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United States Government Accountability Office  
Washington, DC 20548

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July 15, 2011

The Honorable Tom Harkin  
Chairman  
The Honorable Michael B. Enzi  
Ranking Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Fred Upton  
Chairman  
The Honorable Henry A. Waxman  
Ranking Member  
Committee on Energy and Commerce  
House of Representatives

*Subject: World Trade Center Health Program: Administrator's Plans for Evaluating Clinics' Capabilities to Provide Required Data*

This report formally transmits the enclosed briefing slides that we presented to staff from your offices on June 30, 2011,<sup>1</sup> in response to the James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act). The Zadroga Act requires GAO to report by July 1, 2011, on whether the Clinical Centers of Excellence (CCE) under contract with the World Trade Center Health Program (WTCHP) Administrator have financial systems that allow for the timely submission of health care claims data as envisioned by the act.<sup>2,3</sup> Beginning on July 1, 2011, the WTCHP is to provide medical services to responders and survivors of the September 11, 2001, terrorist attacks through contracted medical facilities known as CCEs in the New York City/New Jersey metropolitan area and a nationwide network of providers. In addition to providing medical services, the WTCHP is required to collect, report, and analyze data, including health care claims data; perform research on World Trade Center-related

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<sup>1</sup>See enc. I for our briefing slides.

<sup>2</sup>The Zadroga Act also requires GAO to study feasibility, efficiency, and effectiveness issues related to the WTCHP established by the act, including the WTCHP's potential use of one consolidated data center rather than multiple data centers, the potential use of Department of Veterans Affairs health care facilities to serve World Trade Center responders outside the New York City area, and the potential use of an existing federal prescription drug purchasing program to provide prescription drugs for all World Trade Center responders. We plan to issue our report on these three other areas later this year.

<sup>3</sup>According to the WTCHP Administrator's CCE contract awards schedule, the Administrator would not have awarded any contracts with CCEs until at least June 30, 2011, so a CCE contractor was not in place for GAO to assess by July 1, 2011.

health conditions; and establish an outreach program. The Secretary of Health and Human Services designated the Director of the National Institute for Occupational Safety and Health (NIOSH) as the WTCHP Administrator. The Administrator is responsible, as specified by the Zadroga Act, for all provisions of the act not related to payments for eligible health care claims.

As discussed with the committees, our objective was to describe the WTCHP Administrator's plans and processes for determining whether the CCEs' financial systems can provide timely and accurate health care claims data as required by the Zadroga Act. Accordingly, the briefing focused on the

- (1) Centers for Disease Control and Prevention (CDC)/NIOSH schedule for awarding contracts to CCEs,<sup>4</sup>
- (2) health care claims data requirements for the CCEs and planned procedures, and
- (3) Administrator's plans for evaluating each CCE system's health care claims data capabilities during and after the award of the contracts.

To achieve our objective, we focused on the health care claims data requirements and related controls to be included in the CCE contracts. We reviewed the WTCHP Administrator's contracting activities and related documentation, including acquisition planning and solicitation documents; claims data requirements; and the Administrator's approach for evaluating CCEs' financial systems claims data collection, processing, and reporting capabilities. We also interviewed officials with the Department of Health and Human Services (HHS), CDC, and NIOSH. We provided a copy of the draft slides to CDC/NIOSH for comment prior to our June 30, 2011, briefing. The WTCHP Project Officer did not have any comments on the information in the enclosed briefing prior to our presentation to the committees' staff. We also provided a copy of this draft report to HHS for comment on July 12, 2011, and incorporated a technical comment we received on the briefing slides.

We conducted our work from February 2011 to July 2011 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions.

## **Results in Brief**

At the time of our review, CDC/NIOSH officials were pursuing a CCE contract awards schedule that was driven by the Zadroga Act's program implementation date of July 1, 2011. CDC/NIOSH officials anticipated awarding multiple cost-plus, fixed-fee

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<sup>4</sup>As a component of CDC, NIOSH uses CDC acquisition personnel and services.

contracts for the CCEs on June 30, 2011—the day before WTCHP implementation.<sup>5</sup> The CCE request for proposals issued by NIOSH included requirements that were based on the health claims data requirements included in the Zadroga Act. According to NIOSH officials, as of June 21, 2011, all acquisition milestone dates had been met. Subsequent to our briefing, CDC awarded seven CCE contracts on July 1, 2011. If CDC/NIOSH had not met the planned CCE contract award date, CDC/NIOSH officials' contingency plan was to extend the cooperative agreements with the clinical centers under the current World Trade Center health programs administered by NIOSH to provide medical services to responders and survivors.

