United States General Accounting Office

GAO

Annual Report to the Chairmen, House and Senate Committees on Appropriations


January 1993

# STATUS OF OPEN RECOMMENDATIONS

# Part C: Improving Human Resource Programs

GAO

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

**Comptroller General**
**of the United States**

B-205879

January 15, 1993

The Honorable William H. Natcher
Chairman, Committee on Appropriations
House of Representatives

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate

This is our annual report that summarizes the findings and open recommendations resulting from the General Accounting Office's (GAO) audits and other review work in federal departments and agencies on which satisfactory legislative or administrative actions have not yet been completed. To encourage prompt, responsive actions on its recommendations, GAO systematically follows up on them and annually reports on the status of open recommendations. This report, presented in four parts, contains information on a total of 2,522 GAO recommendations that were open as of September 30, 1992.

We are sending copies of this report to the Office of Management and Budget and federal departments and agencies, so that they may respond to inquiries about these issues during appropriations and oversight hearings. We are also sending copies to Chairs and Ranking Minority Members of all House and Senate committees and subcommittees to better inform them of the status of GAO's open recommendations.

Charles A. Bowsher
Comptroller General
of the United States

# Preface

This report provides information on the status of GAO's recommendations that have not been fully implemented. The report is intended to help congressional and agency leaders determine the actions necessary to achieve the desired improvements in government operations. Congressional leaders, in particular, may find this information useful in preparing for upcoming appropriations and oversight activities.

The report is presented in four parts:

- Part A: National Security and International Affairs Programs (GAO/OP-93-1A).
- Part B: Resources, Community, and Economic Development Programs (GAO/OP-93-1B).
- Part C: Human Resource Programs (GAO/OP-93-1C).
- Part D: Justice, General Government, Financial and Information Management, and Evaluation Programs (GAO/OP-93-1D).

Although the contents page includes all four parts, the sections that are highlighted are the ones that are found in that particular report part.

GAO's products with open recommendations are arranged by issue area within major budget function categories. Each issue area section begins with a summary of the impact of GAO's work and key open recommendations. The product titles are listed alphabetically.

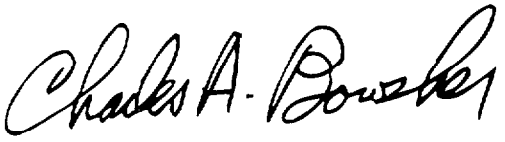
Each part of this report also includes two indexes that list the products contained in all four parts. Readers may use the "Committee of Jurisdiction" index to identify GAO products with findings and recommendations made to agencies for which committees have appropriation and oversight responsibility. Readers may use the "Recommendation Addressee" index to identify the same information by the agency to whom recommendations were addressed.

To help readers find information easily, the back cover of each part includes a "thumb index" that identifies the budget function categories and the two indexes. For example, to obtain pertinent information on defense programs, locate the budget category titled "National Defense (050)" in Part A.

The description of each GAO product includes the name and telephone number of a GAO manager to contact for information or assistance. Refer any information or questions not related to a specific product or

recommendation to GAO's Office of Congressional Relations on 202/275-5739.

Users desiring other parts of the report may order them by calling 202/275-6241. Please direct comments, questions, or suggestions for improving this report to Christine Fossett, Office of Policy, on 202/275-1970.



Charles A. Bowsher
Comptroller General
of the United States

# Contents



*Budget function numbers are given in parentheses.

## Part D: Improving Justice, General Government, Financial and Information Management, and Evaluation Programs
(GAO/OP-93-1D)



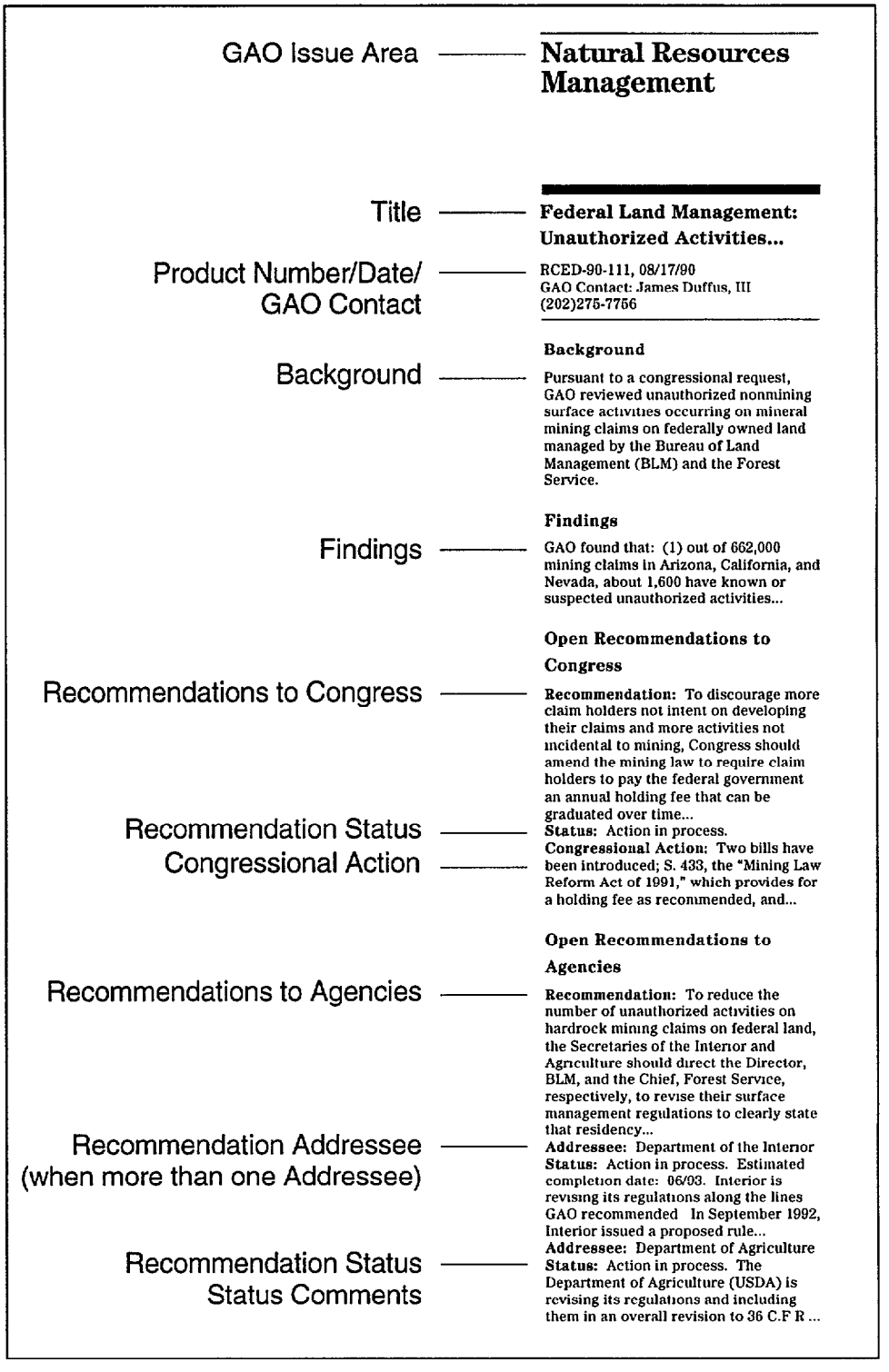
## Index Section

# Alphabetical Listing of Budget Function Categories

| Budget Function Number | Budget Function Category | Part and Page Number |
|---|---|---|
| 750 | Administration of Justice | D; 695 |
| 500 | Education and Employment | C; 523 |
| 270 | Energy and Science Issues | B; 207 |
| 990, 998 | Financial Management and Information Systems | D; 891 |
| 350 | Food and Agriculture | B; 377 |
| 800 | General Government | D; 733 |
| 250 | General Science, Space, and Technology | A; 191 |
| 550 | Health | C; 551 |
| 370, 450 | Housing and Community Development | B; 423 |
| 600, 650, 700 | Income Security | C; 633 |
| 850, 920 | Intergovernmental Relations | C; 681 |
| 150 | International Affairs | A; 131 |
| 570 | Medicare and Medicaid | C; 603 |
| 050 | National Defense | A; 1 |
| 300 | Natural Resources and Environment | B; 263 |
| | Program Evaluation and Methodology | D; 979 |
| 400 | Transportation | B; 455 |

# Example

**Sample Entry**



# Education and Employment

(Budget Function 500)

# Education and Employment

## Issue Area Summary

### Impact of GAO's Work

To produce high-quality products and services that are competitive in a global economy, the nation must have a highly skilled work force. Our work, therefore, focuses on the quality and the financing of the education and the training of the nation's population, beginning with preschool through the secondary grades and continuing through college, including basic and remedial education, vocational and occupational skills training, and education for the handicapped. It also focuses on employment-related programs and policies affecting the nation's work force, for example, improving transitions to employment by labor force entrants and workers dislocated from their previous jobs; providing placement assistance and short-term income maintenance to laid-off workers; enforcing regulations intended to provide safe and healthful workplaces, fair compensations for work performed, and protection against employment discrimination; and providing leadership in encouraging productive labor-management relations.

During the last few years, our work has contributed significantly to legislation and congressional debate and has also resulted in significant monetary benefits and improvements of operations and programs in the Departments of Education and Labor. Examples follow.

Our work has contributed significantly to the recently completed reauthorization of the Higher Education Act, the key legislation responsible for providing financial assistance to postsecondary students. Provisions enacted that built on our work included provisions establishing a new direct loan program, reducing the interest subsidy rate the government pays to lenders on guaranteed student loans, and charging loan origination fees on supplemental and parent loans. Also, work done previously has resulted in over $1 billion in monetary benefits, including $305 million in increased defaulted student loan collections due to the extension of the Internal Revenue Service's income tax refund offset program, $185 million in reduced default costs attributed to changes in student eligibility for supplemental loans, and $5 million collected from lenders in government interest subsidy overpayments.

On the basis of our work, the Congress made major revisions in the Carl D. Perkins Vocational Education Act, such as revisions improving allocation of program funds and increasing access to program improvement activities. The Congress also required the Department of the Interior's Bureau of Indian Affairs (BIA) to develop a plan to overcome deficiencies in identifying and providing services to handicapped Indian preschool students. After reviewing the plan, the Congress reassigned BIA's responsibilities to the states and tribes and has provided the tribes with the funding BIA had been receiving to provide these services.

Our work on the Job Training Partnership Act (JTPA) provided the impetus for the Congress to undertake major revisions to the legislation, which were enacted in 1992. These revisions concern better targeting of services; eliminating abuses in on-the-job training contracts; improving program evaluation, oversight, and data collection; increasing services for older workers; and improving federal monitoring of racial and gender bias in services provided to participants.

Using information from our reports, the Congress enacted legislation to (1) require that large employers provide 60 days' notice to workers of plant closings or mass layoffs and (2) revise the JTPA title II program to (a) eliminate the need for states to match federal funds and (b) improve assistance to older dislocated workers.

Our work on the Employment Service and Unemployment Insurance System has fostered the debate in the Congress to consider revising these programs critical to providing income relief to the unemployed during recessions and facilitating the efficient functioning of the nation's labor markets.

Prompted in part by our reports and testimony, the Congress raised the maximum penalties for violations of workplace safety and health regulations and child labor laws, which we believe will provide a more effective deterrent to potential violators. In addition, these changes will result in $341 million in increased government revenues in fiscal years 1992 and 1993.

Our report on legislative and administrative options for improving workers' safety and health led to the first comprehensive reexamination of the Occupational Safety and Health Administration's (OSHA) authorizing legislation in the agency's 20-year history. Senate and House legislators drew heavily on the options we had identified, incorporating most of them in the bills that were introduced.

As a result of our work, many management initiatives were implemented throughout education and labor programs. For example, the Mine Safety and Health Administration improved the quality of its inspection program, the Department of Education's Office of Special Education and Rehabilitative Services improved its agency management practices, and the National Labor Relations Board made substantial progress in expediting its review of cases.

## Key Open Recommendations

### Student Loan Programs

In a report on defaulted student loans, we recommended legislative and regulatory changes that should further reduce student loans' default costs and increase federal revenues. Although several of the recommendations were implemented, the Secretary of Education should consider revising the Guaranteed Student Loan Program regulations to provide for a more effective means of collecting defaulted loans on a timely basis and a more equitable system of reimbursing the Department for its loan default payments to guaranty agencies. (GAO/HRD-87-76, see p. 534.)

### Within-School Discrimination

In our report on within-school discrimination under title VI of the Civil Rights Act of 1964, we recommended that the Secretary of Education issue title VI regulations that identify procedures schools should follow for assigning students to classes on the basis of academic ability or achievement level. The Department believes that expansion of the title VI regulations is unnecessary. We disagree with the Department because current regulations do not provide state and local education agencies with needed standards on ability-based student assignments. (GAO/HRD-91-85, see p. 548.)

### Unemployment Insurance

In our report on unemployment insurance trust fund reserves, we recommended that if the Congress wished to restore the self-financing feature of the program and to minimize the potential for significant state borrowing in recessions, it require states to build adequate reserves during periods of low unemployment. No action has been taken on this recommendation. (GAO/HRD-88-55, see p. 546.)

### Occupational Safety and Health

In our report on OSHA's policies and procedures for confirming abatement of hazards, we recommended that OSHA make changes to improve its ability to detect employers who fail to correct safety and health hazards found during inspections. The Secretary of Labor and the Office of Management and Budget (OMB) have approved OSHA's drafting a regulation to make this change. Labor plans to submit a draft regulation to OMB for review by December 1992. (GAO/HRD-91-35, see p. 540.)

In our report on the accuracy of employer injury and illness records, we recommended that OSHA improve its procedures for detecting recordkeeping violations, such as failing to report injuries, through its enforcement activities. OSHA revised its operating procedures accordingly. It has since postponed implementation of these revisions, however. OSHA now says it does not expect to implement revised procedures until September 1993. (GAO/HRD-89-23, see p. 538.)

