Why GAO Did This Study

To help combat fraud and abuse in health care programs, including Medicare and Medicaid, Congress enacted the Health Care Fraud and Abuse Control (HCFAC) program as part of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA requires that the Departments of Health and Human Services (HHS) and Justice (DOJ) issue a joint annual report to Congress on amounts deposited to and appropriated from the Federal Hospital Insurance (HI) Trust Fund for the HCFAC program. In April 2005, GAO reported on the results of its review of HCFAC program activities for fiscal years 2002 and 2003 and made recommendations to HHS and DOJ. The objectives of this requested review were to assess the extent to which HHS and DOJ (1) took actions to address the recommendations made in the 2005 report and (2) designed effective controls over reporting HCFAC deposits and expenditures for fiscal years 2008 and 2009. GAO reviewed HHS and DOJ documentation; selected nongeneralizable samples; and interviewed agency officials.

What GAO Found

Although HHS and DOJ have taken action to address our previous recommendations aimed at improving procedures for recording HCFAC expenditures and issuing the annual HCFAC report, GAO found that controls are not sufficient to ensure that the report is accurate and supported. HHS and DOJ took action to address three of the four recommendations in GAO’s 2005 report related to recording staff hours in agency workload tracking systems, using the appropriate account class to record HCFAC expenditure data, and expediting the review process for issuing the annual HCFAC report. Neither agency agreed with the remaining recommendation to notify Congress on delays in issuing the HCFAC report within 1 month after missing the mandated January 1 deadline and thus, did not take action. However, in June 2010, HHS and DOJ implemented an expedited review process for completing the HCFAC report. The fiscal year 2010 HCFAC report was issued on January 24, 2011, 23 days later than the mandated reporting date. According to DOJ officials responsible for preparing the HCFAC report, they intend to use this new expedited review process to meet the mandated deadline when preparing future year reports.

Regarding the design of controls, while HHS and DOJ had designed polices and procedures for documentation that generally required the retention of documentation for 6 years, these did not provide sufficient controls to ensure adequate support of HCFAC deposits and expenditures, in accordance with internal control standards.

- Components at both HHS and DOJ that manage HCFAC activities did not include in their respective policies and procedures controls that specified the person responsible for maintaining the records, the location of records, or a combination of both.
- GAO found instances at HHS and DOJ where documentation could not be provided to support HCFAC expenditures, such as time and attendance reports.

What GAO Recommends

GAO makes 11 recommendations to HHS and DOJ to revise or develop written procedures that include documentation and monitoring controls for HCFAC activities and reporting. DOJ agreed with all four of its recommendations. Of the seven recommendations to HHS, it generally agreed with five, disagreed with one, and did not address the remaining recommendation.

View GAO-11-446 or key components. For more information, contact Kay L. Daly at (202) 512-9312 or dalykl@gao.gov.