The WTCHP Administrator plans to develop programwide procedures to be used by the CCEs for collecting and reporting of health care claims data after the program is implemented and CCEs begin submitting health care claims for payment. According to the request for proposals, the CCEs will be expected to use the Centers for Medicare and Medicaid Services (CMS) 1500 form or a similar form to collect the needed health claims data.<sup>6</sup> CCEs will be expected to electronically submit, within specified time frames, all valid health care claims for payment. The request for proposals also required that each CCE implement a quality assurance program that includes a review of all health claims forms for completeness and accuracy before the claims are submitted.

The Administrator planned to evaluate potential CCEs' capabilities for collecting and reporting health care claims data as part of the contract awards process. According to the request for proposals, members of a technical panel were to evaluate offerors' approach for accomplishing the contract requirements, including the collecting and reporting of health care claims data. The panel members also were to review offerors' narrative descriptions of their accounting systems' capabilities to assess whether each system is adequate for determining costs applicable to the CCE contract as required by the Federal Acquisition Regulation.<sup>7</sup> NIOSH officials stated that the compressed CCE contract awards schedule could not accommodate site visits by its personnel or personnel from an outside entity, such as the Defense Contract Audit Agency (DCAA), to assess the offerors' financial systems' health care claims data capabilities. The officials also stated that they may consider having DCAA assess the CCEs' financial systems after the contracts are awarded. Further, the WTCHP Administrator plans to establish procedures to randomly monitor and/or periodically

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<sup>5</sup>According to the Federal Acquisition Regulation, a cost-plus, fixed-fee contract is a cost reimbursement contract that provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract. This contract type permits contracting for efforts that might otherwise present too great a risk to contractors, but it provides the contractor only a minimum incentive to control costs. Federal Acquisition Regulation, 48 C.F.R. § 16.306.

<sup>6</sup>The CMS 1500 form is the paper claim form accepted nationwide by many health plans, including Medicare and Medicaid, for medical claims submitted by physicians. Medical providers nationwide currently use the CMS 1500 form to record the following health care claims data: a patient's identifying information, including name, age, and health plan identification number; date the medical service was provided; geographic location; diagnosis and medical treatment codes; and medical insurance information and cost.

<sup>7</sup>See 48 C.F.R. §§ 16.104(h), 16.301-3(a).

inspect a CCE's compliance with the timely submission of health care claims data as part of assessing a CCE's contract performance.

### **Agency Comments**

We requested comments on a draft of this report from the Secretary of Health and Human Services or her designee. HHS did not have any comments on the transmittal letter; however, a technical comment related to the briefing slides was provided, which we incorporated as appropriate.

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We are sending copies of this report to interested congressional committees, the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, the Director of the National Institute for Occupational Safety and Health, and other interested parties. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>.

Should you or your staff have any questions about this report, please contact me at (202) 512-9312 or [dalykl@gao.gov](mailto:dalykl@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure II.



Kay L. Daly  
Director  
Financial Management and Assurance

Enclosures - 2

## Enclosure I: Briefing Slides



# World Trade Center Health Program: Administrator's Plans for Evaluating Clinics' Capabilities to Provide Required Data

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Briefing to the Staffs of the  
Committee on Health, Education, Labor, and Pensions, United States Senate  
Committee on Energy and Commerce, House of Representatives

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Introduction

Objective, Scope, and Methodology

Background

CDC/NIOSH Schedule for Awarding CCE Contracts

Health Care Claims Data Requirements and Planned Procedures

Administrator's Plans for Evaluating CCEs' System Capabilities

The James Zadroga 9/11 Health and Compensation Act of 2010, Pub. L. No. 111-347,<sup>1</sup> (Zadroga Act), was enacted to establish the World Trade Center Health Program (WTCHP). The Zadroga Act provides \$1.56 billion for the program, beginning on July 1, 2011, through fiscal year 2016.<sup>2</sup> The Zadroga Act also calls for the following:

- The federal government will pay the lesser of 90 percent of the costs of carrying out the WTCHP or an annual spending limit set by the Zadroga Act.<sup>3</sup>
- The WTCHP will provide medical services to responders and survivors of the September 11, 2001, terrorist attacks through medical facilities known as Clinical Centers of Excellence (CCE) in the New York City/New Jersey metropolitan area and a nationwide network of providers.<sup>4</sup>

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<sup>1</sup>124 Stat. 3623 (Jan. 2, 2011), classified at 42 U.S.C. §§ 300mm to 300mm-61.

<sup>2</sup>The Zadroga Act provides mandatory annual appropriations through at least fiscal year 2015 for the WTCHP. The program will continue into fiscal year 2016 if unexpended funds from previous fiscal years are available. 42 U.S.C. § 300mm-61.

<sup>3</sup>The annual spending limit set by the Zadroga Act increases each fiscal year from \$71 million for the last quarter of fiscal year 2011 to \$431 million for fiscal year 2015.