In our testimony on monitoring and evaluating state-operated safety and health programs, we pointed out significant shortcomings in the approach OSHA used to confirm that programs in 21 states were as effective as the programs OSHA administered in the remaining states. OSHA is revising its monitoring procedures to respond to our recommendations but does not anticipate having the new procedures in place until September 1993. (GAO/T-HRD-88-13, see p. 542.)

## Products With Open Recommendations: Education and Employment

**Product Title**

## Related Products With Open Recommendations Under Other Issue Areas

| Product Title | | |
|---|---|---|
| | Adolescent Drug Use Prevention: Common Features of Promising Community Programs (PEMD-92-2) | 587 |
| | The Changing Workforce: Comparison of Federal and Nonfederal Work/Family Programs and Approaches (GGD-92-84) | 864 |
| | Environment, Safety, and Health: Environment and Workers Could Be Better Protected at Ohio Defense Plants (RCED-86-61) | 227 |
| | Federal Employment: Displaced Federal Workers Can Be Helped by Expanding Existing Programs (GGD-92-86) | 871 |
| | Mail Management: Labor Programs Run by States Could Reduce Postage Costs (GGD-91-43) | 804 |
| | Reproductive and Developmental Toxicants: Regulatory Actions Provide Uncertain Protection (PEMD-92-3) | 600 |
| | Unemployment Insurance: Opportunities to Strengthen the Tax Collection Process (HRD-89-5) | 692 |
| | Vocational Rehabilitation: Better VA Management Needed to Help Disabled Veterans Find Jobs (HRD-92-100) | 674 |
| | Vocational Rehabilitation: VA Needs to Emphasize Serving Veterans With Serious Employment Handicaps (HRD-92-133) | 675 |
| | Welfare to Work: Implementation and Evaluation of Transitional Benefits Need HHS Action (HRD-92-118) | 679 |

# Apprenticeship Training: Administration, Use, and Equal Opportunity

HRD-92-43, 03/04/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the Bureau of Apprenticeship and Training's (BAT) operations, focusing on: (1) the use of apprenticeships to train workers; (2) federal and state resources dedicated to administering apprenticeships; and (3) the representation of minorities and women in apprenticeships.

## Findings

GAO found that: (1) BAT is responsible for registering or having state agencies register apprenticeship programs, promoting apprenticeships, providing technical assistance to establish apprenticeship programs, helping to develop affirmative action plans, and enforcing equal employment standard compliance; (2) in 1990, the number of registered apprentices was equivalent to about 2 percent of the number of U.S. college students; (3) although employment has increased by 18 million since 1980, the number of registered civilian apprentices decreased by 11 percent; (4) the number of apprenticeship programs has remained essentially constant at 43,000 since the mid-1980s, but in 1990 about half of the programs had no active apprentices; (5) since 1980, inflation-adjusted federal resources in support of BAT have decreased by 30 percent and currently comprise about 0.4 percent of Department of Labor spending programs; (6) in fiscal year 1990, 21 of the 30 states with apprenticeship councils reported spending about $18 million on apprenticeship administration and 14 reported spending $29 million on related apprentice instructions; (7) although states spent almost three times as much as BAT on apprenticeship, state apprenticeship directors anticipate state funding to decline over the next few years; (8) of the 68 occupations with the most civilian apprentices, about 32 percent of minority apprentices, versus 23 percent of whites, were in the lowest earning group; (9) women were underrepresented in apprenticeships for high paying jobs; (10) between 1973 and 1983, women's representation in apprenticeship increased from virtually none to 6.6 percent; and (11) apprenticeship officials attributed women's underrepresentation in apprenticeships to their lack of knowledge regarding apprenticeship opportunities, inability to meet entrance requirements, and on-the-job hazing and harassment.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should work with BAT and the Women's Bureau to identify actions to improve the outreach and recruiting of women into apprenticeships.
**Status:** Action in process. The Secretary has initiated a "women in skilled trades" initiative, stepped up outreach and promotional efforts, and developed promotional materials. The department is planning demonstration projects and research on improving women's opportunities in skilled trades. Also, states and service delivery areas are being given goals on the training and placement of women in nontraditional employment.

# Department of Education: Management Commitment Needed to Improve Information Resources Management

IMTEC-92-17, 04/20/92 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO reviewed the Department of Education's strategic information resources management (IRM) planning process, focusing on how effectively Education plans for and manages its information resources in supporting its missions and administering its programs.

## Findings

GAO found that: (1) Education lacks key management and program information with which to effectively oversee its operations and has not established an effective IRM program; (2) Education's senior IRM officials were not involved in strategic IRM planning and failed to establish a vision for the use of information technology or an effective IRM planning process to meet departmentwide needs; (3) until deficiencies are resolved, it will be difficult for Education and Congress to effectively gauge educational programs' success and develop sound policies to resolve the education crisis; (4) because of incomplete or inaccurate data on the Stafford Student Loan Program, guaranty agencies and lenders were unable to identify students who defaulted on loans and then received new loans, a practice that costs the government millions of dollars in interest subsidies; (5) in three of Education's largest offices, managers lack the accurate and timely information needed to effectively manage and monitor their programs; and (6) Education's strategic IRM plans for fiscal years 1987, 1988, and 1989 did not identify Education's mission or the program objectives, prioritize automation activities, include measures to judge whether improvements occurred during the period, discuss resource requirements, or link the activities to program or agency management areas.

## Open Recommendations to Agencies

**Recommendation:** To improve the use of information technology in Education, the Secretary of Education should develop a departmentwide IRM management strategy and plan that is linked to overall department goals and objectives. Such a strategy should include defining Education's information technology vision and how technology can be applied to support Education's mission, in partnership with Congress, states, and others who have a role in administering educational programs.
**Status:** Action in process. The department began drafting a departmentwide IRM strategy and plan during fall 1991. The plan is currently being presented to senior staff throughout the department for review and comment. The IRM Service Director is now reviewing the proposed plan.

**Recommendation:** To improve the use of information technology in Education, the Department of Education should direct the senior IRM official to develop, in conjunction with Education's key operating components, an effective departmentwide information planning process that meets federal guidance. This process should include reassessing information needs program by program. Specifically, it should: (1) identify who needs the information and when and why they need it; (2) determine what information Education already has and where it resides; (3) identify how Education can best collect the information it needs, but does not have; and (4) determine how Education can best structure its information and systems to use the information most effectively.
**Status:** Action in process. On January 13, 1992, a departmental Information Management Committee, which is comprised of representatives from each principal office, was created to address information management issues and concerns in the department. A memorandum signed by the Secretary on April 9, 1992, expanded the mission of the Committee to specifically incorporate this recommendation.

# Desegregation Activities: Administration of Education Grant Funds at the Cleveland School District

HRD-89-83, 08/29/89 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO reviewed Department of Education grants awarded to the Cleveland, Ohio, School District, for desegregation activities, to determine: (1) the total amount of federal funding the school district received; (2) the school district's compliance with a 1978 desegregation court order and grant agreements; (3) the school district's compliance with federal grant conditions and restrictions; and (4) whether Education adequately monitored and administered the grant agreements.

## Findings

GAO found that the school district: (1) received a total of $30.2 million in federal funds from 1978 through 1987 for desegregation activities; (2) used federal funds derived from the Emergency School Aid Act (ESAA) and Magnet School Assistance programs (MSAP) consistently with the 1978 court order; (3) spent other federal funds on desegregation activities, but did not comply with all of the specifications of the 1978 court order and subsequent federal grant agreements; (4) requested and received excessive advances of federal grant funds and accrued interest on those advances, but did not report or remit that income to Education; (5) obligated and spent first-year grant funds during the second year, without Education approval, and spent more than $1.5 million in ESAA 1979-1980 and 1981-1982 funds during the 1985-1986 school year; and (6) did not comply with some federal procurement requirements. GAO also found that Education did not adequately monitor and administer the grant agreements.

## Open Recommendations to Agencies

**Recommendation:** To determine whether Education's grant management weaknesses seen in Cleveland's MSAP grants are prevalent in other grant programs and other school districts, the Inspector General, Department of Education, should review Education's grant administration policies and practices, especially relating to cash management and grant closeouts.
**Status:** Action taken not fully responsive. The Education Inspector General surveyed the department's grant administration policies and procedures for its MSAP. The ED-IG planned to issue in late 1992 a management improvement report concerning the grant policies and expired grant procedures of all magnet schools. This effort is not fully responsive because the ED-IG was asked to review grant administration policies in other grant programs, not just MSAP.

# Employment Service: Improved Leadership Needed for Better Performance

HRD-91-88, 08/06/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO: (1) identified factors influencing variations in local employment service (ES) office job placement performance; and (2) examined the Department of Labor's (DOL) role in guiding and monitoring state and local ES program performance.

## Findings

GAO found that: (1) variations in ES performance are related, in part, to differences in state management strategies and local office operations; (2) states that set ES program goals

reinforced by awards and that conducted annual on-site evaluations of local office operations had better placement results; (3) local offices that paid more attention to employers' and jobseekers' needs were extensively involved with the Job Training Partnership Act program, and operated separately from local unemployment insurance offices, had better placement performance; (4) DOL oversight activities include approving state program plans, goals, and descriptions of basic labor exchange activities, conducting on-site program reviews, and analyzing quarterly data on state program activities and performance, but these activities provide little substantive information about how states manage ES programs; (5) without well-defined program goals, federal oversight activities will probably continue to focus on compliance rather than performance issues; and (6) DOL provides little technical assistance to help states operate ES programs efficiently or effectively.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should increase the department's leadership role by: (1) working with the states to identify and solve problems affecting ES program performance; (2) increasing technical assistance to promote program quality; and (3) sharing information on effective state and local practices. This leadership role should recognize the states as equal partners in program management, yet spur state action to improve program performance, when needed.
**Status:** Action in process. The President recently proposed a major change in the role of the Employment Service in the employment/training structure. If this proposal or similar ones being considered by Congress are adopted, it would significantly change the department's leadership role and make this recommendation no longer applicable.

**Recommendation:** The Secretary of Labor should assist states in the development of measurable goals and performance standards for their ES labor exchange programs. Meaningful goals and standards should be state-driven and tailored to local conditions and needs.
**Status:** Action in process. Labor is working with state ES representatives on a revised information reporting system that collects data on specific areas, thus establishing a basis for developing the baseline information needed to establish meaningful performance standards.

# Foreign Farm Workers in U.S.: Department of Labor Action Needed to Protect Florida Sugar Cane Workers

HRD-92-95, 06/30/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO provided information on the enforcement of Caribbean workers' contracts, focusing on: (1) the payment of workers' transportation costs; and (2) health and life insurance plan and savings benefits.

## Findings

GAO found that: (1) Labor has taken little action to enforce H-2A Program laws and regulations pertaining to migrant Caribbean workers' transportation costs, health insurance plans, and savings plans; (2) Labor will only attempt to recover H-2A program costs from Florida growers for the 1991-92 harvest season; (3) Labor is negotiating with Florida growers an $860,000 settlement for past transportation costs for Caribbean workers; (4) Labor decided that payroll savings deductions from Caribbean workers should be optional; (5) most Caribbean workers receive 20.5 percent of the 23-percent payroll deduction that is transferred into savings accounts in their home countries; and (6) 2.5 percent of their gross wages goes to fund the West Indies Central Labour Organization.

## Open Recommendations to Agencies

**Recommendation:** Recognizing that there are practical limitations on the extent to which Labor can retroactively calculate and recover income that Caribbean workers have been improperly denied, the Department of Labor should reassess the extent to which workers may have lost income or other benefits because of violations of H-2A and Employment Retirement Income

Security Act requirements with regard to transportation costs, the health and life insurance plan, and the savings plan, and, to the fullest extent possible, recover workers' lost income.

**Status:** Action not yet initiated.

# Guaranteed Student Loans: Legislative and Regulatory Changes Needed To Reduce Default Costs

HRD-87-76, 09/30/87 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO examined needed legislative and regulatory changes for the Department of Education's Guaranteed Student Loan Program, focusing on: (1) guaranty agencies' loan collection practices and procedures; (2) ways to reduce default costs; (3) the amount of time defaulters have to repay loans; and (4) whether guaranty agencies are promptly remitting Education's share of collections.

## Findings

GAO found that: (1) new regulations require all guaranty agencies to standardize collection practices and follow specific actions to collect defaulted loans; (2) 1986 legislation should help to reduce defaults and increase collections by requiring guaranty agencies to report repayment patterns to credit bureaus and requiring defaulters to pay reasonable collection costs; (3) the establishment of a National Student Loan Data System should help to further reduce costs by providing means to verify eligibility; (4) Education collected about $38 million in income tax refund offsets from loan defaulters in 1985; (5) new regulations require guaranty agencies to share all default payments made on reinsured loans with Education; and (6) guaranty agencies allow longer repayment periods than Education and have 60 days to remit default collections to Education.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Education should: (1) amend the Guaranteed Student Loan Program regulations to require that guaranty agencies submit Education's share of collections on reinsured loans within 30 days; and (2) explore a mechanism to assess penalties, similar to those included in the Prompt Payment Act, against agencies that submit their payments late.
**Status:** Action in process. Education issued its Notice of Proposed Rulemaking (NPRM), which incorporated this recommendation, on November 20, 1990. The regulation, however, has not been finalized.

**Recommendation:** The Secretary of Education should amend the Guaranteed Student Loan Program regulations by requiring that guaranty agencies share all borrower payments to offset collection costs on reinsured loans with Education.
**Status:** Action in process. Education issued its NPRM, which incorporated this recommendation, on November 20, 1990. The regulation, however, has not been finalized.

**Recommendation:** The Secretary of Education should amend the Guaranteed Student Loan Program regulations by requiring that guaranty agencies post borrower payments in the same manner that federal agencies are required to in accordance with the Federal Claims Collections Standards.
**Status:** Action in process. Education issued its NPRM, which incorporated this recommendation, on November 20, 1990. The regulation, however, has not been finalized.

