



General Government Division

November 9, 1995

The Honorable Paul Coverdell
United States Senate

The Honorable Bob Barr
The Honorable William Clinger
The Honorable Ernest Istook
The Honorable Jim Lightfoot
The Honorable Frank Wolf
House of Representatives

This letter is to provide you with the final information that we collected with respect to your requests regarding government-wide costs related to the President's Task Force on Health Care Reform.

On March 14, 1995, we submitted a Statement for the Record for a hearing held by the House Appropriations Subcommittee on Treasury, Postal Service, and General Government regarding the status of our work.¹ We reported that we had received responses from all 10 agencies that had been involved in Task Force activities. However, we also reported that much of the information they provided us was not complete.

We have completed collecting the information from the 10 agencies. Attachment 1 to this letter lists by agency their Task Force-related spending, which totaled about \$13.8 million. Attachments 2 and 3 break out the total cost by work phase and functional category, respectively.

How We Collected This Information

To collect the cost information, we asked the agencies that we were told supported the Task Force to provide data on the costs they incurred. These agencies were identified as having members who served on the Task Force,

¹Cost of Health Care Task Force Related Activities, (GAO/T-GGD-95-114, March 14, 1995).

Interdepartmental Working Group, Cluster Groups, or other working groups, and included the Departments of Commerce, Defense, Education, Health and Human Services (HHS), Justice, Labor, the Treasury, and Veterans Affairs, as well as the Executive Office of the President (EOP). The costs by the Office of Management and Budget (OMB) were provided separately from the Executive Office of the President and are shown separately in our attachments.

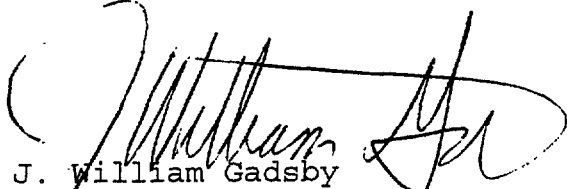
Following the submission of our March 1995 Statement for the Record, we were informed that the Small Business Administration (SBA) may have had some involvement in Task Force-related activities. However, when we questioned SBA, the agency reported that it did not incur any costs in connection with the Task Force.

We asked the agencies to include all direct and indirect costs, including the value of time spent by government employees on these matters and an estimate of future costs of the litigation. Further, we asked them to provide costs for each of three phases of effort: (1) developing the administration's health care reform proposal from January to May 1993, (2) preparing the administration's health care reform legislation from June to November 1993, and (3) working on matters relating to Association of American Physicians and Surgeons et. al. v. Clinton et. al. from February 1993 to January 1995 and to include an estimate of future costs of litigation. We also asked them to break out the data in the functional categories of personnel, telecommunications, travel, procurements, office space, and other expenses.

We asked the agencies to provide all available supporting documentation and, when estimates were used, to provide an explanation of the basis used to make the estimate. Because agencies' accounting systems generally did not allocate costs to functional areas such as the Task Force effort, and because much of the time data was based on employee' personal notes and memories, we were not able to verify the accuracy of the reported costs. We did our work in Washington; D.C. from November 1994 to June 1995. A more detailed explanation of our methodology is contained in attachment 4.

On October 17, 1995, we briefed the House Appropriations Subcommittee on Treasury, Postal Service, and General Government regarding the attached information, who said that this information would satisfy the Subcommittee's request and asked that we transmit the final cost information to the other requesters. We are also providing this information to the Executive Office of the President.

If you would like additional briefings on this data, or if you have any questions, please contact me on (202) 512-8387.



J. William Gadsby
Director, Government Business
Operations Issues

Total Health Care Task Force Related Cost Reported by Agency

Agency	Total amount reported
Commerce	\$235,798
Defense	523,617
Education	49,733
EOP	662,283 ^a
HHS	9,116,766 ^b
Justice	462,330
Labor	333,150
OMB	167,586
Treasury	1,005,611 ^a
Veterans Affairs	1,262,158
Total	\$13,819,032

^aIncludes \$211,095 incurred by EOP but paid by HHS. Also includes \$451,188 spent by the Office of Policy Development (OPD) through November 1993 for the Health Care Communications Group (HCCG), whose expenses were funded by the Treasury Department. An additional \$938,693 was reported as spent by OPD for the HCCG after November 1993, which we did not include because they were not related to supporting the litigation and thus were outside the scope of our review. The EOP cost excludes OMB costs, which are reported separately, and excludes the value of EOP personnel time and litigation costs, which were not available.