<sup>4</sup>Generally, the Zadroga Act identifies responders as individuals who are members of a fire or police department, federal government personnel, and other government and private-sector workers and volunteers from New York and elsewhere who participated in rescue, recovery, debris cleanup, or related services at or near the vicinity of the World Trade Center sites; the Staten Island site; the barge loading piers; or the terrorist-related aircraft crash sites at the Pentagon and in Shanksville, Pennsylvania. Survivors include residents and other building occupants and area workers in New York City who were directly affected and adversely affected by the attacks. The act does not specifically include Pentagon survivors. However, another population that may receive WTCHP services includes persons who are not eligible responders or survivors but who are diagnosed with a World Trade Center-related health condition by the WTCHP. 42 U.S.C. § 300mm-21(a), 42 U.S.C. § 300mm-31(a) and 42 U.S.C. § 300mm-33(a).

- In addition to providing medical services, the WTCHP is required to collect, report, and analyze data, including health care claims data; perform research on World Trade Center (WTC)–related health conditions; and establish an outreach program.

The Secretary of Health and Human Services designated

- the Director of the National Institute for Occupational Safety and Health (NIOSH)<sup>5</sup> as the WTCHP Administrator responsible, as specified by the Zadroga Act, for all provisions of the act not related to payments for eligible health care claims and
- the Centers for Medicare and Medicaid Services (CMS) as the payor of eligible health care claims associated with the initial health evaluation, monitoring, and treatment of enrolled responders and survivors.<sup>6</sup>

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<sup>5</sup>NIOSH is a component of the Department of Health and Human Services' Centers for Disease Control and Prevention.

<sup>6</sup>76 Fed. Reg. 31337 (May 31, 2011).

- As discussed with the committees, our objective was to describe the WTCHP Administrator's plans and processes for determining whether the CCEs' financial systems can provide timely and accurate health care claims data as required by the Zadroga Act.<sup>7</sup> Accordingly, this briefing focuses on the
  - (1) Centers for Disease Control and Prevention (CDC)/NIOSH schedule for awarding contracts to CCEs,
  - (2) health care claims data requirements for the CCEs and planned procedures, and
  - (3) Administrator's plans for evaluating each CCE system's health care claims data capabilities during and after the award of the contracts.

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<sup>7</sup>The Zadroga Act requires GAO to report by July 1, 2011, on whether the CCEs under contract with the WTCHP Administrator have financial systems that allow for the timely submission of health care claims data as envisioned by the act. According to the WTCHP Administrator's CCE contract awards schedule, the Administrator will not have awarded any contracts with CCEs until at least June 30. We therefore could not perform a review of CCE contractors' financial systems because no CCE contractors were in place for us to assess by July 1, 2011.

- To achieve our objective, we focused on the health care claims data requirements and related controls to be included in the CCE contracts which, according to the WTCHP Administrator's acquisition plan, would not be awarded until June 30, 2011. We reviewed the WTCHP Administrator's contracting activities and related documentation, including acquisition planning and solicitation documents; claims data requirements; and the Administrator's approach for evaluating CCEs' financial systems claims data collection, processing, and reporting capabilities. We also interviewed officials with the Department of Health and Human Services (HHS), CDC, and NIOSH.<sup>8</sup>
- We conducted our work from February 2011 to July 2011 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions.

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<sup>8</sup>As a component of CDC, NIOSH uses CDC acquisition personnel and services.

- Since the September 11, 2001, terrorist attacks, Congress has appropriated funding for screening, monitoring, and treatment services to persons involved with response, recovery, or cleanup operations at the WTC sites as well as residents and others affected by the attacks. From fiscal year 2002 through fiscal year 2010, Congress provided approximately \$475 million for screening, monitoring, and treating responders and survivors for illnesses and conditions resulting from the attacks.
- The current WTC health programs, consisting of four components, are administered by NIOSH and provide medical services to responders and survivors.<sup>9</sup>
- The current WTC health programs are not explicitly authorized by statute, but rather are authorized by the general authority of the Secretary of Health and Human Services to encourage, cooperate with, and render assistance to entities that study and treat physical and mental diseases and impairments of individuals through, among other things, grants and general appropriations to NIOSH to provide services to eligible individuals.<sup>10</sup>

