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**United States Government Accountability Office  
Washington, DC 20548**

April 1, 2013

The Honorable Orrin G. Hatch  
Ranking Member  
Committee on Finance  
United States Senate

The Honorable Tom Coburn  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Michael B. Enzi  
United States Senate

Subject: *CMS: Activities, Staffing, and Funding for the Center for Strategic Planning*

The Centers for Medicare & Medicaid Services (CMS)—an agency within the U.S. Department of Health and Human Services (HHS)—is responsible for overseeing Medicare, Medicaid, and the State Children’s Health Insurance Program.<sup>1</sup> Together, these programs provide health insurance coverage for over 100 million men, women, and children and account for a significant share of national health care spending. Medicare and Medicaid expenditures accounted for 36 percent of national health care spending in 2011 and are expected to increase as a share of national health care spending, driven in part by increases in Medicare enrollment and expanded Medicaid coverage.

With its programs playing a central role in the financing of the nation’s health care for the foreseeable future, CMS has taken steps to make the agency’s strategic

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<sup>1</sup>Medicare is the federally financed health insurance program for persons aged 65 or over, individuals under the age of 65 with certain disabilities, and individuals with end-stage renal disease. Medicaid is a joint federal-state program that finances health care for certain categories of low-income individuals. The State Children’s Health Insurance Program is another federal-state program that provides health care coverage to children under 19 years of age living in low-income families whose incomes exceed the eligibility requirement for Medicaid.

planning a priority.<sup>2</sup> In 2010, as part of an internal reorganization, CMS established the Center for Strategic Planning (CSP) to facilitate the agency's strategic planning efforts. You expressed an interest in learning more about the activities CSP conducts to facilitate CMS's strategic planning. This report describes CSP's current activities and staffing, as well as CSP's funding for the most recent full fiscal year.

To develop this report, we reviewed documentation from CMS, including organizational charts, descriptions of functions and activities, guidance documents on strategic planning processes, and planning reports. We also reviewed data from fiscal years 2010, 2011, and 2012 on CSP's staffing and funds obligated.<sup>3</sup> In addition, we interviewed CMS officials about CSP's activities, staffing, and funds obligated. Our work for this performance audit was conducted from October 2012 through March 2013 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.

## **Results in Brief**

CSP's activities, staff, and funding support strategic planning by individual CMS offices and centers as well as the agency itself. CMS officials told us that CSP assists individual offices and centers in developing strategic plans for their units, leads the agency's senior-level strategic planning meetings, and is helping to develop a centralized approach to monitor the implementation of CMS's agency-wide strategic plan. As of January 2013, CSP had 11 staff and it had \$1.9 million in funds obligated for fiscal year 2012. Staff size and funding for CSP's most recent fiscal year represent a decrease compared to prior years, in part because CSP's activities have been narrowed in scope since the office was established in 2010, according to CMS officials. We provided a draft of this report to HHS for comment. After its review, HHS indicated that it did not have any comments.

## **CSP Activities, Staffing, and Funding**

According to CMS officials and agency documents, CSP engages in a range of activities to facilitate CMS's long-term strategic planning. Among the range of CSP activities that support CMS's strategic planning, one of the center's key functions is to consult with staff in individual CMS offices and centers. Specifically, CSP staff educate other staff about CMS's strategic planning approach and help them conduct

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<sup>2</sup>In general, strategic planning is used to define an organization's missions, establish measurable goals in support of those missions, and implement strategies to achieve the goals and align resources in support of these efforts. HHS, like all federal departments, is required to develop a strategic plan under the Government Performance and Results Act (GPRA). Pub. L. No. 103-62, § 3, 107 Stat. 285 (codified, as amended, at 5 U.S.C. § 306) (1993). While federal agencies such as CMS that exist within departments are not required to conduct strategic planning, they may choose to do so. In September 2012, CMS issued its Strategic Roadmap, which sets out the agency's mission and goals. In addition, individual centers and offices within CMS may choose to conduct strategic planning.