^bExcludes \$211,095 in costs incurred by EOP but ultimately paid by HHS. Includes the value of time spent by 172 HHS employees.

Source: Data provided by the Departments of Commerce, Defense, Education, Health and Human Services, Justice, Labor, and Veterans Affairs, and the Executive Office of the President.

Total Health Care Task Force Related Cost Reported By Phase of Work

Agency	Develop proposal January-May 1993	Prepare legislation June- November 1993	Support litigation February 1993- January 1995	Total
Commerce	\$224,229	\$11,569	\$0	\$235,798
Defense	508,849	14,768	0	523,617
Education	0	49,733	0	49,733
EOP	211,095 ^a	451,188 ^b	Data not available	662,283 ^c
HHS	2,586,697 ^{d,e}	6,426,477 ^e	103,592 ^e	9,116,766
Justice	69,205	67,605	325,520	462,330
Labor	187,341	145,809	0	333,150
OMB	167,036	0	550	167,586
Treasury	469,643	531,664	4,304	1,005,611
Veterans Affairs	1,262,158	0	0	1,262,158
Total	\$5,686,253	\$7,698,813	\$433,966	\$13,819,032

^aThese EOP costs were paid by an interagency transfer of funds from HHS to the White House OPD.

^bOPD spent \$451,188 through November 1993 for the HCCG, whose expenses were funded by the Treasury Department. An additional \$938,693 was spent by OPD for the HCCG after November

1993, which we did not include because these costs were not related to supporting the litigation and thus were outside the scope of our review.

^eThe EOP cost excludes OMB costs, which are reported separately, and excludes the value of EOP personnel time and litigation costs, which were not available.

^dExcludes \$211,095 in costs incurred by EOP but ultimately paid by HHS.

^eIncludes the value of time spent by 172 HHS employees on Task Force-related activities. HHS sent questionnaires to 253 HHS employees who were identified as having worked on HHS Task Force-related activities to estimate the amount of time they spent on those activities. Questionnaires were completed by 198 employees, 23 of whom were special government employees whose salaries already had been reported, and 3 regarding whom HHS was unable to find their 1993 salaries. Of the 172 employees, 149 indicated they had worked on preparing the health care reform proposal, 114 indicated they had worked on preparing legislation, and 18 indicated they worked on the litigation.

Source: Data provided by the Departments of Commerce, Defense, Education, Health and Human Services, Justice, Labor, and Veterans Affairs, and the Executive Office of the President.

Health Care Task Force Cost Reported by Functional Category

Agency	Personnel	Telecommunications	Travel	Procurements	Office space	Other expenses	Total
Commerce	\$173,419	\$ 0	\$1,379	\$36,000	\$ 0	\$25,000 ^a	\$235,798
Defense	298,746	200	12,016	211,920	115	620 ^b	523,617
Education	48,207	Data not available	1,526	0	0	0	49,733
EOP	Data not available	68,658	44,789	235,767	112,253	200,816 ^c	662,283 ^d
HHS	3,934,826 ^e	4,706	140,259	4,975,978 ^f	57,092	3,905 ^g	9,116,766
Justice	462,280	Data not available	0	0	0	50 ^b	462,330
Labor	319,429	Data not available	1,721	12,000	0	Data not available	333,150
OMB	153,771	Data not available	35 ^h	0	13,780	Data not available	167,586
Treasury	1,005,568	Data not available	43	0	0	Data not available	1,005,611
Veterans Affairs	1,162,158	Data not available	100,000	0	0	Data not available	1,262,158
Total	\$7,558,404	\$73,564	\$301,768	\$5,471,665	\$183,240	\$230,391	\$13,819,032

^aComputer time.

^bPhotocopying.

^cThe "other" category includes costs reported by EOP for "transportation of things, rent, communications and utilities, printing, other services, supplies and materials, subscriptions, and furniture and equipment" not reported in the other categories.