**Recommendation:** The Secretary of Education should amend the Guaranteed Student Loan Program regulations by requiring that guaranty agencies capitalize interest on defaulters' unpaid costs when they fail to follow their repayment agreements.
**Status:** Action in process. Education issued its NPRM, which incorporated this recommendation on November 20, 1990. The regulation, however, has not been finalized.

# Guaranteed Student Loans: Lenders' Interest Billings Often Result in Overpayments

HRD-88-72, 08/31/88 GAO Contact: Linda G. Morra, (202)512-7014

## Background

GAO reviewed lenders' billings under the Guaranteed Student Loan Program to determine whether the Department of Education was incurring excessive costs related to its payment of interest and special-allowance subsidies, focusing on the extent to which: (1) lenders erred in billing Education for interest and special-allowance payments; (2) lender billing errors resulted in federal overpayments; and (3) Education established adequate procedures to detect billing errors and prevent overpayments.

## Findings

GAO found that, from its review of 16 lenders' accounts over one quarterly billing period: (1) all 16 lenders submitted erroneous billings to Education, resulting in a net overpayment of at least $1.8 million; (2) 18 percent of loan accounts were erroneous or lacked adequate documentation to support the billed amount; (3) errors typically resulted from lenders miscalculating loan principal balances and interest subsidies or continuing to bill Education after borrowers began repaying; and (4) three of the lenders voluntarily repaid Education for overbillings. GAO found that Education: (1) relied on lenders to maintain current and complete loan files, submit accurate billings, and make adjustments promptly; (2) required only summary information from lenders regarding bills, since supporting documentation was too voluminous for it to validate; (3) limited its verification of bills to checking mathematical accuracy and completeness; (4) conducted fewer than 500 on-site reviews of the 14,000 participating lenders in 1986; and (5) charged lenders interest on overbillings from the date it notified lenders of the error, but lacked authority to charge interest from the date of the actual overpayments.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Education should revise the Guaranteed Student Loan Program regulations to stipulate that Education and guaranty agency audits of lenders include tests of the accuracy of lender loan accounts and billing statements to provide a statistically valid basis for recovering overpayments.
**Status:** Action in process. Education issued a notice of proposed rulemaking (NPRM) on November 20, 1990; however, the regulations have not been finalized. This NPRM includes a provision to require the use of statistically valid techniques in conducting lender reviews to calculate any liabilities.

# Impact Aid: Most School Construction Requests Are Unfunded and Outdated

HRD-90-90, 07/12/90 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a legislative requirement, GAO reviewed the federal school construction program for school districts affected by federal activities.

## Findings

GAO found that: (1) in 1988, appropriation shortfalls had created a backlog of 178 eligible unfunded construction projects in school districts; (2) total estimated federal payments for those projects could be about $216 million; (3) information on the number of federally connected children and the estimated costs of many eligible projects that remain unfunded from year to year is often outdated; (4) in 1989, school districts that submitted 20 of the 58 projects that GAO studied had already completed the projects; (5) school district

officials who submitted 8 of the 20 completed projects said they did not need federal construction assistance; (6) because most project requests are at least 12 years old, the project priority scores may be outdated and invalid and the school districts may subsequently complete their projects without federal assistance; (7) since the Department of Education fails to reevaluate project priority scores, it cannot provide Congress with an accurate ranking of federally impacted schools with current school construction needs; and (8) due to increased construction costs, project payments to schools receive a smaller share of total construction costs than they would if they were funded promptly.

## Open Recommendations to Congress

**Recommendation:** Congress should amend Public Law 81-815 to require that all federal payments to eligible school districts with federally connected enrollment increases be calculated on the basis of state average per pupil school construction costs in the year a project is funded.
**Status:** Action not yet initiated.

**Recommendation:** Federal funds are limited in relationship to the current backlog of eligible unfunded projects. For this reason, Congress may want to explore an alternative way to meet the school construction needs of federally impacted school districts. Such an approach could involve allocating on a pro-rata basis a portion of the federal share of project costs of districts above a certain needs threshold when program appropriations are insufficient to fully fund all eligible projects.
**Status:** Action not yet initiated.

**Congressional Action:** Congress will consider action in 1993, when Public Law 81-815 is due for reauthorization.

# Job Training Partnership Act: Racial and Gender Disparities in Services

HRD-91-148, 09/20/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the extent and possible causes of disparities in the Job Training Partnership Act (JTPA) program, focusing on: (1) the extent to which disparities occur in the services provided to women and minorities; (2) factors within local project operations that contribute to such disparities; and (3) efforts by states and the Department of Labor (DOL) to monitor the services provided to various demographic groups.

## Findings

GAO found: (1) in 20 percent of the service delivery areas (SDA) analyzed, white participants were more likely than minorities to receive classroom training; in 13 percent of SDA, white participants were more likely to receive on-the-job training; and in 18 percent of SDA, minorities were more likely to receive only job search assistance; (2) such disparities affected black participants more than Hispanic participants or other ethnic groups; (3) women received classroom training more often than men, and in some SDA, women were less likely to get training for jobs with higher placement wages; (4) the factors that appear to contribute to disparities include self-selection by participants, financial incentives in performance-based contracts, the lack of an independent and comprehensive participant assessment process, the lack of support services for some women and minorities, and the discriminatory actions of some employers and the acquiescence of some staff; (5) state and DOL monitoring activities are inadequate to identify and address disparities in the services provided to minorities and women; and (6) DOL has identified several disparities, but has not determined whether any civil rights violations have occurred.

## Open Recommendations to Congress

**Recommendation:** To provide clear authority and to ensure that DOL exercises that authority, Congress should amend JTPA to require that adequate data be collected by DOL to enable it to identify service disparities.
**Status:** Action in process. Amendments to JTPA (P.L. 102-387), enacted in 1992, adopted one of the four congressional recommendations in this report, and the Department of Labor has proposed regulations that, if approved, would implement one other recommendation.

Congress is unlikely to take further action on the other two recommendations in the foreseeable future.

## Open Recommendations to Agencies

**Recommendation:** DOL should ensure that states, SDA, and JTPA contractors understand that it is a violation of federal law for federal funds to be used in a discriminatory manner.

**Status:** Action in process. JTPA-specific regulations on equal opportunity compliance are undergoing final development within DOL, after which they will be forwarded to the Department of Justice for its review. GAO will review the regulations when they are issued to determine compliance with the intent of this recommendation.

# National Labor Relations Board: Action Needed to Improve Case-Processing Time at Headquarters

HRD-91-29, 01/07/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the National Labor Relations Board's (NLRB) handling of regionally decided cases appealed to NLRB headquarters, focusing on: (1) the length of time taken to decide appealed cases since 1984; (2) factors contributing to excessive delays; and (3) the need for additional administrative or legislative actions.

## Findings

GAO found that: (1) the 33 NLRB regional offices resolved the vast majority of cases within 1 year; (2) NLRB headquarters reviewed approximately 5 percent of regionally decided cases; (3) between 1984 and 1989, NLRB headquarters decided about 67 percent of the appealed cases within 1 year, but 10 percent of appealed cases took from 3 to more than 7 years to decide and 17 percent took more than 2 years; (4) between 1984 and 1989, median processing times for appealed cases were among the highest in NLRB history; (5) median times for decisions on appealed unfair labor practice cases ranged from 273 to 395 days; (6) median times for decisions on appealed representation cases ranged from 190 to 256 days; (7) although NLRB headquarters timeliness improved in 1989, reduced delays were probably due to NLRB working on the oldest cases and a reduction in the number of cases; and (8) case delays resulted from a lack of standards and procedures to prevent excessive delays, lack of timely decisions on major cases that delayed the consideration of related cases, and NLRB headquarters turnover and vacancies.

## Open Recommendations to Congress

**Recommendation:** To help reduce the problem of NLRB member turnover and vacancies, Congress may wish to provide for more continuity of members. Congress could amend the National Labor Relations Act (NLRA) of 1935 to include provisions similar to those applicable to other agencies, such as the Equal Employment Opportunity Commission, that would allow NLRB members whose terms are ending to either stay at NLRB until their replacement has been confirmed or continue for a limited period while a replacement is being sought.
**Status:** Action not yet initiated. The House Committee on Government Operations, Subcommittee on Labor-Management Relations, intends to use GAO report discussion of NLRB member turnover when it drafts administrative reforms of NLRA/NLRB legislation.

# Occupational Safety & Health: Assuring Accuracy in Employer Injury and Illness Records

HRD-89-23, 12/30/88 GAO Contact: Linda G. Morra, (202)512-7014

## Background

In response to a congressional request, GAO assessed the accuracy of employers' occupational injury and illness records and the Occupational Safety and Health Administration's (OSHA) efforts to ensure accurate recordkeeping.

## Findings

GAO found that: (1) there was significant occupational safety and health underreporting to the Bureau of Labor Statistics (BLS) by employers nationwide; (2) two studies indicated that about 23 percent of work sites visited underrecorded injuries and illnesses, while another study showed that about one-half of 40 chemical industry employers failed to completely record injuries or illness in their logs; (3) inaccurate recordkeeping occurred because many employers either deliberately underrecorded injuries in response to incentives or were unaware of what they should record; and (4) many employers assigned low priority to recordkeeping, which sometimes led to inaccurate and outdated records. GAO also found that OSHA: (1) increased its fines for recordkeeping violations and assessed about $10 million in initial penalties against 65 employers for significant recordkeeping violations; and (2) modified its records review procedures to reduce its reliance on employer logs. GAO believes that OSHA actions to correct inaccurate recordkeeping problems will improve the effectiveness of its inspection process.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should require BLS to: (1) conduct studies that assess the accuracy of employer injury records by comparing those records with independent data sources; and (2) systematically evaluate how well employers understand the revised guidelines for recording and reporting work-related injuries and illnesses to BLS.
**Status:** Action in process. Estimated completion date: 12/93. OSHA and BLS are restructuring the entire workplace injury and illness data collection system and expect the new system to be in place sometime in 1993. This restructuring includes testing employers' understanding of the proposed recordkeeping guidelines.

**Recommendation:** The Secretary of Labor should direct OSHA to use the procedures developed in the Recordkeeping Audit Program in selected enforcement activities.
**Status:** Action in process. Estimated completion date: 9/93. In May 1991, OSHA developed revised inspection procedures to improve verification of employer injury and illness records that would have responded to the recommendation. However, it postponed the changes in June 1991 in response to concerns about the amount of inspection resources the new procedures required. OSHA now expects to have revised inspection procedures in place by September 1993.

# Occupational Safety and Health: Improvements Needed in OSHA's Monitoring of Federal Agencies' Programs

HRD-92-97, 08/28/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the Occupational Safety and Health Administration's (OSHA) monitoring of federal agencies' safety and health programs and implementation of the Hazard Communication Standard.

## Findings

GAO found that OSHA: (1) monitors federal agencies' safety and health programs differently from the approach envisioned in its regulations; (2) is not conducting required annual evaluations of the 15 agencies identified as the largest or most hazardous agencies, and it rarely evaluates the 95 or so other agencies, even when their work-related injury and illness rates are high; (3) inspects federal work places but makes limited use of inspection results in assessing agencies' programs; (4) does not require agencies to provide evidence of actions to correct hazardous conditions, inspect agencies for compliance with program requirements, or use inspections to identify and correct programmatic and agency actions to correct identified hazards; and (5) is not required to and does not monitor how well federal agencies implement the Hazard Communication Standard.

## Open Recommendations to Agencies

**Recommendation:** To strengthen OSHA monitoring of federal agencies' safety and health programs, the Secretary of Labor should direct OSHA to analyze agencies' annual reports to identify indicators of program implementation problems.
**Status:** Action not yet initiated.

**Recommendation:** To strengthen OSHA monitoring of federal agencies' safety and health programs, the Secretary of Labor should direct OSHA to include monitoring for compliance with program requirements in inspections it makes at agencies' work places.
**Status:** Action not yet initiated.

**Recommendation:** To strengthen OSHA monitoring of federal agencies' safety and health programs, the Secretary of Labor should direct OSHA to use the results of workplace compliance inspections to identify potential systemic weaknesses in agencies' programs.
**Status:** Action not yet initiated.

# Occupational Safety & Health: OSHA Action Needed to Improve Compliance With Hazard Communication Standard

HRD-92-8, 11/26/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO provided information on: (1) employer compliance with the Hazard Communication Standard (HCS), which requires employers to identify workplace chemical hazards and communicate that information to their employees; (2) the Occupational Safety and Health Administration's (OSHA) efforts to inform small employers about HCS; and (3) the accuracy and clarity of required material safety data sheets (MSDS).

## Findings

GAO found that: (1) according to OSHA safety and health inspection data for fiscal years 1989 and 1990, one-fourth of all the work sites reviewed did not comply with HCS, and small work sites had the highest noncompliance rate; (2) a GAO survey of the construction, manufacturing, and personal services industries found that 58 percent of small employers and 52 percent of all employers did not comply with key HCS requirements; (3) although OSHA conducts outreach activities that include information about HCS, small employers may be unaware of HCS because they have little contact with OSHA; (4) 29 percent of small employers reviewed were unaware of HCS, compared to 2 percent of large employers; (5) 57 percent of small employers stated that better distribution of printed HCS information would increase small employer awareness of HCS; (6) 55 percent of all employers who received MSDS stated that most MSDS were too technical for workers and managers to understand; (7) OSHA reviews MSDS after the chemical manufacturer or importer distributes them to employees, instead of focusing on the MSDS point of origin, which is the manufacturer's or importer's hazard evaluation process; and (8) since OSHA rarely reviews chemical manufacturers' or importers' hazard evaluations, many MSDS include inaccurate or incomplete information.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should direct OSHA to revise HCS to specify that developers of MSDS include on each sheet a brief description

of employer responsibilities under the standard.
**Status:** Action not yet initiated. OSHA plans to initiate a rulemaking effort in the near future which will address this recommendation. This effort will occur after OSHA has reviewed forthcoming format guidelines being developed by a private sector advisory group, the American National Standard Institute.