<sup>3</sup>The term "funds obligated" refers to a definite commitment by a federal agency that creates a legal liability to make payments immediately or in the future.

strategic planning for their office or center.<sup>4</sup> Officials told us that when helping CMS centers or offices develop their own strategic plans, CSP staff seek to ensure that such plans are consistent with the agency's overall strategic approach and with activities in other parts of the agency. As an example of CSP's efforts, CMS officials described CSP's work with the Center for Medicare to help the center conduct strategic planning for its Medicare Advantage Program.<sup>5</sup> The officials told us that CSP staff helped the Center for Medicare form a planning team, facilitated the team's meetings, and guided the team through the steps of the planning process.<sup>6</sup> CMS officials said that in addition to working with individual centers and offices, CSP facilitates CMS's agency-wide planning by leading the monthly meetings of CMS's Strategic Planning and Management Council (SPMC), which serves as the agency's governing board. The SPMC comprises senior staff from each of CMS's centers and offices and determines the agency's overall direction and priorities, including CMS's strategic planning objectives.<sup>7</sup> CSP officials also told us that CSP works with CMS's Office of Enterprise Management (OEM), the office responsible for establishing project management tools and for developing the agency's performance measures. The officials told us that CSP is assisting OEM in developing the performance measures that will be used to monitor the implementation of CMS's strategic plan and supporting OEM in developing a centralized approach for tracking the agency's progress on those measures.

CSP had 11 staff as of January 2013 and \$1.9 million in funds obligated for fiscal year 2012. Six CSP staff are at the top levels of the federal "General Schedule" of employment categories—grades 14 and 15—while no staff are at the Senior Executive Service level, which ranks above the General Schedule categories.<sup>8</sup> CMS's Deputy Chief Operating Officer in the Office of the Administrator serves as the Acting Deputy Administrator and Director of CSP. According to CMS officials, CSP staff include individuals with professional backgrounds in strategic planning and process improvement, including experience in strategic planning with other federal agencies. Of CSP's fiscal year 2012 funds obligated of \$1.9 million, 82.9 percent was for salaries and benefits, and 17.1 percent was for research expenses and for other administrative costs that year such as travel and supplies.

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<sup>4</sup>CMS's strategic planning process is documented in CMS's *Strategy Management Toolkit*. The Strategy Management Toolkit was developed by CMS with the assistance of a strategic planning contractor.

<sup>5</sup>The Medicare Advantage program provides health coverage to Medicare beneficiaries through private health plans offered by organizations under contract with CMS.

<sup>6</sup>According to CMS officials, examples of other CMS divisions that CSP has assisted in strategic planning are the Office of Acquisition and Grants Management, the Office of Public Engagement, the Office of Minority Health, the Center for Medicaid and CHIP Services, the Office of Equal Opportunity and Civil Rights, and the Center for Clinical Standards and Quality.

<sup>7</sup>CMS officials said they expect to distribute a strategic plan internally within the agency in March 2013.

<sup>8</sup>The General Schedule is a classification and pay system for the majority of civilian federal employees. The General Schedule has 15 grades—GS-1 (lowest) to GS-15 (highest). Senior Executive Service positions are federal employee positions that are classified above GS-15.

CMS officials said that CSP's staff size and funding for the most recent full fiscal year (2012) represent a decrease compared to prior years, in part because CSP's activities have narrowed in scope since the office was established in 2010. CSP's staff and funds obligated declined in each year from fiscal years 2010 through 2012. In fiscal year 2010 CSP had 179 staff and funds obligated of \$151.5 million; in fiscal year 2011 it had 83 staff and funds obligated of \$51.2 million; by fiscal year 2012 it had 12 staff and funds obligated of \$1.9 million. The reduction in CSP's staffing and funding occurred in part because CMS transferred responsibility for some of CSP's activities and associated staff to other CMS centers or offices. For example: in November 2010 some CSP staff were moved to the newly established Center for Medicare and Medicaid Innovation (CMMI); in December 2010 some CSP staff were moved to the newly established Federal Coordinated Health Care Office (FCHCO); in March 2011 certain research and development functions and staff were moved from CSP into CMMI; and in April 2012, responsibility for certain data functions and associated staff were transferred from CSP to the Office of Enterprise Management.<sup>9</sup>

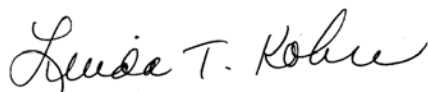
### Agency Comments

HHS reviewed a draft of this report and indicated that it did not have any comments.

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As we agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from its date. At that time we will send copies of this report to the Secretary of Health and Human Services. In addition, the report will be available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-7114 or [kohnl@gao.gov](mailto:kohnl@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 making key contributions to this report include Kristi Peterson, Assistant Director; Mary Giffin; and Krister Friday.



Linda T. Kohn  
Director, Health Care

(291091)

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<sup>9</sup>The Secretary of Health and Human Services was required to establish CMMI and FCHCO within CMS under the Patient Protection and Affordable Care Act (PPACA). See Pub. L. No. 111-148, § 2602, 3021, 124 Stat. 119, 315, 389. The purpose of CMMI is to test new models for delivering and paying for health services under Medicare and Medicaid, and the purpose of FCHCO is to more effectively integrate benefits under Medicare and Medicaid for individuals eligible for both programs.

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