^dIncludes \$451,188 spent through November 1993 by OPD for the HCCG, whose expenses were funded by the Treasury Department, plus \$211,095 in costs covered through an interagency transfer from HHS to OPD. An additional \$938,693 was spent by OPD for the HCCG after November 1993, which we did not include because these costs were not related to supporting the litigation and thus were outside the scope of our review. The EOP cost excludes OMB costs which are reported separately and also excludes the value of EOP personnel time and litigation costs, which were not available.

^eIncludes Schedule C employees, special government employees, and consultants. HHS sent questionnaires to 253 HHS employees to estimate the amount of their time spent on Task Force-related activities. This cost includes the value of time spent by 172 HHS employees who completed their questionnaires.

^fIncludes outlays for research contracts during fiscal years 1993 and 1994. HHS reported that because health policy research is an ongoing activity of the Department, officials evaluated and identified all contracts undertaken by the Public Health Service, Health Care Financing Administration, and the Office of the Assistant Secretary for Planning and Evaluation to determine which ones were designed or, if previously underway, were substantially modified, in order to be used in developing the President's proposal.

^gRemainder of \$245,000 interagency transfer from HHS to the White House OPD, of which EOP incurred \$211,095 in costs.

^hReported cost to OMB of the Deputy Director's travel with the First Lady on Air Force One on March 15, 1993.

Source: Data provided by the Departments of Commerce, Defense, Education, Health and Human Services, Justice, Labor, and Veterans Affairs, and the Executive Office of the President.

Methodology

We began this assignment in November 1994 by meeting with officials from the Executive Office of the President, HHS, and the Department of Labor. At these initial meetings, it became clear that there were differences of opinion regarding who composed the Task Force, what costs were attributable to it, and what time period should be examined. Further, it became clear that the agencies in many cases did not have the accounting records from which to obtain the information needed and that, for some costs, agencies would have to rely on estimates, particularly regarding the amount of time spent by employees on Task Force activities.

As a result of those initial meetings, we developed a standard questionnaire and sent it to all 10 agencies on December 2, 1994. The questionnaire described the scope of our inquiry, contained a common definition of terms, and asked that the agencies provide actual or estimated costs in specified categories, such as personnel, office space, telecommunications, travel, procurements, and other expenses. We asked the agencies to reconstruct or estimate costs incurred when no readily available records of costs were available. We also asked that the data be provided to us by January 13, 1995.²

To determine personnel costs, we asked the 10 agencies to provide data on time expended by government employees, special government employees, consultants, and Schedule C employees who worked on the Task Force, the Interdepartmental Working Group, the Cluster Groups, and the smaller working groups as well as time data on other agencies' employees who provided support to them. The value of personnel time was to be calculated using time data and salaries. When detailed records of time spent were not available, the agencies were asked to provide estimates of the amount of time spent by employees.

We also asked agencies to provide the location, cost, and square footage of government owned and leased office space that was used for meetings, as well as the amount of time that this space was used for such meetings. With regard to telecommunications services, we asked agencies to provide the costs of telephone

²A questionnaire was also sent to the Small Business Administration (SBA) on April 4, 1995. However, on June 30, 1995, the SBA reported that it did not incur any Task Force-related costs.

services incurred for Task Force activities, including the total charges for long-distance calls and the cost of any additional telecommunications equipment and services that were acquired.

Further, we asked agencies to provide the costs of local and official travel incurred for Task Force-related activities by agency employees, special government employees, consultants, and volunteers. We also asked agencies to provide the costs of all procurements that were made for goods and services, such as those for research, computers, and printing. Finally, we asked agencies to provide the costs of miscellaneous expenses, such as those for postage, couriers, and photocopying.

We asked the agencies to provide all available supporting documentation and, when estimates were used, to provide an explanation of the basis used to make the estimate. Where possible, we checked the reported data to the supporting documentation. However, because agencies' accounting systems generally did not allocate costs to functional areas such as the Task Force effort, and because much of the time data was based on employees' personal notes and memories, we were not able to validate the accuracy of all data provided by the agencies.

(240166)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066, or TDD (301) 413-0006.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