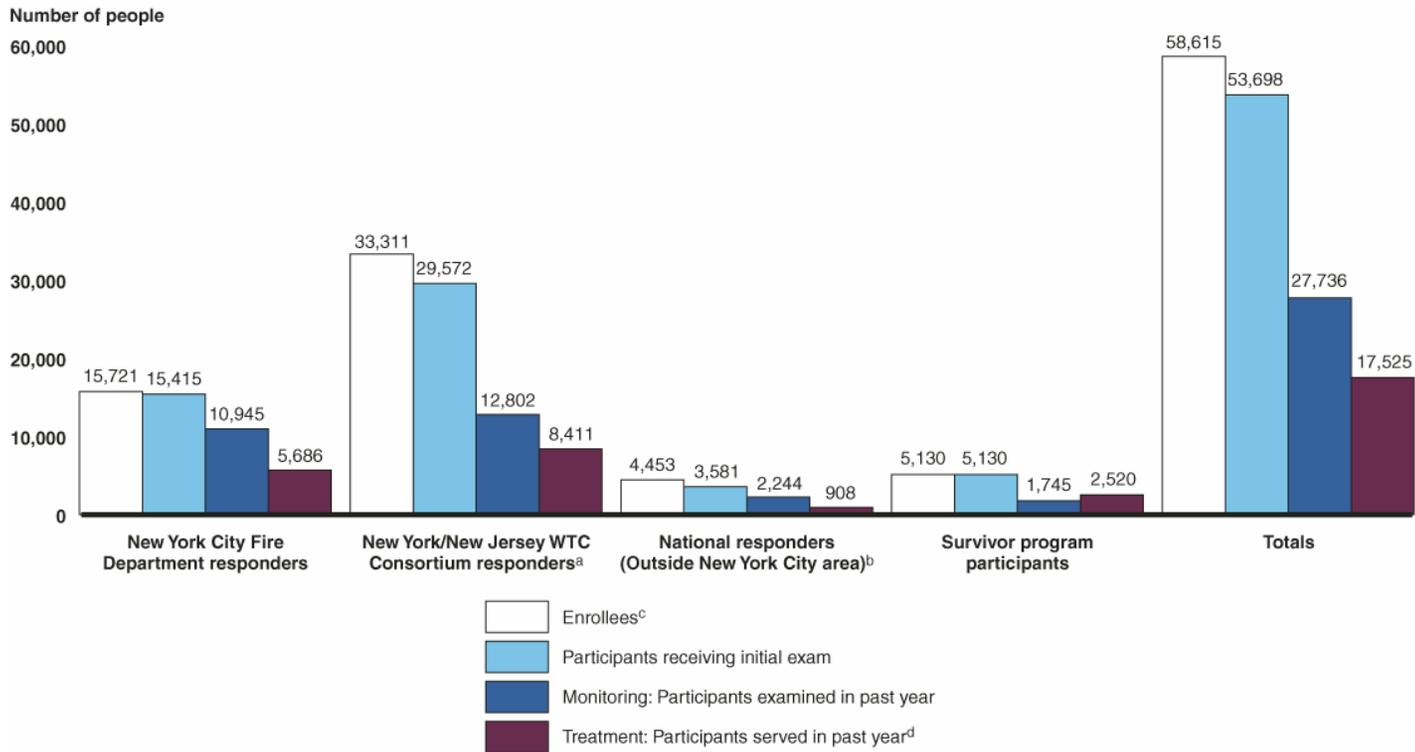
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<sup>9</sup>The four components are (1) the New York City Fire Department's WTC Medical Monitoring and Treatment Program, (2) the New York/New Jersey WTC Consortium, (3) the WTC National Responder Health Program, and (4) the WTC Environmental Health Center.

<sup>10</sup>42 U.S.C. § 241; 31 U.S.C. §§ 6305-06.

- NIOSH funds the current WTC health programs through
  - six clinical center cooperative agreements that are scheduled to expire on June 30, 2011;
  - a 3-year grant awarded in September 2008 to a municipal health care organization for serving 9/11 survivors; and
  - a 1-year contract with 4 option years awarded in September 2010 to a health care provider for the management of a nationwide responder health program.
- Figure 1 provides the current WTC health programs' reported enrollment and participation information as of December 31, 2010.

**Figure 1: Number of Enrollees and Participants in the Current World Trade Center Health Programs as of December 31, 2010**



Source: CDC/NIOSH.

<sup>a</sup>New York/New Jersey WTC Consortium responders are those served by the following five clinical centers: Bellevue Hospital/New York University School of Medicine, City University of New York/Queens College, Mount Sinai School of Medicine, State University of New York at Stony Brook, and the University of Medicine and Dentistry of New Jersey/Robert Wood Johnson Medical School.

<sup>b</sup>The national responders are served by the National Responder Health Program, which consists of a nationwide network of providers.

<sup>c</sup>“Enrollees” refers to individuals meeting program eligibility criteria, but not all individuals have decided to participate after enrolling.

<sup>d</sup>Participants in treatment are those who were referred from a monitoring exam for follow-up care and have received any treatment in the past year.

As we previously reported, according to a NIOSH official, the data collection efforts on the current WTC health programs do not provide sufficient detailed information to help the agency identify ways to improve the programs' effectiveness and oversight as well as the reliability of the programs' estimated future costs.<sup>11</sup> NIOSH has taken action to gather more detailed information about responders' and survivors' health conditions. For example:

- In early 2007, NIOSH began requiring the clinical centers to submit quarterly reports containing detailed demographic, service utilization, and cost information.
- In July 2009, NIOSH began requiring the clinical centers to provide more detailed diagnostic information. For example, the clinical centers were required to report the number of responders and survivors with certain lower airway conditions, such as asthma and chronic obstructive pulmonary disease.