**Recommendation:** The Secretary of Labor should direct OSHA to revise HCS to address the inability of employers and employees to understand MSDS by clearly specifying the language and presentation of information to be used on them.
**Status:** Action not yet initiated. OSHA plans to initiate a rulemaking effort in the near future which will address this recommendation. This effort will occur after OSHA has reviewed forthcoming format guidelines being developed by a private sector advisory group, the American National Standard Institute.

**Recommendation:** Should OSHA implement its plans to establish a toll-free hot line for HCS, OSHA should require that this number be included on MSDS.
**Status:** Action not yet initiated. OSHA plans to establish a toll-free hotline sometime in 1993, pending available funding.

**Recommendation:** To improve the accuracy of MSDS, OSHA should develop a more effective strategy for inspecting the hazard evaluation processes of manufacturers and importers.
**Status:** Action not yet initiated. In March 1992, OSHA stated that it would examine alternative targeting strategies to see if there is a better way to ensure the accuracy of the information generated on MSDS. As of late 1992, OSHA had taken no action toward examining any alternative strategies. However, OSHA says that when it decides to initiate a rulemaking action on the Hazard Communication Standard, it may solicit public comment on its inspection targeting strategies regarding hazard evaluations.

# Occupational Safety & Health: OSHA Policy Changes Needed to Confirm That Employers Abate Serious Hazards

HRD-91-35, 05/08/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO assessed the Occupational Safety and Health Administration's (OSHA) policies and procedures for confirming whether employers abated hazards it identified during inspections.

## Findings

GAO found that: (1) OSHA policies and procedures lacked a regulatory requirement that employers provide evidence of abatement; (2) at least one-fourth of the follow-up inspections OSHA conducted in fiscal year (FY) 1989 found that employers failed to correct known hazards; (3) OSHA lacked adequate procedures to resolve abatement confirmation problems posed by the often short duration of construction activities; (4) OSHA directed more than half its inspections to construction activities, since the construction industry had the highest serious injury rate and the third-highest fatality rate; and (5) although 55 percent of OSHA FY 1989 inspections were of construction sites, only 20 percent of all follow-up inspections were of construction sites.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should direct OSHA to promulgate a regulation requiring employers to submit detailed evidence of what corrective actions have been taken to abate hazards.
**Status:** Action in process. Estimated completion date: 08/93. Labor's Policy Review Board has approved the OSHA request to promulgate a regulation, as GAO recommended. OSHA is drafting a proposed regulation. After Secretary of Labor approval, it will go to the Office of Management and Budget (OMB) for review. Labor plans to submit a draft regulation to OMB for review by late 1992.

**Recommendation:** The Secretary of Labor should direct OSHA to revise its policies so that: (1) citations to employers at construction work sites require correcting the condition, equipment, or procedure that created the hazard; and

(2) abatement cannot be achieved solely by moving to another location if the cited condition, equipment, or procedure would be likely to create a hazard at the new location.

**Status:** Action in process. Estimated completion date: 08/93. OSHA has chosen to respond to this recommendation through regulation rather than an internal policy change. The regulation being drafted in response to another GAO recommendation will include language to accomplish this change as well.

# Occupational Safety and Health: Penalties for Violations Are Well Below Maximum Allowable Penalties

HRD-92-48, 04/06/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed how the Occupational Safety and Health Administration (OSHA) sets and reduces workplace safety and health violation penalties, focusing on: (1) how much OSHA actually assesses for violations; (2) whether proposed penalties and reductions were about the same across regions and at the different administrative and judicial review levels; and (3) whether the OSHA policy of penalty reductions to avoid litigation achieves its goal of quicker and better abatement of cited hazards.

## Findings

GAO found that: (1) OSHA and the Occupational Safety and Health Review Commission (OSHRC) have considerable discretion in proposing and reducing penalties; (2) OSHA and OSHRC policies require that they consider four factors in establishing penalties, but the law does not specify how much weight those factors should have in agency deliberations; (3) OSHA uses gravity as the primary factor in deriving the proposed penalty and then reduces the penalty based on the other three factors; (4) OSHA does not consider an employer's economic benefit from noncompliance in setting a penalty; (5) the penalties initially proposed by OSHA for violations cited in fiscal year 1989 across all OSHA regions were substantially below the maximum allowed by law, and OSHA reduced many penalties; (6) most employers did not formally contest OSHA citations, but those who did contest received greater penalty reductions than those who accepted their citations or those who settled through the OSHA informal settlement process; (7) OSHA believes that reducing penalties leads to both quicker and more comprehensive abatement, since reducing penalties makes employers more likely to accept the penalty, rather than to contest it or to continue the appeal if they have already contested it; (8) it was unable to confirm a causal relationship between penalty reductions and quicker or more comprehensive abatement, although penalty reductions may lead to a quicker resolution of citations; and (9) although the maximum penalty has increased sevenfold, the average proposed OSHA penalty is about three to four times greater than it was before the new maximum went into effect.

## Open Recommendations to Congress

**Recommendation:** Because Congress set forth the four factors to be considered in determining penalties, it may wish to consider amending the act to require that the benefit to the employer from noncompliance also be a factor used in setting penalties.

**Status:** Action not yet initiated. Congress plans to consider the report's recommendations in early 1993 during deliberations on the proposed Comprehensive Occupational Safety and Health Reform Act.

# Occupational Safety & Health: Worksite Safety and Health Programs Show Promise

HRD-92-68, 05/19/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO evaluated whether all employers should be required to implement comprehensive safety and health programs as a means of identifying and correcting worksite safety and health problems.

## Findings

GAO found that (1) according to available information, which is not conclusive, comprehensive safety and health programs can positively affect workplace safety and health; (2) doubts about requiring employers to enact such programs mainly involve implementation issues; (3) although many potential implementation problems can be overcome, there is the possibility of certain employers with various workforce sizes and various industries having problems with implementation; (4) there are only limited statistical data regarding the potential burden and impact of required safety and health programs; and (5) a preferred approach could be to place safety and health program requirements on high-risk employers, which the Occupational Safety and Health Administration (OSHA) could identify.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider passing legislation that would require high-risk employers to have comprehensive safety and health programs. OSHA could define employers as high risk on the basis of: (1) high rates of injuries and illnesses at their work sites or in their industries; and (2) a past history of significant safety or health violations at their work sites or in their industries.
**Status:** Action in process.

**Recommendation:** Congress should require that OSHA develop and implement evaluation procedures to determine what groups of employers should be required to have comprehensive safety and health programs.
**Status:** Action not yet initiated.

**Recommendation:** Congress should require that OSHA assess the merit of substituting a requirement for comprehensive safety and health programs in place of multiple prevention plans addressing specific hazards.
**Status:** Action not yet initiated.

**Recommendation:** Congress should require OSHA to make comprehensive worksite safety and health programs mandatory for those employers for whom OSHA studies indicate they may be appropriate.
**Status:** Action not yet initiated.

**Congressional Action:** Congress has not taken action on the recommendations, but it is currently considering legislation that might address them.

# OSHA's Monitoring and Evaluation of State Programs

T-HRD-88-13, 04/20/88 GAO Contact: Linda G. Morra, (202)512-7014

## Background

GAO discussed the Occupational Safety and Health Administration's (OSHA) efforts to: (1) monitor and evaluate state-operated safety and health programs; and (2) resume enforcement within the private sector in California. GAO found that OSHA: (1) lacked effective monitoring and evaluation procedures; (2) relied primarily on its computerized management information system to assess state program quality; (3) did not provide for the collection and analysis of information that directly related to state program quality; and (4) did not establish performance levels or incentives for states to use in attaining occupational and health safety. GAO also found that: (1) diversion of its staff resources to provide enforcement in

California hampered OSHA inspection efforts nationwide; (2) OSHA occupational safety and health standards were limited in scope compared with California standards; (3) the number of safety and health inspections OSHA performed in California decreased because it was unable to fill staff positions; and (4) in 1988, total funding for worker protection activities in California decreased from $33 million to $16 million.

## Open Recommendations to Agencies

**Recommendation:** OSHA should establish desired performance levels for use by state programs and consider providing incentives for states to attain them.
**Status:** Action in process. Estimated completion date: 09/93. OSHA has begun a comprehensive review of its programs designed to monitor and evaluate state plans. In its study, OSHA will consider developing desired performance levels for the states where such levels are established for the OSHA program. OSHA stated that it would not provide financial incentives to states.

**Recommendation:** OSHA should require that states establish quality assurance programs and then periodically review those efforts.
**Status:** Action in process. Estimated completion date: 09/93. As part of its state program review, OSHA has developed draft policies and procedures for states to conduct annual internal performance audits that will assess the adequacy of their overall program.

**Recommendation:** OSHA should work with states to help them evaluate their programs' impact on worker safety and health.
**Status:** Action in process. Estimated completion date: 09/93. As part of its state program review, OSHA will develop guidance for regional offices on evaluating and reporting on program impact studies conducted by states.

# Remedial Education: Modifying Chapter 1 Formula Would Target More Funds to Those Most in Need

HRD-92-16, 07/28/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the Chapter 1 program established to fund supplementary remedial education services for low-achieving students in poverty areas, focusing on whether: (1) modifications to the Chapter 1 funding formula would improve the targeting of program funds; (2) the Chapter 1 formula adequately reflects the cost of providing education services; and (3) more current information than census data is available for determining the distribution of Chapter 1 funds.

## Findings

GAO found that: (1) the current measure of need for Chapter 1 services results in an underestimate of children in need of services in areas with large numbers of poor children; (2) the current measure of need for services is inappropriate for schools with high numbers of poor children, since those schools have disproportionately more low-achieving students than schools with fewer children in poverty; (3) for counties with relatively high numbers of poor children, the Chapter 1 formula overestimates the amount of funding currently allocated per child in need; (4) urban high-need counties generally receive less funding per low-achieving child than rural and mixed high-need counties; (5) the Chapter 1 funding formula does not account for variations in county or state fiscal capacities, which could acutely affect highly impoverished urban and rural counties that have the fewest resources to provide educational services; (6) if used in fiscal year 1990, a funding formula similar to the illustrated formula would have increased Chapter 1 allocations to high-need counties and those with less ability to pay at the expense of those with relatively less need; (7) under the illustrative formula, Chapter 1 allocations to high-need, low-income counties would have increased, on average, from $653 to $958 per child in need, reducing allocations to counties with less need or higher abilities to pay; (8) most of the poverty data used to determine Chapter 1 allocations come from the decennial census; and (9) currently, children aged 5 to 17 in families with incomes below the poverty level make up 95 percent of the 8.1 million children used to allocate basic grants, but those data are not updated.

## Open Recommendations to Congress

**Recommendation:** Congress should revise the Chapter 1 formula to reflect the greater need of counties with high numbers of poor children and grant additional assistance to those counties with relatively less ability to fund remedial education.
**Status:** Action not yet initiated.

**Recommendation:** Congress, in conjunction with the Secretary of Education, should develop a cost factor that better reflects educational cost differences among states and school districts.
**Status:** Action not yet initiated.

**Congressional Action:** Congress may consider action in 1993 when the Elementary and Secondary Education Act of 1965, as amended, is due for reauthorization.

# Stafford Student Loans: Prompt Payment of Origination Fees Could Reduce Costs

HRD-92-61, 07/24/92 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the Department of Education's collection of origination fees paid on Stafford student loans, focusing on: (1) the extent of and reasons for the delayed receipt of origination fees; and (2) actions needed to facilitate the prompt receipt of the fees.

## Findings

GAO found that: (1) Education is incurring unnecessary interest costs because it does not receive fees from some lenders, or receives some fees long after they are collected from students, and its interest subsidy offset and other collection practices discourage prompt remittances; (2) in fiscal year 1989, Education incurred additional interest costs of $10 million because it received origination fees an average of 131 days after lenders collected them from borrowers; (3) fees from other federally supported loans must be remitted within 15 days of their collection, or interest penalties are imposed; (4) if Stafford lenders were subject to a similar requirement, the government would save $10 million annually; (5) many lenders fail to promptly report the fees collected; (6) to minimize administrative costs and possible burdens on lenders of directly paying origination fees, lenders could be required to use a Treasury system for collections; (7) Education lacks sufficient data to determine when lenders disburse loans or the origination fees they owe; and (8) Education is planning a new student loan data system that, when implemented, should enable it to determine the amount of origination fees due.

## Open Recommendations to Congress

**Recommendation:** Congress should require lenders to pay the 5-percent loan origination fee, for every federally subsidized Stafford student loan disbursed, in a manner that will provide for the government's receipt of the fees within 15 days of loan disbursement.
**Status:** Action not yet initiated.

**Recommendation:** Congress should authorize the Secretary of Education to assess interest penalties on the late payment of origination fees.
**Status:** Action not yet initiated.

**Recommendation:** Congress should require the Secretary of Education, while the National Student Loan Data System is being developed, to work with the guaranty agencies to ensure the government's timely receipt of origination fees.
**Status:** Action not yet initiated.

**Congressional Action:** Congress addressed some of the report's recommendations in the Higher Education Amendments of 1992; the others may be addressed in technical amendments in 1993.

# Targeted Jobs Tax Credit: Employer Actions to Recruit, Hire, and Retain Eligible Workers Vary

HRD-91-33, 02/20/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the Targeted Jobs Tax Credit (TJTC) program, focusing on: (1) characteristics of employers who used the program and the individuals they claimed tax credits for; (2) efforts employers made to identify, hire, or retain eligible workers; and (3) differences in the participants' earnings before and after their involvement in the program.

