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August 1996
Preface

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Health

**Medicaid Managed Care: Serving the Disabled Challenges State**

Enrolling disabled beneficiaries in prepaid managed care is a growing trend in Medicaid. Few states, however, have significant experience with using prepaid care to serve these beneficiaries, whose needs and costs differ from the general population's. Ensuring that disabled beneficiaries' health care needs are met appropriately and developing and administering a managed care system to serve them that is financially sound are challenges states are addressing in different ways. Eight key areas that states need to consider are planning and consensus-building, defining “medical necessity,” improving enrollment, managing cases actively, tailoring monitoring and oversight, developing workable databases, adopting risk-adjusted rates, and sharing financial risk.


Adults with developmental disabilities such as mental retardation are highly dependent on public programs for their long-term care, which traditionally was provided in institutional settings. But because states have significantly expanded the use of the Medicaid 1915(c) home and community-based waiver to provide a broader range of services in less restrictive settings, more adults today receive services through the waiver program than the institutional program. A cap on the number of waiver program recipients in each state and state management practices held down cost increases from 1990 to 1995 to 9 percent annually, but a 1994 change in federal rules could lead to higher caps and costs. Although states are introducing promising innovations to customize quality assurance for the care of people in the waiver program, more development is needed to prevent health and safety risks.

The National Institutes of Health (NIH) is a major sponsor of federally funded scientific research, including the broad-based clinical studies referred to as Phase III trials. Though controls exist to safeguard the trials against fiscal and scientific misconduct, no practical level of oversight can guarantee that all trials will be protected. Most oversight is done by the different institutes at NIH that sponsor clinical research and by the grantee institutions that receive funds to conduct the research. Although NIH has done little centralized oversight and monitoring in the past and has decided against adopting agencywide guidance on managing trials, it is developing a database that is expected to allow elements of clinical trials' progress and performance to be monitored.

Education


Since 1991, GAO and others have made 205 recommendations to improve the Department of Education's administration of student financial aid programs. Over the years, concerns have been raised about fraud and abuse in the programs as well as concerns about the Department's procedures for gatekeeping—that is, determining which schools can participate in these programs—and program review. The Department has completed actions or has actions in progress or planned for 186 of those recommendations. Most of the actions have the potential to remedy problems by, for instance, improving the accuracy and completeness of student aid data. Some of the actions, however, will not remedy the problems, and for 19 of the recommendations, the Department has taken no action.
**Employment**


Job Corps provides severely disadvantaged youth with basic/remedial education, vocational training, social skills instruction, and other services, usually at residential facilities in 46 states. Although the program had the capacity to serve 81 percent of its participants in their home states—that is, 52,000 of 64,000 participants in program year 1994—59 percent were sent to home-state centers and 41 percent were sent out of state, traveling 4 times as far as they would have if they had been assigned to the closest center in their home states. Regardless of where they were trained, about 83 percent of those who got jobs were employed in their home states. The program plans to add nine centers in the next 2 years.

**Social Security, Disability, and Welfare**


Over the past decade, the Social Security Administration (SSA) has struggled with unprecedented growth in appeals of its disability decisions and the resulting backlog of cases at its Office of Hearings and Appeals (OHA). Long-standing problems include multiple levels of claims development and decision-making, fragmented program accountability, decisional disparities between state disability determination services and OHA adjudicators, and SSA's failure to consistently define and communicate its management authority over administrative law judges. SSA's current approach to reducing OHA's backlog is reasonable in many respects but has raised concerns about increased pressure to inappropriately award cases and has failed to make clear SSA's management authority over administrative law judge activities.
Return-to-work strategies and practices could improve SSA's disability programs by helping people with disabilities resume productive activity in the workplace and by reducing program costs. An analysis of practices used by the private sector and by the social insurance programs in Germany and Sweden revealed three common strategies: (1) intervene as soon as possible after an actual or potentially disabling event; (2) identify and provide necessary return-to-work assistance and actively manage cases; and (3) structure cash and medical benefits to encourage people with disabilities to return to work. Even relatively small gains in SSA's return-to-work successes offer the potential for significant program savings.