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<sup>11</sup>See GAO, *September 11: HHS Needs to Ensure the Availability of Health Screening and Monitoring for All Responders*, GAO-07-892 (Washington, D.C.: July 23, 2007), and *September 11: World Trade Center Health Programs Business Process Center Proposal and Subsequent Data Collection*, GAO-11-243R (Washington, D.C.: Dec. 3, 2010).

However, these data do not provide detailed health care information. Specifically, NIOSH does not have access to the types of information associated with a specific patient encounter, such as details about the responder's health, specific services the responder received, and the cost of providing services to a responder during that encounter.<sup>12</sup>

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<sup>12</sup>See GAO-11-243R.

Congress passed the Zadroga Act to establish, among other things, the WTCHP, which replaces the current WTC health programs on July 1, 2011. According to a House of Representatives report dated July 22, 2010, part of Congress's intent included establishing agency accountability for administering the program.<sup>13</sup> Among other things, the Zadroga Act requires

- the WTCHP Administrator to establish and maintain a system for the uniform collection of health care claims data;<sup>14</sup>
- the WTCHP Administrator to work with the CCEs on developing and implementing a quality assurance program for the medical services provided under the program; and
- the HHS Inspector General to oversee the WTCHP to prevent and detect fraudulent and duplicate billing, inappropriate payments, and unreasonable administrative costs.

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<sup>13</sup>H.R. Rep. No. 111–560 (2010).

<sup>14</sup>Although the act does not specifically define health care claims data, according to CDC/NIOSH, health care claims data consist of a patient's name, age, date medical service was provided, health condition, and geographic location; the array of services provided during the encounter, such as a physical examination or X-ray; and the cost of the encounter.

CDC/NIOSH officials are pursuing a CCE contract awards schedule that is driven by the Zadroga Act's program implementation date of July 1, 2011.

- According to the acquisition plan for the CCE contract awards, the WTCHP Administrator determined that the Zadroga Act directs HHS to have contracts in place by July 1, 2011, which necessitates a compressed schedule.
- If CDC/NIOSH does not meet the planned CCE contract award date of June 30, 2011, CDC/NIOSH officials' contingency plan is to extend the cooperative agreements with the clinical centers under the current WTC health programs.

CDC/NIOSH officials anticipate replacing the current WTC health programs' six cooperative agreements and 3-year grant by awarding multiple cost-plus, fixed-fee contracts on June 30, 2011—the day before the WTCHP's implementation.<sup>15</sup>

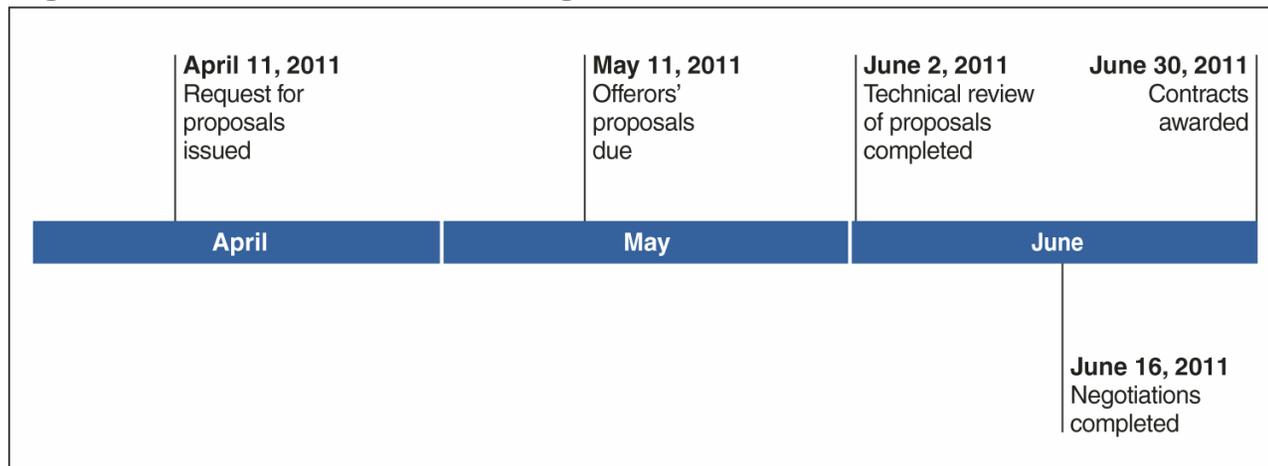
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<sup>15</sup>According to the Federal Acquisition Regulation, a cost-plus, fixed-fee contract is a cost reimbursement contract that provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract. This contract type permits contracting for efforts that might otherwise present too great a risk to contractors, but it provides the contractor only a minimum incentive to control costs. Federal Acquisition Regulation, 48 C.F.R. § 16.306.