## Findings

GAO found that: (1) 45 percent of the 60 employers interviewed made a special effort to recruit, hire, or retain TJTC-eligible workers; (2) 55 percent of the employers took advantage of the tax credit, but made no special effort to attract TJTC workers; (3) 60 percent of the firms and 68 percent of the certifications from the top 50 users of the program were retail stores and restaurants; (4) in 1988, disadvantaged youth accounted for 60 percent of all TJTC certifications and welfare recipients accounted for 25 percent; (5) most positions filled by TJTC workers required minimal skills and paid a median hourly wage of $3.75; and (6) employers tended to hire TJTC-eligible ex-felons and Vietnam veterans for more skilled positions paying higher hourly wages. In addition, GAO found that, following the TJTC work experience, the average quarterly earnings for 300 workers: (1) was $830 for the 105 participants with no prior work experience; (2) increased by 153 percent to $801 for the 150 workers with some prior work experience; and (3) increased by 17 percent to $1,706 for the 45 workers with prior average quarterly earnings of more than $1,000. GAO also found that average quarterly earnings for TJTC-eligible workers who did not participate in the program also showed an overall increase in earnings the quarter after they were certified.

## Open Recommendations to Congress

**Recommendation:** If Congress wishes that a higher proportion of employers using the TJTC program take special actions that benefit members of the targeted groups, it should modify the program by imposing new requirements. For example, program requirements might involve employer outreach efforts to eligible populations, prescreening to determine eligibility prior to hiring decisions, or providing additional training or supervision to eligible workers to increase the likelihood of retention.
**Status:** Action not yet initiated. Congress is currently considering legislation to extend the TJTC indefinitely. However, the current proposals do not contain any new requirements that employers must meet to qualify for the tax credit.

# Transition From School to Work: Linking Education and Worksite Training

HRD-91-105, 08/02/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request and a legislative requirement, GAO provided information on U.S. apprenticeship-type programs, focusing on cooperative education (co-op) programs that assist youth in the transition from school to work.

## Findings

GAO found that: (1) during the 1989-90 school year, about 8 percent of high school juniors and seniors and less than 3 percent of community college students

participated in co-op programs; (2) access to such programs is not uniform across rural, suburban, and inner-city areas; (3) key features shared by high-quality programs included written training plans that detailed specific learning objectives, student screening, selection of employers who provided high-quality training in occupations with career paths, and close supervision of students' training by school staff; (4) high school co-op programs offer general employability skills and specific occupational skills training, while community college programs concentrate more on specific occupational skills because these students typically are working toward a 2-year degree; (5) co-op students frequently rotate across a variety of jobs within an organization to gain a broader experience; (6) participation in high-quality co-op programs enhances the likelihood that participants will pursue further education and a majority of co-op employers offered participants permanent employment; (7) factors hindering expanded participation include lack of awareness of such programs, a negative perception of co-op at the high school level, and scheduling and transportation problems; (8) both students and employers express satisfaction with their participation in youth apprenticeship projects that enable participants to enter full-time apprenticeships upon graduation, leading to a certificate that confers journeyman's status; and (9) co-op shares many features with German youth apprenticeship, which is recognized as effective in preparing a skilled young work force.

## Open Recommendations to Agencies

**Recommendation:** To strengthen cooperative education programs, the Department of Education should develop national data and conduct evaluations of high school cooperative education programs to help refine and improve program structure, as well as seek opportunities to promote and expand high-quality cooperative education in our nation's schools.
**Status:** Action in process. The Department of Education's efforts include: (1) surveying secondary schools; (2) awarding grants to demonstrate successful programs; (3) reporting to Congress on employer involvement; (4) assessing the performance of cooperative education programs; and (5) providing assistance to states to develop and implement performance standards.

**Recommendation:** To strengthen cooperative education programs, the Department of Education should request states to encourage schools to provide students with completed training plans, together with school and employer assessments, as a form of certification of students' skill attainment. Schools should consider the applicability to training plans of common skill standards being developed under the leadership of the Departments of Education and Labor.
**Status:** Action in process. The Department of Education held public hearings and will award seven grants to develop national skills standards in industries that could be used to design occupational training programs to train entry-level workers. It will also provide technical assistance to help states develop performance standards. Education determined that all states except one conformed with Perkins Act requirements.

# Unemployment Insurance: Trust Fund Reserves Inadequate

HRD-88-55, 09/26/88 GAO Contact: Linda G. Morra, (202)512-7014

## Background

GAO assessed the current financial status of states' unemployment insurance systems, focusing on: (1) trends in trust fund reserve balances and borrowing; (2) the possible effects of future recessions on reserve balances and borrowing needs; and (3) the effects of recent federal policy changes on the systems' financial conditions and benefit eligibility.

## Findings

GAO found that: (1) although the June 1987 reserve levels were at an all-time high of $19.4 billion, they were inadequate to finance benefits that states would need to pay during a recession; (2) the reserves would last about 5 months in a severe recession, while recent recessions have averaged 12 months, and the Department of Labor recommended 18 months as a state minimum; (3) by 1983, no state fund had adequate reserves and 23 were insolvent; (4) improved economic conditions helped

states to reduce federal indebtedness, although reserves remained inadequate to cover recession-level benefit payments; (5) state trust funds will not accumulate adequate reserves even if the current economic expansion continues; (6) federal policies increased the costs of insolvency to states to encourage them to repay federal loans promptly; and (7) states reduced the percentage of the unemployed eligible for benefits, from nearly 55 percent in 1952 to 32 percent in 1986. GAO believes that the failure of most state unemployment insurance funds to maintain adequate reserves has eroded the system's self-financing feature and increased the potential for massive borrowing.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to establish a standard for the level of reserves to be maintained in state unemployment insurance trust funds.
**Status:** Action not yet initiated.

**Recommendation:** Because current policy regarding federal lending to state trust funds has had the effect of encouraging an erosion of benefits to many workers, Congress may wish to craft any measure to improve reserve adequacy in a manner that does not further erode benefit eligibility.
**Status:** Action not yet initiated.

**Recommendation:** Congress may wish to consider program changes that would help offset the fiscal burden that falls on states with chronically high unemployment rates.
**Status:** Action not yet initiated.

**Congressional Action:** Congress is still deliberating changes to unemployment insurance funding.

# Vocational Education: Opportunity to Prepare for the Future

HRD-89-55, 05/10/89 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed the implementation of the Carl D. Perkins Vocational Education Act, focusing on the: (1) extent to which the act provides access to quality vocational education programs for designated populations, encourages modernization and improvement of state and local programs, and directs funds to the most economically depressed communities within each state; and (2) availability at the federal level of vocational education data for legislative and executive oversight.

## Findings

GAO reviewed 6 states and 20 localities and found that: (1) they generally used program funds appropriately, but some vocational education students in disadvantaged areas were less likely to receive funding for improved or modernized program activities than students outside such areas; (2) all six states allocated more than half of their basic state grants to economically depressed areas, as the act required, but some states designated relatively wealthy areas as economically depressed and gave them greater per-capita funding than some poorer communities; (3) the funds allocation formula for disadvantaged populations shifted funds from poor communities to more affluent ones because it included nonpoor, academically disadvantaged students; (4) a large number of school districts in four states returned funds for the disadvantaged and handicapped to the states, and one state reallocated funds to more affluent areas in the state; and (5) the Department of Education has not developed a national vocational education data system, making congressional oversight and program administration more difficult.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Education should provide the leadership needed to complete development of a national vocational education data system, using common terms and definitions, in cooperation with affected vocational education organizations, such as the Council of Chief State Schools Officers, and with the assistance of the National Center for Education Statistics.
**Status:** Action in process. The reauthorized Perkins Act required

Education to establish a vocational education data system. The Department has awarded a contract to study national data needs to make recommendations for developing and implementing the system.

# Vocational Rehabilitation: Clearer Guidance Could Help Focus Services on Those With Severe Disabilities

HRD-92-12, 11/26/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO reviewed implementation of the order-of-selection provision in the Rehabilitation Act of 1973, focusing on: (1) why some states do not use order of selection; (2) how other states implement order of selection; and (3) how the Department of Education oversees state compliance with the requirement.

## Findings

GAO found that: (1) more than half the states have never used order of selection; (2) the 11 non-order-of-selection states visited claimed to be in compliance with the act because they could serve all eligible applicants; (3) the 11 states used such case-load management techniques as reducing outreach efforts when demand exceeded their resources, which made it appear that they were meeting demand; (4) overall, the case-load percentage of clients with severe disabilities among the nine order-of-selection states was higher than all other states; (5) the Rehabilitation Services Administration (RSA) has provided inadequate guidance and oversight, regarding order of selection; (6) the non-order-of-selection states expressed concern that implementing order of selection would be administratively burdensome and unfair to clients with less severe disabilities; and (7) most order-of-selection states implemented order of selection continuously, rather than only using it as resources declined.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Education should direct the Commissioner, RSA, to disseminate information on states' successful order-of-selection experience to states without experience to help address the latter's concerns.

**Status:** Action in process. The department has developed a model to assist states in implementing order of selection. The model was included in recently issued guidance. RSA plans to evaluate fiscal year 1993 state plans and will disseminate order-of-selection information that may be helpful to other states.

# Within-School Discrimination: Inadequate Title VI Enforcement by the Office for Civil Rights

HRD-91-85, 07/22/91 GAO Contact: Linda G. Morra, (202)512-7014

## Background

Pursuant to a congressional request, GAO assessed the: (1) extent to which U.S. elementary and secondary schools may discriminate against minority students in assignment practices; and (2) adequacy of the Department of Education's Office for Civil Rights' (OCR) enforcement activities regarding within-school discrimination.

## Findings

GAO found that: (1) OCR and numerous education researchers have found evidence of possible within-school discrimination resulting from such practices as block scheduling, ability grouping, and student assignments based on single measures; (2) OCR within-school discrimination compliance review efforts have declined since fiscal year 1983; (3) OCR found violations more

frequently during compliance reviews than during complaint investigations; (4) OCR regional offices varied in their investigation and resolution of complaints and lacked written policy guidance for discrimination investigations and regulations concerning acceptable student assignment practices; (5) OCR regional offices delayed or did not complete monitoring of noncompliance cases, and investigators indicated that monitoring was a low priority in regional offices; and (6) OCR personnel indicated that lack of staff expertise and limited training opportunities adversely affected regional offices' investigation, resolution, and monitoring activities. GAO also found that in December 1990 OCR reported its intent to: (1) initiate a centrally coordinated compliance review program as part of a new national enforcement strategy; (2) assign a high priority to within-school discrimination; (3) develop written policy guidance regarding within-school discrimination investigations; (4) improve monitoring activities; and (5) provide more training opportunities.

## Open Recommendations to Agencies

**Recommendation:** To provide federal guidance to state and local education agencies, the Secretary of Education should issue title VI regulations that identify practices schools should use for assigning students to classes on the basis of academic ability or achievement level.
**Status:** Recommendation valid/action not intended. Education disagreed, maintaining that the current regulations and publication of an internal policy document in the Federal Register is sufficient. GAO believes that the regulations do not provide state and local education agencies with ability-grouping standards and that use of the internal document designed for use by OCR investigators will not adequately disseminate needed federal guidance.

**Recommendation:** To help ensure that regional offices reach consistent determinations in their investigations, the Secretary of Education should direct the Assistant Secretary for Civil Rights to develop and issue policy guidance that specifies how and when regional offices should use disparate impact analysis in title VI ability-grouping and tracking investigations. This policy guidance should specify the appropriate methods and criteria for determining: (1) if district practices have a segregative effect; (2) if the practices are educationally justified; and (3) when and how to determine the availability of alternative methods of student assignment. In addition, policy guidance of similar specificity should be developed on the appropriate analytic approaches to be used in investigations of each of the other within-school discrimination issues.
**Status:** Action in process. Education is developing policy on various within-school discrimination issues, including ability-grouping. Ability-grouping policy is in draft form, but has not yet been published in the Federal Register. Other within-school discrimination policy guidance is currently under development.

# Health

(Budget Function 550)

# Federal Health Care Delivery Issues

## Issue Area Summary

### Impact of GAO's Work

The Department of Defense (DOD) and the Department of Veterans Affairs (VA) operate two of the largest centrally managed health care systems in the world, spending more than $25 billion annually through about 500 facilities and a network of private providers (e.g., DOD's Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)). In addition, the Health Care Financing Administration (HCFA) is administering the multibillion-dollar Medicare and Medicaid Programs, which finance health care provided to the nations's elderly, disabled, and economically disadvantaged.

Rising health care costs and substantial budget deficits have prompted major congressional concerns about whether these agencies are delivering quality health care to their beneficiaries as efficiently and cost-effectively as possible. The downsizing of military forces and the potential transfer of beneficiaries from DOD systems to VA systems has also prompted a concern about the structure of DOD and VA health delivery systems. Our objectives in this issue area are to (1) ensure that VA and DOD health care systems are operating effectively and efficiently; (2) identify and assess opportunities for restructuring VA and DOD health care delivery systems to enhance universal access to health care; and (3) improve the quality of health care processes in VA, DOD, Medicare, Medicaid, and Public Health Service Programs.

### DOD Programs

During fiscal year 1992, we continued making progress toward achievement of these objectives. For example, our work on DOD's implementation of a system of managed health care identified a number of obstacles, inequities, and negative beneficiary incentives that substantially reduced the program's effectiveness. The recommendations we made, which DOD is implementing, will result in simplified program administration, a program that mirrors the prevailing managed care practices and health care benefit designs around the country, and one that will be more equitable for all beneficiaries. Our continued evaluation of mental health benefits under CHAMPUS showed that while DOD was making some progress, serious quality-of-care and payment problems identified in the past were continuing and DOD needs to take more aggressive actions. Our work on wartime medical readiness identified several issues that will likely limit the capability of DOD, VA, and the National Disaster Medical System to care for large numbers of wartime casualties returning to the United States.

### VA Programs

Our work identified ways for VA to improve several key operations. For example, VA should be able to improve the operations of its pharmacies in providing cost-effective delivery of prescription drugs and in ensuring adequate controls over addictive drugs. VA should also be able to implement a better system of locality pay for nurses, increase its revenues through better evaluations of the copayment exemption status of Vietnam veterans claiming exposure to Agent Orange, and improve its policies and practices for ensuring equal access to treatment by women veterans.