To discourage long-term dependency on welfare, some states have begun implementing reforms that led them to fundamentally change the way they do business. To establish work requirements and time limits on benefit receipt, the states GAO reviewed focused their efforts on changing staffs' culture and clients' expectations, seeking greater involvement from their communities, and redesigning their service delivery structures. A third type of reform—denying cash benefits for additional children born to families already receiving Aid to Families With Dependent Children—was implemented in these states with relatively few management or service delivery changes.
Veterans Affairs and Military Health

VA Health Care: Opportunities for Service Delivery Efficiencies Within Existing Resources (Report, GAO/HEHS-96-121, July 25, 1996).
Contact: Jim Linz, (202) 512-7110

The Department of Veterans Affairs’ (VA) health care system should be able to contribute significantly to deficit reduction in the next 7 years. Because future resource needs have been overstated, VA’s expenditures in that period will be smaller than expected, and by completing a wide range of efficiency improvements, VA could reduce operating costs by billions of dollars more. Actions are already under way or planned on many of the improvements. The success of these efforts, however, depends on the extent to which VA and its health care facilities are held accountable for how they spend appropriated funds. Because VA provides little information to the Congress about savings and reinvests the resources in new programs and expanded services, the Congress is precluded from using all or part of the savings to reduce the deficit.


Through its Readjustment Counseling Service, VA operates 205 community-based facilities known as Vet Centers to help certain veterans make a successful transition from military to civilian life. The centers’ workload management system needs to be improved because it overcounts some activities while undercounting others and does not track staff resources used during client visits. Problems also exist with documenting client records, and the centers lack a systematic approach for measuring their effectiveness in meeting clients’ psychological needs. The program’s organizational independence is consistent with its mission, but as VA completes implementation of its Veterans Integrated Service Networks, reconsideration of its structure may be warranted.
April-July 1996

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Health

Medicaid Managed Care: Serving the Disabled Challenges State Programs (Report, GAO/HEHS-96-136, July 31, 1996).


NIH Extramural Clinical Research: Internal Controls Are Key to Safeguarding Phase III Trials Against Misconduct (Report, GAO/HEHS-96-117, July 11, 1996).


Cocaine Treatment: Early Results From Various Approaches (Report, GAO/HEHS-96-80, June 7, 1996).


FDA Review Times (Testimony, GAO/T-PEMD-96-9, May 2, 1996).


**Older Americans Act Funding Formula** (Letter, GAO/HEHS-96-137R, Apr. 24, 1996).


**State Mandated Benefits** (Letter, GAO/HEHS-96-125R, Apr. 15, 1996).

**Medicare: Federal Efforts to Enhance Patient Quality of Care** (Report, GAO/HEHS-96-20, Apr. 10, 1996).


**Medicaid Long-Term Care: State Use of Assessment Instruments in Care Planning** (Report, GAO/PEMD-96-4, Apr. 2, 1996).

### Education

**Department of Education: Status of Actions to Improve the Management of Student Financial Aid** (Report, GAO/HEHS-96-143, July 12, 1996).


**Higher Education: Ensuring Quality Education From Proprietary Institutions** (Testimony, GAO/T-HEHS-96-158, June 6, 1996).


Employment


National Service Programs: AmeriCorps*USA—First-Year Experience and Recent Program Initiatives (Testimony, GAO/T-HEHS-96-146, May 21, 1996).


Social Security, Disability, and Welfare


Veterans Affairs and Military Health

VA Health Care: Opportunities for Service Delivery Efficiencies Within Existing Resources (Report, GAO/HEHS-96-121, July 25, 1996).


Veterans' Health Care: Challenges for the Future (Testimony, GAO/T-HEHS-96-172, June 27, 1996).


VA Health Care: Opportunities to Reduce Outpatient Pharmacy Costs (Testimony, GAO/T-HEHS-96-162, June 11, 1996).


VA Health Care: Efforts to Improve Veterans' Access to Primary Care Services (Testimony, GAO/T-HEHS-96-134, Apr. 24, 1996).

Contacts

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