- According to NIOSH officials, the cost-plus, fixed-fee contract type was selected instead of a fixed-price contract due to an inability to accurately predict program costs because of the increasing health care needs of the covered population.

The schedule for awarding the CCE contracts, including key acquisition activities and their related milestone dates, is shown in figure 2. According to NIOSH officials, all milestones as of June 21, 2011, have been met.

**Figure 2: Schedule for Awarding Clinical Centers of Excellence Contracts**



Source: CDC/NIOSH.

As shown in table 1, the CCE request for proposals issued by NIOSH includes requirements that are based on the health claims data requirements included in the Zadroga Act.

**Table 1: Health Care Claims Data Requirements for the Clinical Centers of Excellence**

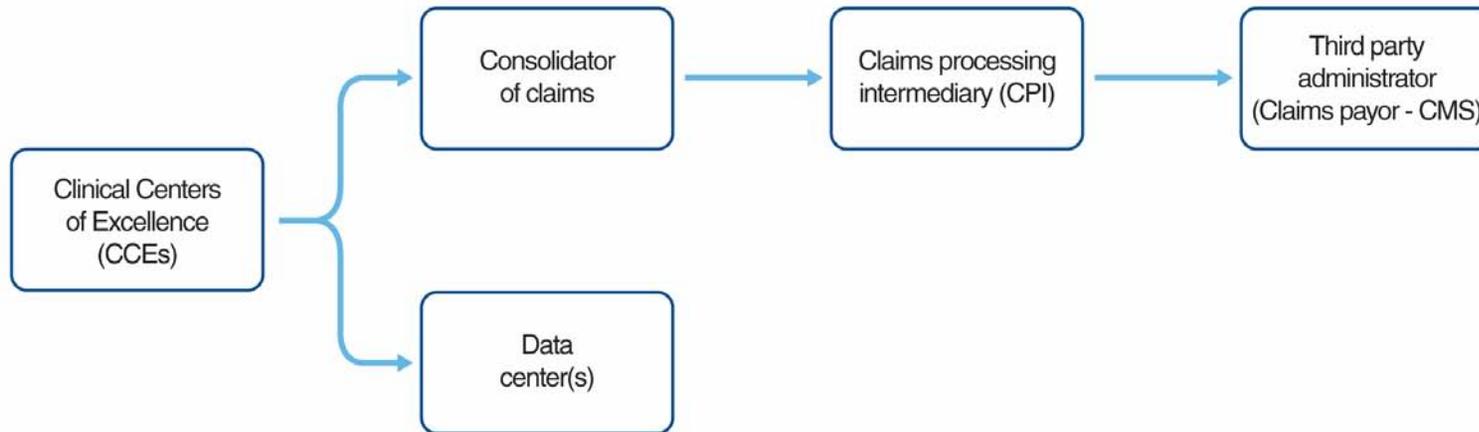
<b>Zadroga Act requires the WTCHP Administrator to ensure that CCEs</b>	<b>Health care claims data requirements in the NIOSH request for proposals</b>
Agree to collect and report health care claims data as defined by the Administrator on all individuals provided monitoring or treatment benefits to their respective data center.	CCEs are to prepare CMS 1500 form or a similar form for each encounter with a WTCHP enrollee, ensure that health care claims contain all the data required by CMS 1500 form, <sup>a</sup> and electronically submit health care claims data to the corresponding data center.
Gather information on whether an individual is covered by a workers' compensation program, a public or private health plan, or both as part of the health care claims data collected.	CCEs are to gather information on enrollees' insurance coverage, such as Medicaid, Medicare, commercial, employment-based (e.g., workers' compensation), and liability insurances.
Receive payment for their medical treatment and services based on Federal Employee Compensation Act (FECA) payment rates or the reimbursement rate established by the Administrator, if a medical treatment is not covered by the FECA rates.	CCEs are to bill for all treatment services on a fee-for-service basis based on FECA, payment rates designated by the WTCHP Administrator, or both.
Protect the confidentiality of individually identifiable health information consistent with applicable statutes, regulations, the Health Insurance Portability and Accountability Act, and security law, including requiring that such information not be disclosed to an individual's employer without the authorization of the individual.	CCEs are to have in place safeguards, consistent with the Zadroga Act, to ensure the confidentiality of individually identifiable health information, including requiring that such information not be disclosed to an individual's employer without the authorization of the individual.

Source: GAO analysis of the Zadroga Act and the CCE request for proposals.

<sup>a</sup>The CMS 1500 form is the paper claim form accepted nationwide by many health plans, including Medicare and Medicaid, for medical claims submitted by physicians. Medical providers nationwide currently use the CMS 1500 form to record health care claims data, such as a patient's identifying information, including name, age, and health plan identification number; date the medical service was provided; geographic location; diagnosis and medical treatment codes; and medical insurance information and cost.