We are conducting a comprehensive effort to address the restructuring of federal health care delivery systems and beneficiary eligibility reforms to provide a better understanding of, and federal options for, a system of universal access to quality health care. As part of this effort, we have demonstrated that VA medical centers' authorization processes for the use of private medical care at VA expense could be improved to ensure that such care supplements, not substitutes for, care provided at VA facilities. We also reported that (1) congressional extension of VA's authority to use tax records to verify veterans' incomes could increase VA copayment revenues by millions of dollars; (2) a DOD-VA venture at Tripler Army Medical Center could better provide for the needs of Hawaii's veterans at less cost to the government; and (3) VA could offset a larger portion of its nursing home and domiciliary costs if the Congress authorized it to collect higher copayments from veterans using these services.

## Quality of Care Provided to Federal Beneficiaries

As a result of our work at VA, improvements in medical center operations and patient care could be made by elevating the role of the chief of nursing services to a position reporting directly to medical center directors. VA should also be able to place greater emphasis on resolving identified quality-of-care problems in both psychiatric and medical care provided by its psychiatric hospitals. Our work showed that VA should more thoroughly evaluate its patient medical records, both paper copy and automated data bases, to ensure that they contain complete and accurate clinical data.

Our efforts have also included evaluating quality-of-care issues at HCFA and the Public Health Service's community health care centers. Our work at HCFA has resulted in needed improvements in its conduct of evaluations of accrediting organizations that are seeking deemed status for home health care agencies. For example, HCFA has corrected several problems we identified in its evaluation of the Community Health Accreditation Program's ability to ensure that home health care agencies meet Medicare conditions of participation. Our legislatively mandated work at the Public Health Service refuted allegations that physicians working in community health centers had been denied hospital privileges merely because they worked at community health centers.

## Key Open Recommendations

In our report on VA's verification of veterans' reported income, we recommended that the Congress extend VA's authority to use tax records in determining veterans' copayment liability and that VA implement an income-verification system as soon as possible after such authority was extended. (GAO/HRD-92-159, see p. 579.)

In another report, we recommended that VA use private health care only when the needed services were not available at VA facilities or veterans' geographic location made it more economical to use private care. (GAO/HRD-92-109, see p. 578.)

We recommended that VA, in its planning to consolidate and automate mail-service pharmacies: (1) assume maximum use of 90-day supplies when dispensing maintenance drugs prescribed at a stabilized dose; (2) select the most cost-efficient locations for the mail-service pharmacies; and (3) ensure compatibility of prescription handling and automatic data processing equipment throughout VA facilities to maximize efficiency. (GAO/HRD-92-30, see p. 574.)

In our report on VA's controls over addictive drugs, we recommended that VA pharmacy managers inspect supplies of lower scheduled drugs periodically, using receipt and dispensing records, so that potential drug losses could be detected in a timely manner. (GAO/HRD-91-101, see p. 572.)

In a report on VA copayment exemption procedures, we recommended that VA provide specific guidelines to medical centers for evaluating the copayment exemption status of Vietnam veterans who claim exposure to Agent Orange. (GAO/HRD-92-77, see p. 570.)

In our report on the establishment of the Hawaii Medical Center, we recommended that VA reconsider its decision to build additional acute care beds at Tripler Army Medical Center's E-Wing and that VA and DOD develop a joint-venture agreement to give VA autonomy over care provided to veterans at Tripler. We also recommended that VA use Tripler's E-Wing to accommodate its planned nursing home. (GAO/HRD-92-41, see p. 579.)

We recommended that VA allow its medical centers to elevate the role of chief of nursing services to a position reporting directly to the medical center director. This should help to alleviate problems found in the hospitals' quality assurance programs. (GAO/HRD-92-74, see p. 576.)

In our report on the quality-of-care provided by some VA psychiatric hospitals, we recommended that each hospital director be held responsible for making certain that quality-of-care problems are identified and resolved. We also recommended that VA define the term "treatment goal," provide guidance on how such goals should be evaluated, and ensure that program reviews are conducted to evaluate the attainment of these goals. (GAO/HRD-92-17, see p. 577.)

## Products With Open Recommendations: Federal Health Care Delivery Issues

| Product Title | |
|---|---|
| Defense Health Care: Implementing Coordinated Care—A Status Report (HRD-92-10) | 558 |
| Defense Health Care: Obstacles in Implementing Coordinated Care (T-HRD-92-24) | 559 |
| Defense Health Care: Potential for Savings by Treating CHAMPUS Patients in Military Hospitals (HRD-90-131) | 559 |
| Health Care: Hospitals With Quality-of-Care Problems Need Closer Monitoring (HRD-91-40) | 560 |
| Health Care: VA's Implementation of the Nurse Pay Act of 1990 (T-HRD-92-35) | 561 |
| Infection Control: Military Programs Are Comparable to VA and Nonfederal Programs but Can Be Enhanced (HRD-90-74) | 562 |

## Related Products With Open Recommendations Under Other Issue Areas

**Product Title**

# Defense Health Care: Implementing Coordinated Care—A Status Report

HRD-92-10, 10/03/91 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO examined the status of the Department of Defense's (DOD) efforts in implementing Coordinated Care, its managed health care concept, throughout the military health services system.

## Findings

GAO found that: (1) since June 1990, DOD has made significant advances in moving to a managed health care system, especially in light of the magnitude and complexity of this undertaking; (2) since many complex operational details and some policies still need to be developed and decided upon, DOD is behind schedule in implementing the program; (3) it is unclear exactly what will be expected of military hospital commanders in terms of management responsibilities and accountability, how the Civilian Health and Medical Program of the Uniformed Services Reform initiative will be blended into the Coordinated Care program, what additional resources will be needed to implement the program and where they will come from, when sufficient budgeting and resource allocation systems will be in place to implement a managed care system, when the military services will be ready to implement Coordinated Care, and how Coordinated Care will be evaluated; (4) until recently, DOD had made little progress in implementing the program at its one test site, but assigning the Assistant Secretary of Health Affairs responsibility for developing a unified medical budget and allocating resources should help resolve funding disputes that may arise among the services; (5) DOD still has not addressed the need to provide uniform benefits and cost sharing; and (6) currently, uneven benefits and cost-sharing requirements vary across the country, adding to beneficiaries' confusion and uncertainty about their medical benefits.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Defense should develop and submit to Congress a plan for adopting uniform DOD benefits and cost sharing within each category of enrolled beneficiary, regardless of whether the care is provided in a military hospital or a civilian setting.
**Status:** Action in process. Estimated completion date: 12/93. DOD agrees with the need to develop a uniform health benefits plan and intends to develop such a plan by December 15, 1993, as part of a comprehensive study of the military medical care system.

**Recommendation:** The Secretary of Defense should direct the Assistant Secretary of Defense (Health Affairs) to review the DOD timetable for the systemwide implementation of Coordinated Care and report the results of that review, including revised time frames, as appropriate, to Congress.
**Status:** Action not yet initiated. DOD agrees with the report's findings and recommendations. It plans to initiate efforts to implement the recommendations.

# Defense Health Care: Obstacles in Implementing Coordinated Care

T-HRD-92-24, 04/07/92 GAO Contact: David P. Baine, (202)512-7101

## Background

GAO discussed Department of Defense's (DOD) plans for adopting its Coordinated Care Program throughout the military health care services system, focusing on: (1) challenges DOD faces in implementing Coordinated Care; (2) options available to DOD to help it deal with implementation problems; and (3) the use of contracting in Coordinated Care. GAO noted that: (1) DOD faces significant challenges as it tries to restructure its health care system, including budget constraints, difficulty in building a consensus for restructuring changes, and a lack of reliable data upon which to base decisions or key operational aspects of the program; (2) significant implementation issues include beneficiary cost sharing and incentives to participate, and administrative concerns involving data systems needed to support key program elements; (3) the move to managed health care must include, or be accompanied by, a budgeting and resource allocation system that can accurately predict resource needs, distribute resources equitably, and give managers the proper incentives to achieve desired health care and budgetary objectives; and (4) DOD cannot meet all the health care needs of its beneficiaries through its own medical facilities and will need to rely on contracting for health care services in the future.

## Open Recommendations to Agencies

**Recommendation:** DOD will need to decide how to allocate its medical personnel and where it makes the most economic sense to contract for services. In making these decisions, DOD should consider a number of factors, in addition to cost and quality of care considerations, including: (1) the availability of high-quality civilian health care providers in areas where beneficiaries are located; (2) military facilities' capabilities to deliver needed services; (3) wartime preparedness and training requirements, including arrangements to meet beneficiary needs during call-ups and deployments; and (4) the extent and variability of military expertise and continuity in administering managed health care programs.

**Status:** Action not yet initiated. DOD has not yet selected the final configuration of its Coordinated Care Program. Several demonstrations are still ongoing. When final decisions are made, these suggestions will be considered.

# Defense Health Care: Potential for Savings by Treating CHAMPUS Patients in Military Hospitals

HRD-90-131, 09/07/90 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO assessed the potential for savings by adding staff and other resources at military hospitals to treat more patients, instead of paying for their care under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

## Findings

GAO found that: (1) the Department of Defense (DOD) could potentially save between $18 million and $21 million if it increased resources at the reviewed hospitals to care for CHAMPUS patients; (2) military hospital care for CHAMPUS patients would cost from 43 to 52 percent less than CHAMPUS-funded care, although savings estimates varied due to differing costs of adding military, civilian, or contractor staff, and by hospital, type of care, and other factors; (3) DOD paid $37 million for CHAMPUS care in certain specialties during fiscal year (FY) 1988, amounting to nearly 20 percent of its total health

care expenditures; (4) military facilities had unused capacity due to staff shortages, with a FY 1988 overall occupancy rate of 45 percent; (5) about 70 percent of CHAMPUS costs were incurred within areas experiencing low occupancy rates; (6) acquiring additional civilian government personnel presented the greatest savings potential, since such costs were less than those for acquiring military or contract staff; (7) treating more dependents of active-duty personnel in military hospitals could result in significant savings; (8) treating more CHAMPUS beneficiaries in military hospitals could produce increased medical proficiency and improved medical education programs; and (9) if hospitals augmented their resources, they could attract more CHAMPUS patients, but their costs would increase.

## Open Recommendations to Agencies

**Recommendation:** As DOD proceeds with efforts to identify additional locations in which to implement its cost-containment initiatives, the Secretary of Defense should direct secretaries of the military departments to identify, using either the GAO-developed methodology or a similar one, the hospitals and medical specialties for which expanding capability to care for patients whose care is now funded under CHAMPUS would be most cost-effective.
**Status:** Action in process. Estimated completion date: 09/94. DOD has stated that it will direct the services to identify those hospitals and medical specialties for which expanding capabilities to care for CHAMPUS patients would be most cost-effective. The DOD Coordinated Care Program is designed to integrate the direct care system and CHAMPUS, and this program is expected to be implemented within the continental United States by the end of FY 1994.

**Recommendation:** Where warranted, the military services should proceed to increase hospitals' capabilities, after the services determine the appropriate hospitals and medical specialties.
**Addressee:** Department of the Air Force
**Status:** Action not yet initiated. The most cost-effective hospitals and medical specialties have not yet been identified by the services. DOD has integrated this activity into its Coordinated Care Program.
**Addressee:** Department of the Navy
**Status:** Action not yet initiated. The most cost-effective hospitals and medical specialties have not yet been identified by the services. DOD has integrated this activity into its Coordinated Care Program.
**Addressee:** Department of the Army
**Status:** Action not yet initiated. The most cost-effective hospitals and medical specialties have not yet been identified by the services. DOD has integrated this activity into its Coordinated Care Program.

# Health Care: Hospitals With Quality-of-Care Problems Need Closer Monitoring

HRD-91-40, 05/09/91 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO examined the adequacy of federal oversight of the Joint Commission on Accreditation of Healthcare Organizations' accreditation activities in hospitals serving Medicare patients.

## Findings

GAO found that: (1) effective June 19, 1990, the Department of Health and Human Services (HHS) had access to data relating to Joint Commission surveys of hospitals serving Medicare patients, regardless of whether the Health Care Financing Administration (HCFA) conducted a survey; (2) once every 3 years, the Joint Commission surveyed hospitals that seek its accreditation; (3) HCFA considered hospitals that did not comply with one or more Medicare participation conditions to be susceptible to providing poor-quality care, and subject to termination from the Medicare program if compliance is not achieved within a specific period; (4) in nonaccredited hospitals, HCFA regional office review teams found that state agency surveys did not consistently identify Medicare conditions with which hospitals did not comply; and (5) to effectively assess the Commission's ability to identify hospitals that are not complying with Medicare requirements, HCFA must be able to establish a direct relationship between its conditions of participation and the Commission's standards.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to establish a minimum number or percentage of monitoring surveys that must be conducted by federal personnel in nonaccredited hospitals and follow up on the causes of any differences that are identified between federal and state agency survey findings.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to develop survey guidance that requires priority attention be given to hospitals with a history of noncompliance with Medicare requirements when determining which nonaccredited hospitals to survey.
**Status:** Action not yet initiated.

# Health Care: VA's Implementation of the Nurse Pay Act of 1990

T-HRD-92-35, 06/03/92 GAO Contact: David P. Baine, (202)512-7101

## Background

GAO discussed the Department of Veterans Affairs' (VA) implementation of a locality pay system for nurses, focusing on: (1) the appropriateness of survey methods that various VA medical centers used; and (2) VA efforts to inform nurses about the system. GAO noted that: (1) VA did not test its survey questionnaire before sending it out to the medical centers; (2) although 8 of the 18 data collectors at the centers reviewed had no prior experience in conducting salary surveys, VA provided them with little training; (3) VA collected salary data through telephone calls without verifying the information obtained; (4) VA did not follow a rigorous approach to ensure that job matches were accurate; (5) nurses at the four medical centers visited had substantive involvement in collecting salary data for their own and their supervisors' pay grades, representing a possible conflict of interest; (6) despite widely varying salary increases, VA did not review three-fourths of the medical center surveys; and (7) the medical centers reviewed did not keep nurses informed about concentrated efforts during periods shortly before or after the locality pay system was implemented.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should report its administration of the locality pay system to the Office of Management and Budget as a material internal control weakness under the Federal Managers' Financial Integrity Act.
**Status:** Action not yet initiated.

