that would enable FBI to accurately capture all of its health care fraud-related costs and therefore to help monitor compliance with HIPAA and other relevant laws and regulations.