The WTCHP Administrator plans to implement the health care data flow depicted in figure 3.

**Figure 3: Overview of World Trade Center Health Program’s Planned Health Care Claims Data Flow**



Source: GAO analysis of CDC/NIOSH acquisition documents.

Note: Figure 3 does not include the flow of pharmaceutical claims. The WTCHP Pharmacy Benefit Manager (PBM) will submit pharmaceutical claims for payment to the CPI after the pharmaceutical prescriptions are approved by a CCE director and the PBM receives those claims from the pharmacy. The CCE director will review pharmaceutical prescriptions to ensure that requested pharmaceuticals are consistent with current treatment protocols and the program formulary. The pharmacy will be reimbursed by the PBM after the PBM receives reimbursement from CMS.

Figure 3 illustrates the key players in the planned process for the collection and reporting of required health claims data. Their roles and responsibilities include the following:

- A data center is expected to receive the health care claims data from its respective CCEs; perform analyses of the data to identify trends, relationships, and patterns related to the WTC-related health conditions; and report the results of these analyses to the WTCHP Administrator and make the data available to health researchers.<sup>16</sup>
- The consolidator of claims, according to NIOSH officials, is expected to receive the health care claims data from the WTCHP CCEs, verify that a CCE is authorized to exchange data electronically with the claims processing intermediary (CPI), and, if needed, reconfigure the health care claims data to an agreed-upon format before forwarding the data to the CPI for review.

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<sup>16</sup>On April 11, 2011, CDC issued a request for proposals for the purpose of awarding a contract to one or more data centers to provide data services to the WTCHP in a manner consistent with the requirements of the Zadroga Act. The Zadroga Act requires GAO to report on the feasibility of consolidating the data centers into a single data center. We plan on issuing our report later this year.

- Once the CPI determines that a CCE has submitted valid, accurate, and complete health care claims,<sup>17</sup> it is expected to submit, within 1 business day, a transaction file of approved claims to CMS, the third party administrator, for payment. The CPI is also expected to act as the adjudicator of claims.<sup>18</sup>
  - The CPI is expected to work with the CCEs to coordinate payment as well as to recoup funds for claims previously paid by the WTCHP for enrollees who have a WTC-related health condition that is
    - work-related and the enrollee has filed an applicable workers' compensation claim or
    - not work-related and the enrollee is covered by a public or private health insurance plan.
  - The CPI is also expected to work with the WTCHP Administrator to determine the type, scope, and delivery schedule of financial reports needed to manage the program.

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<sup>17</sup>For example, the CPI is expected to review all health care claims and ensure that they: are for WTC-related health conditions; are correctly coded; are not duplicate claims; and apply the correct fee rates.

<sup>18</sup>On April 18, 2011, CDC awarded a time and materials task order consisting of a base year and four options worth up to \$79.8 million to Computer Sciences Corporation for program management and administration. As part of its responsibilities, Computer Sciences Corporation will perform the functions of the CPI and be responsible for processing and approving CCEs' health care claims.

- CMS as the third party administrator (claims payor) is expected to submit payment schedules to the U.S. Treasury for payment to the CCEs within 30 calendar days of the CPI's approval of the health care claim. Funds will be drawn from the WTCHP Fund.<sup>19</sup>

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<sup>19</sup>The Zadroga Act established the World Trade Center Health Program Fund. The WTCHP's benefits cost will be paid from the fund. 42 U.S.C. § 300mm-61.

The Zadroga Act requires the Administrator to provide for the uniform collection and reporting of health care claims data.

- The WTCHP Administrator plans to develop programwide procedures to be used by the CCEs for the uniform collection and reporting of health care claims data after the program is implemented and CCEs begin submitting health care claims for payment.
- According to the CCE and data center requests for proposals, after the CCE contracts are awarded, the WTCHP Administrator plans to obtain input from the CCEs to develop and formalize the specific procedures each CCE will use to prepare and submit health care claims data to its respective data center and the CPI.
  - The CCEs are expected to meet with data center representatives to help define common data collection and transfer protocols, standardized forms, and the data entry system for the creation and maintenance of health care claims data.
  - Three months after the contracts are awarded, each CCE is expected to submit its health care claim data procedures to the WTCHP Administrator.

- The WTCHP Administrator plans to use the CCEs' health care claims data procedures to develop programwide procedures that all CCEs will be required to follow. NIOSH officials have not indicated when they will issue the programwide health care claims data procedures. According to the request for proposals, CCEs will be expected to
  - (1) use the CMS 1500 form or a similar form to collect the required health care claims data;
  - (2) prepare CMS 1500 forms in-house as well as receive CMS 1500 forms from their network of medical providers;
  - (3) review all CMS 1500 forms containing the health care claims; and
  - (4) electronically submit within specified time frames to the consolidator of claims and data centers all valid health care claims.<sup>20</sup>

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<sup>20</sup>After preparing or receiving the CMS 1500 form or a similar form, CCEs will be expected to submit to the data centers and consolidator of claims all valid health care claims within 1 week of receipt 95 percent of the time and within 2 weeks 100 percent of the time.