**Recommendation:** VA should promptly develop a plan for correcting the deficiencies and establish a timetable for completing the corrective actions.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should also require each VA medical center to provide continuous training concerning the locality pay systems to its nursing staff.
**Status:** Action not yet initiated.

# Infection Control: Military Programs Are Comparable to VA and Nonfederal Programs but Can Be Enhanced

HRD-90-74, 04/27/90 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO compared military hospitals' infection control programs to similar efforts in the Department of Veterans Affairs (VA) and nonfederal hospitals.

## Findings

GAO found that: (1) service guidelines did not include GAO-recommended elements, but military hospitals used most of the 56 basic elements considered essential to infection control programs; (2) military hospitals' infection control practitioners initiated element use; (3) the services provided military practitioners limited guidance and direction; (4) the extent of infection control program element use in military hospitals was similar to that in VA and nonfederal hospitals; (5) public and private-sector practitioners did not use the more labor-intensive elements; and (6) military infection programs did not have sufficient management to include all of the basic elements and service-required activities.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Defense should direct the service secretaries, in conjunction with the Assistant Secretary of Defense for Health Affairs, to require the service surgeons general to determine the relative priority of the infection control programs in relation to other hospital activities and ensure that hospitals provide adequate resources for infection control.
**Status:** Action in process. The services have been directed to identify specific corrective actions planned on the GAO recommendations and determine the resources needed to implement those actions. No mention is made as to whether the resources requested will actually be provided, however.

**Recommendation:** The Secretary of Defense should direct the service secretaries, in conjunction with the Assistant Secretary of Defense for Health Affairs, to ensure that headquarters or mid-level command staff who are familiar with infection control program activities make periodic visits to each hospital to provide technical assistance to the infection control program.
**Status:** Action not yet initiated. Periodic visits are to be initiated after infection control policies are developed.

# Infection Control: VA Programs Are Comparable to Nonfederal Programs but Can Be Enhanced

HRD-90-27, 01/31/90 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed Department of Veterans Affairs (VA) hospitals' infection control programs, focusing on: (1) whether VA used infection control data to prevent future infections; (2) whether VA infection control programs were adequately staffed and organized; and (3) VA infection control programs' effectiveness compared to nonfederal hospital programs.

## Findings

GAO found that: (1) VA had not updated its infection control guidance since 1979; (2) VA guidelines clearly required only 16 of 56 basic elements considered essential to infection control programs; (3) infection control practitioners in 5 of 7 VA medical centers that GAO studied took personal initiatives that exceeded VA guidance, thereby incorporating most of the 56 basic elements; (4) practitioners incorporated 12 elements less frequently than the remaining 44

elements, because the VA guidelines did not adequately address those elements; (5) VA hospitals generally incorporated 44 GAO program elements, while nonfederal hospitals generally incorporated 42; (6) VA and nonfederal hospitals' specific practices were similar; (7) as VA guidelines required only one infection control practitioner for every 200 to 250 beds, 55 percent of VA programs were understaffed in 1987; and (8) VA regional offices inadequately monitored infection control programs in four of seven medical centers reviewed, primarily because the regional offices lacked guidance from a central, coordinating office, did not share infection control data, and did not include knowledgeable personnel in their inspection teams.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director, VA, to update VA infection control guidance. At a minimum, the guidance should require components similar to those in the GAO basic infection control program elements.

**Status:** Action in process. The VA Chief Medical Director stated that VA infection control guidance has been revised and updated. However, the VA Policy and Followup Division has found that the revisions do not entail all of the GAO basic infection control program elements of an infection control program. Further review is in process.

# Maternal and Child Health: Block Grant Funds Should Be Distributed More Equitably

HRD-92-5, 04/02/92 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO analyzed the current Maternal and Child Health (MCH) Services Block Grant allocation formula, focusing on: (1) the development of equity standards to reflect the states' comparative needs; (2) the extent that present MCH funding allocation adheres to such standards; (3) the creation of alternative formulas to distribute MCH funds more equitably; and (4) ways to phase in new formulas with minimum disruption to services.

## Findings

GAO noted that: (1) the adoption of a formula that balances the beneficiary equity standard and the taxpayer equity standard could substantially improve MCH program equity; and (2) it developed a formula that would redistribute $80.4 million, increasing grants for 26 states and decreasing grants for the 25 remaining states. GAO found that: (1) the current MCH allocation method does not compensate states for their varying concentrations of children at risk or take into account the differences in health care costs from state to state; and (2) in some cases, MCH funding actually runs counter to the two equity standards, because the current fund distribution method directs more aid to states with lower concentrations of low-birthweight babies than to those with higher concentrations. GAO also noted that: (1) it developed two alternative methods for phasing in its new MCH formula; (2) under the first alternative, the overall MCH appropriation would remain the same and the portion of MCH funds distributed under the existing allocation method would be reduced; and (3) under the second alternative, Congress would increase overall MCH appropriations so that the new formula could be phased in without reducing funds currently going to individual states.

## Open Recommendations to Congress

**Recommendation:** Congress should adopt an MCH formula that improves equity for both intended beneficiaries and state taxpayers by distributing funding among the states according to three factors: (1) the concentration of children at risk; (2) the costs of providing health care services; and (3) the states' ability to finance maternal and child health services from state resources. In adopting a redesigned MCH formula, Congress will need to strike a balance between those two equity standards. GAO weighing of those two concerns in its example of a new allocation formula demonstrates one way in which Congress's preferences could be implemented.

**Status:** Action not yet initiated.

**Recommendation:** Congress may wish to determine the way in which the MCH formula would apply to grants to the

U.S. insular areas. One way to implement such grants is to fund future levels by the MCH grant percentages that the areas currently receive. Another alternative would be to distribute MCH funds on the basis of each insular area's percentage of total U.S. population.

**Status:** Action not yet initiated.

**Recommendation:** A redesigned MCH formula would mean changes for the states, both in the standards for receiving MCH funding and in the amounts received. Congress may wish to consider determining the rate and the way in which those changes would be implemented. Central to this issue would be a choice between holding MCH allocations at the current level or raising them so that no state experiences a reduction in its present level of funding.
**Status:** Action not yet initiated.

# Medicaid: HCFA Needs Authority to Enforce Third-Party Requirements on States

HRD-91-60, 04/11/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed the Health Care Financing Administration's (HCFA) efforts to ensure that states paid Medicaid funds only after beneficiaries' other health care resources were exhausted, focusing on whether HCFA: (1) identified state noncompliance with federal requirements; and (2) had adequate authority to enforce compliance.

## Findings

GAO found that: (1) HCFA identified significant deficiencies in states' ability to comply with federal third-party requirements, with 45 of 49 states failing to comply with at least 1 of 9 federal requirements; (2) HCFA found that 23 of 49 states did not adequately seek payment recovery; (3) although HCFA did not estimate Medicaid program losses resulting from such noncompliance, GAO identified 2 states as having more than $175 million in backlogged claims for which third parties may have some liability; (4) while imposing additional third-party requirements upon states, the Consolidated Omnibus Budget Reconciliation Act (COBRA) severely limited HCFA authority to impose financial penalties on states that did not meet third-party requirements; and (5) HCFA authority to enforce third-party requirements with financial penalties was almost nonexistent.

## Open Recommendations to Congress

**Recommendation:** Congress should amend the Social Security Act to authorize HCFA to withhold federal matching funds when states do not comply with federal third-party requirements. To do so, current restrictions in the law should be removed.
**Status:** Action not yet initiated. The House Committee on Government Operations plans to hold hearings during 1993.

# Medical ADP Systems: Analysis of Technical Aspects of DOD's Composite Health Care System

IMTEC-88-27, 07/11/88 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a legislative requirement, GAO evaluated the system-level specifications and medical facility workload data for the Department of Defense's (DOD) Composite Health Care System (CHCS) acquisition.

## Findings

GAO found that DOD needed to perform additional cost-effectiveness analysis on four system-level specifications relating to: (1) costing all computer operators as contractor-provided, although DOD intended to use its own personnel under certain circumstances; (2) 2-hour maintenance response times; (3) 30-day on-line data retention for inpatients; and (4) 2-year on-line data retention for outpatients. GAO also found that: (1) from 1984 to 1986, the number of outpatient visits decreased by 5 to 14 percent in all three services' medical facilities and varied widely at individual facilities; and (2) unanticipated variations at individual military medical facilities could result in excessive or inadequate computer resources.

## Open Recommendations to Agencies

**Recommendation:** To ensure that CHCS meets the needs of the military medical community cost-effectively, the Secretary of Defense should direct the program office, during the operational test and evaluation phase, to evaluate and determine, during the cost-benefit analysis, the appropriate parameters for maintenance response times and on-line data retention.

**Status:** Action in process. DOD prepared a Milestone IIIA decision paper and a CHCS cost-benefit analysis to present to a review board. DOD reviewed and simplified retention requirements by retaining inpatient data on-line for 60 days and outpatient data for 18 months. DOD cannot evaluate maintenance response time until all CHCS software is operational, or evaluate on-line data retention until archival capability exists.

# Medical ADP Systems: Automated Medical Records Hold Promise to Improve Patient Care

IMTEC-91-5, 01/22/91 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO reviewed the potential benefits of and impediments to the use of automatic data processing (ADP) systems in managing medical patient care records.

## Findings

GAO found that automated medical records could: (1) greatly improve patient care management due to their quick accessibility, improved accuracy, higher quality, increased versatility, and decisionmaking and quality assurance support; and (2) enhance outcomes research and increase hospital efficiency by improving staff productivity and reducing operating costs. GAO also found that many health professionals did not fully use automated medical records because: (1) they perceived such systems as difficult to operate and foreign to their practice of medicine, although this could be alleviated by emerging technology and adequate training; (2) the necessary technology for completely automating those records seemed too costly or was not yet fully developed; (3) of undeveloped standards for automating those records and lack of agreement within the medical community; and (4) of unaddressed security and privacy concerns and their potential legal implications.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services, as part of the Department of Health and Human

Services' mandate to conduct research on outcomes of health care services, should direct the Public Health Service, through its Agency for Health Care Policy and Research (AHCPR), to support the exploration of ways in which automated medical records can be used to more effectively and efficiently provide data for outcomes research.
**Status:** Action in process. AHCPR is investigating and preparing a list of clinical data bases that are available for use in medical effectiveness research. Several efforts are underway, the majority of which will be completed in fiscal year 1993.

**Recommendation:** The Secretary of Health and Human Services, as part of the effort to support outcomes research, should develop a plan and a budget for consideration by Congress, to bring about the greater use of automated medical records. This plan could include a national forum that sets goals for automating medical information, addresses individual and organizational concerns with automated records, and identifies incentives to induce health care organizations to increase their use of automation.
**Status:** Action in process. Estimated completion date: 03/93. The American National Standards Institute, Health Care Information Standards Planning Panel, was officially approved on December 19, 1991. Two conferences are planned to examine the feasibility of developing standards for automated medical records. The last of these conferences is planned for March 1993.

# Medical ADP Systems: Composite Health Care System Is Not Ready to Be Deployed

IMTEC-92-54, 05/20/92 GAO Contact: Frank Reilly, (202)512-6408

## Background

GAO provided information about the Department of Defense's (DOD) progress in developing and testing the Composite Health Care System (CHCS), which is intended to integrate a wide array of data needed by military physicians and facilities in managing and treating patients.

## Findings

GAO found that: (1) DOD wants to deploy the first phase of CHCS before addressing important capabilities involving the identification, elimination, and prevention of multiple patient records and record archival and retrieval; (2) those capabilities are critical to physician acceptance and use of CHCS and the system's ability to support clinicians' inpatient activities; (3) DOD has delayed the incorporation of inpatient order-entry capability until the second phase deployment scheduled for 1994, but faces a major developmental risk in its design and testing; (4) inadequacies in operational test and evaluation (OT&E) planning and implementation yielded inconclusive test results that may not be representative of the environment in which CHCS is to be deployed; (5) DOD is attempting to address 17 fundamental CHCS weaknesses identified in spite of the OT&E inadequacies; (6) CHCS life-cycle costs exceed the congressionally established $1.6-billion ceiling by more than $400 million; and (7) DOD has had difficulty in estimating and validating CHCS benefits, with five recent benefit studies estimating cost savings ranging between $1.7 billion and $3.8 billion. GAO believes that CHCS is not ready for deployment, since major deficiencies still exist in system capabilities and the scope and quality of testing have been inadequate.

## Open Recommendations to Agencies

**Recommendation:** To help ensure the success of CHCS once it is deployed, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to defer approval to deploy CHCS until the ability to identify and remove multiple patient records has been incorporated into the software version of CHCS that DOD intends to deploy beyond the designated test sites.
**Status:** Action not yet initiated.

**Recommendation:** To help ensure the success of CHCS once it is deployed, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to defer approval to deploy CHCS until procedures have been established to prevent the creation of multiple patient records.
**Status:** Action not yet initiated.

**Recommendation:** To help ensure the success of CHCS once it is deployed, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to defer approval of CHCS until the capability to archive and retrieve patient data has been successfully field tested.
**Status:** Action not yet initiated.

**Recommendation:** To help ensure the success of CHCS once it is deployed, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to defer approval to deploy CHCS until a sound testing methodology has been developed and carried out for those parts of the OT&E that were inadequate.
**Status:** Action not yet initiated.

**Recommendation:** To help ensure the success of CHCS once it is deployed, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to defer approval to deploy CHCS until a complete and supportable cost-benefit analysis has been performed.
**Status:** Action not yet initiated.

**Recommendation:** Because an efficient method for entering physician inpatient orders is significant to the overall success of CHCS, the Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to update the Senate and House Committees on Armed Services periodically on the progress being made on the development of a solution to the inpatient order-entry problem.
**Status:** Action not yet initiated.