- If a CCE cannot submit the health care claims data electronically, it can provide the health care claims data through nonelectronic means to the data center and consolidator of claims. The CMS 1500 form's design allows the CCEs, data centers, and the CPI to scan the information using optical character recognition technology and convert the data to an electronic record.
- The request for proposals also requires that each CCE implement a quality assurance program that includes a review of all health claims forms for completeness and accuracy before the claims are submitted to the data center and CPI.

The Administrator plans to evaluate potential CCEs' capabilities for collecting and reporting health care claims data as part of the contract awards process.

- Members of a technical panel will evaluate the offerors' proposals using the following three factors: Technical/Management; Past/Present Performance; and Cost/Price. The Technical/Management factor, according to the request for proposals, is the most important factor; while Past/Present Performance and Cost/Price factors are of equal importance.<sup>21</sup>
- According to the CDC/NIOSH request for proposals, members of a technical panel will evaluate offerors' approaches for accomplishing the contract requirements, including collecting and reporting of health care claims data as part of the Technical/Management factor.<sup>22</sup>

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<sup>21</sup>The factors used and their relative importance to each other are consistent with the Federal Acquisition Regulation.

<sup>22</sup>The technical panel will also evaluate the offerors' capabilities to provide, for example, the full range of health monitoring and treatment services.

- Additionally, panel members will, according to the CDC/NIOSH request for proposal, review offerors' narrative descriptions of their accounting systems' capabilities. The accounting system information will be reviewed to determine whether the system is adequate for determining costs applicable to the CCE contract, as required by the Federal Acquisition Regulation.<sup>23</sup>
  - Offerors are required to include, as part of their accounting system description, a discussion of the system's ability to support claimed costs and any changes contemplated as a result of their proposal.
  - In lieu of the accounting system description, an offeror may submit an audit of its accounting system that concluded that the system was adequate for determining costs applicable to a cost reimbursable contract and was performed by a federal agency such as the Defense Contract Audit Agency (DCAA).
- According to the CDC/NIOSH request for proposals, the results of these evaluations are key inputs to the CCE contract award process.

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<sup>23</sup>See 48 C.F.R. §§ 16.104(h), 16.301-3(a).

According to the Federal Acquisition Regulation, a cost reimbursement contract may be used only when, among other things, a contractor's accounting system is adequate for determining costs applicable to the contract.<sup>24</sup>

- A federal agency may request that an entity, such as DCAA, perform a pre-award survey, which is an examination of an offeror's accounting system to determine its acceptability for accumulating costs under a prospective government contract.

The DCAA auditing manual states that emphasis should be placed on the ability of the accounting system to generate the specific cost information required under the anticipated contract.<sup>25</sup>

However, NIOSH officials stated that the compressed CCE contract awards schedule could not accommodate site visits by its personnel or an outside entity, such as DCAA, to assess the offerors' financial systems' health care claims data capabilities.

- The officials also stated that they may consider having DCAA assess the CCEs' financial systems after the contracts are awarded.

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<sup>24</sup>See 48 C.F.R. §§ 16.104(h), 16.301-3(a).

<sup>25</sup>DCAA, *Contract Audit Manual*, 5-202 b.

According to a NIOSH official and the CCE request for proposals, the WTCHP Administrator may terminate the agreement with a CCE because of a breach of contract if a CCE does not provide the medical services contracted for or financial systems do not have, or the CCE cannot implement, the systems capabilities needed to meet its contract health care claims data requirements. However, the contract termination option would be a last resort in the case of financial system issues. NIOSH would attempt to remediate any fixable problems prior to termination.

- According to a NIOSH official, responders or survivors served by a CCE whose contract is terminated would be reassigned to other CCEs. This reassignment of beneficiaries would create additional workload for the remaining CCEs. If a CCE can not handle the additional workload, the WTCHP Administrator may decide to go through the acquisition process to replace the terminated CCE.

The WTCHP Administrator plans to establish procedures to randomly monitor and/or periodically inspect a CCE's compliance with the timely submission of health care claims data as part of assessing a CCE's contract performance.

## **Enclosure II: GAO Contact and Staff Acknowledgments**

### **GAO Contact**

Kay L. Daly, (202) 512-9312 or [dalykl@gao.gov](mailto:dalykl@gao.gov)

### **Staff Acknowledgments**

In addition to the contact named above, Michael LaForge, Assistant Director; Jacquelyn Hamilton, Acting Assistant General Counsel; Jehan Abdel-Gawad; Lauren Catchpole; Francine DelVecchio; LaTasha Freeman; Leticia Pena; and Leonard Zapata made key contributions to this report.

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