# Methadone Maintenance: Some Treatment Programs Are Not Effective; Greater Federal Oversight Needed

HRD-90-104, 03/22/90 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed the: (1) treatment provided to patients in methadone maintenance programs in eight states; and (2) federal government's oversight role for such programs.

## Findings

GAO found that: (1) many methadone maintenance programs were not effectively treating heroin addiction; (2) 1 to 47 percent of patients in treatment for more than 6 months continued to use heroin; (3) policies, goals, and practices varied greatly among methadone maintenance treatment programs; (4) none of the programs evaluated the effectiveness of their treatment; and (5) there were no federal standards for treatment programs. GAO also found that: (1) federal oversight of treatment programs has been very limited since 1982; (2) interim maintenance, defined as the supply of methadone without any other support services, did not significantly reduce heroin use or the risk of acquired immunodeficiency syndrome (AIDS); and (3) many programs failed to meet minimum urine testing requirements, standards for admissions, and medical evaluation requirements.

## Open Recommendations to Agencies

**Recommendation:** To better monitor and assess methadone maintenance treatment programs, the Secretary of Health and Human Services should direct the Food and Drug Administration (FDA) or the National Institute on Drug Abuse (NIDA), as appropriate, to develop result-oriented performance standards for methadone maintenance treatment programs.
**Status:** Action in process. Estimated completion date: 01/94. A 2-year feasibility study to develop performance standards and guidance on data collection for oversight of methadone maintenance was scheduled for completion in late 1991, but was extended because of the clearance of implementation plans through the Department of Health and Human Services (HHS) and the Office of Management and Budget (OMB). Initial clearance has been given by OMB and the first field test is scheduled to begin as soon as OMB gives final clearance.

**Recommendation:** To better monitor and assess methadone maintenance treatment programs, the Secretary of Health and Human Services should direct FDA or NIDA, as appropriate, to provide guidance to treatment programs regarding the type of data that must be collected to permit assessment of programs' performance.
**Status:** Action in process. Estimated completion date: 01/94. A 2-year

feasibility study intended to develop performance standards and guidance on data collection for oversight of methadone maintenance was scheduled for completion in late 1991, but was extended because of the clearance of implementation plans through HHS and OMB. Initial clearance has been given by OMB, and the first field test is scheduled to begin as soon as OMB gives final clearance.

**Recommendation:** To better monitor and assess methadone maintenance treatment programs, the Secretary of Health and Human Services should direct FDA or NIDA, as appropriate, to ensure increased program oversight oriented toward performance standards.
**Status:** Action in process. Estimated completion date: 01/94. A 2-year feasibility study intended to develop performance standards and guidance on data collection for oversight of methadone maintenance was scheduled for completion in late 1991, but was extended because of the clearance of implementation plans through HHS and OMB. Initial clearance has been given by OMB, and the first field test is scheduled to begin as soon as OMB gives final clearance.

# Military Health Care: Recovery of Medical Costs From Liable Third Parties Can Be Improved

NSIAD-90-49, 04/19/90 GAO Contact: Henry L. Hinton, Jr., (202)275-4141

## Background

Pursuant to a congressional request, GAO evaluated the effectiveness of the Department of Defense's (DOD) medical cost recovery in third-party liability cases.

## Findings

GAO found that: (1) 8 of the 13 Army and Navy medical facilities it studied did not identify and report more than half of the potential third-party liability cases because they lacked standard procedures; (2) some Air Force and Navy installations did not identify and report cases involving treatments at civilian facilities; (3) due to Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) guidelines, military installations did not report significant CHAMPUS medical costs to service legal offices; (4) CHAMPUS allowed its contractors to exclude some potential third-party liability cases; (5) service legal offices complied with regulations in conducting third-party liability recoveries, but the services' regulations were inconsistent; (6) some states passed no-fault insurance laws that hampered DOD liability to conduct recoveries; (7) service legal offices and military medical facilities had little incentive to recover costs; (8) 6 of the 13 military facilities did not have adequate or complete records to indicate which cases they had reported to service legal offices; (9) service legal offices did not adequately record the reasons for discarded claims; and (10) the lack of internal controls prevented accurate overall evaluations of recovery effectiveness.

## Open Recommendations to Agencies

**Recommendation:** The Secretaries of the Army, the Navy, and the Air Force should modify military service regulations to set a consistent, cost-effective minimum cost threshold for reporting outpatient cases with potential third-party liability to the Judge Advocates General (JAG).
**Status:** Action in process. The Navy has issued instructions requiring the reporting of all outpatient cases to JAG regardless of cost. These instructions will be finalized in regulation revisions, expected to have been completed by late 1992. The services and DOD are still holding discussions regarding a consistent standard.

**Recommendation:** The Secretaries of the Army, the Navy, and the Air Force should instruct medical treatment facilities to make maximum use of computerized patient information systems to help identify potential third-party cases and to ensure that these cases are reported to JAG. The Automated Quality of Care and Evaluation Support System could be used for this purpose for inpatient motor-vehicle accidents until better systems become available.
**Status:** Action in process. Navy efforts to better apply third-party liability identification to Automated Quality of Care and Evaluation Support System (AQCESS) software are still underway, and additional funding has been requested to support this effort. Specific guidance will be included in a pending revision of NAVMEDCOMINST 6320.3B,

which should have been completed by late 1992.

**Recommendation:** The Secretary of the Navy should instruct the Naval Medical Command to develop and implement procedures for medical facilities to identify and report potential third-party cases. These procedures should require hospital clinic participation in the identification process.
**Status:** Action in process. Such procedures have been established by the Bureau of Medical Affairs Notice 6320. Final regulation publication was expected in 1992.

**Recommendation:** The Secretary of Defense should direct the Assistant Secretary of Defense (Health Affairs) to determine at what cost CHAMPUS outpatient cases are economical for the government to recover and reach an agreement with JAG regarding the minimum cost of outpatient cases that CHAMPUS fiscal intermediaries should be required to report to JAG claims offices.
**Status:** Action in process. The Office of CHAMPUS has determined that a minimum cost level of $200 is economical for reporting outpatient cases for recovery action. Further CHAMPUS and military service action to implement a consistent standard for reporting these cases is awaiting the completion of a contracted study regarding fiscal intermediary costs to implement this effort.

**Recommendation:** The Secretary of the Navy should instruct the Navy Medical Command to establish similar internal controls for third-party liability identification and reporting to JAG by Navy medical activities.
**Status:** Action in process. As a result of the Navy Medical Command evaluation of internal controls, the Navy Bureau of Medical Affairs has issued draft guidance requiring medical treatment facilities to use a daily log system for identifying third-party liability cases. Final revision of Navy Medical Command Instruction 6320.3B was expected to be done by late 1992.

**Recommendation:** The Secretaries of the Army, the Navy, and the Air Force should direct service JAG to establish better internal controls for the evaluation of claims resolution effectiveness. Specifically, JAG claims offices need to record the potential third-party liability cases they receive, the cases they discard, and the reasons for discarding them.
**Status:** Action in process. Air Force bases are now required to maintain third-party liability case disposition logs. This requirement will be placed in formal guidance pending finalization of change 3 to Air Force Regulation 112-1, which was expected to be done by late 1992.

# VA Health Care: Alcoholism Screening Procedures Should Be Improved

HRD-91-71, 03/27/91 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO: (1) reviewed how Department of Veterans Affairs' (VA) physicians detected alcohol use problems in veterans who applied for health care at VA medical centers; and (2) compared the number of veterans at five VA medical centers who potentially needed alcohol use treatment to the number of veterans receiving treatment at those centers.

## Findings

GAO found that: (1) 29 percent of the veterans it surveyed at the 5 VA medical centers indicated that they had alcohol use problems, and an additional 14 percent provided information that raised suspicions of alcohol use problems; (2) the five centers provided alcohol treatment to fewer than 3 percent of veterans applying for medical care during fiscal year 1990, primarily due to physician failure to diagnose alcohol use problems; (3) at the five centers, physicians' screening practices varied widely; (4) few physicians routinely or systematically screened all veterans applying for health care for potential alcohol use problems; (5) of 26,143 veterans surveyed nationwide in 1987, 60 percent were unaware that VA provided alcohol treatment; and (6) the Department of Health and Human Services reported that physicians often failed to diagnose alcohol problems due to inadequate training in that area.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should require, as a part of the VA preventive medicine program, that each medical center systematically screen veterans for potential alcohol use problems when they apply for health care services.
**Status:** Action not yet initiated. VA concurred with the recommendation and stated that the importance of alcoholism screening will be reemphasized at all VA medical centers. Potential alcohol screening instruments will be identified and pilot tested. Based on the results of these tests, alcohol screening guidance will be revised.

# VA Health Care: Copayment Exemption Procedures Should Be Improved

HRD-92-77, 06/24/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO provided information on: (1) how the Department of Veterans Affairs (VA) determines the medical care copayment exemption status of Vietnam veterans who claim Agent Orange exposure; and (2) VA exemption policies and procedures for determining veterans' Agent Orange exposure.

## Findings

GAO found that: (1) the VA guidance does not adequately inform medical centers as to policies for evaluating the exemption status of Vietnam veterans claiming Agent Orange exposure; (2) some medical centers routinely exempt veterans without requiring examinations, and some medical centers do not involve physicians in determining whether medical conditions resulted from Agent Orange exposure; (3) the VA software program for medical care application prevented centers from properly determining Agent Orange-related copayment waivers; (4) many veterans who received Agent Orange exemption status for non-related conditions had incomes which would have required them to make copayments for their medical care; and (5) VA could have potentially collected $1.9 million in 1989 from veterans improperly exempted for Agent Orange exposure.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should provide specific guidance to medical centers on procedures for evaluating the exemption status of Vietnam veterans who claim exposure to Agent Orange. The medical centers should be instructed to exempt from copayment liability only Vietnam veterans whom Veterans Health Administration (VHA) physicians determine to need treatment for conditions that may be related to Agent Orange exposure.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should provide specific guidance to medical centers on procedures for evaluating the exemption status of Vietnam veterans who claim exposure to Agent Orange. The medical centers should be instructed to determine the copayment liability of Vietnam veterans whom VHA physicians determine to need treatment for conditions unrelated to Agent Orange exposure.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should direct the chief medical director to make the necessary changes to the software program used in the medical application process. These changes should ensure that it is consistent with the revised policy guidance for evaluating the copayment exemption status of Vietnam veterans.
**Status:** Action not yet initiated.

# VA Health Care For Women: Despite Progress, Improvements Needed

HRD-92-23, 01/23/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed the Department of Veterans Affairs' (VA) progress in improving health care services for female veterans, focusing on: (1) VA progress following a 1982 GAO report; and (2) the remaining barriers that restrict women's access to health care.

## Findings

GAO found that: (1) since 1982, VA has made significant progress in ensuring that female veterans' access to health care is equal to that of male veterans; (2) VA created an Advisory Committee on Women Veterans and appointed a women veterans coordinator at each medical center, which resulted in increased emphasis on identifying and correcting problems; (3) physical examinations, including cancer screening for female veterans, continue to be sporadic; (4) VA medical centers are inadequately monitoring in-house mammography programs to ensure compliance with the American College of Radiology's standards; (5) centers have inadequate procedures to ensure that patient privacy limitations affecting female patients are identified and corrected during renovations; and (6) it could not identify any programs that were unable to accommodate female patients.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to require each medical center, as part of its quality assurance program, to develop and implement an action plan, acceptable to the Chief Medical Director, for improving compliance with the requirement that each woman inpatient receive a complete physical examination, including pelvic and breast examinations and a Pap test, at appropriate intervals. Those plans should, at a minimum, address: (1) the use of nurse practitioners and gynecologists to perform physical examinations; (2) the education and training of medical center staff as to the importance of women-specific services; and (3) quality assurance monitoring.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to monitor, as part of VA quality assurance activities, centers' compliance with the September 1991 circular on mammography services.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to issue guidance to medical centers on: (1) identifying privacy deficiencies in accommodations for women veterans; and (2) instituting a mechanism for tracking corrective actions. The latter should include a center's women veterans coordinator or a representative of the women veterans committee, or both, in the approval process for facility renovation and construction projects, thus helping to ensure that the privacy needs of women patients are adequately addressed.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to ensure that innovative practices for improving health services to women veterans are identified, disseminated, and, where appropriate, implemented throughout the system.
**Status:** Action not yet initiated.

# VA Health Care: Improvements Needed in Procedures to Assure Physicians Are Qualified

HRD-89-77, 08/22/89 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO examined the Department of Veterans Affairs' (VA) physician credentialing and privileging processes, focusing on: (1) policies, procedures, and implementation of the credentialing program required by law; and (2) VA policies and procedures on granting or rescinding physician privileges.

## Findings

GAO found that: (1) although VA was required to obtain physician licensing information from state boards, it had only verified and properly documented 102 of 207 physicians it hired between 1986 and 1988; (2) in 34 of the 105 undocumented cases, medical center officials had contacted a cognizant state board, but failed to document the contact; (3) VA planned to require VA-affiliated medical schools to conduct background investigations on the residents they sent to VA; (4) VA took few actions to correct identified problems with its privileging processes; (5) VA had no documentation to show whether it considered current competence, treatment results, or conclusions in its privileging decisions; (6) VA provided only minimal guidance to its medical centers on privileges and no guidance on the documentation required to support privileging decisions; (7) medical centers were reluctant to reduce or revoke physicians' privileges for fear of litigation; (8) although VA was required to notify state licensing boards of physicians who had their privileges formally revoked, the law limited VA to reporting physicians for clinical incompetence; and (9) VA was also reluctant to report physicians who retired or resigned before receiving a hearing because of its concern over their due process rights.

## Open Recommendations to Congress

**Recommendation:** Congress should amend Public Law 99-166 to expand the physician reporting criteria beyond clinical competence.
**Status:** Action not yet initiated. The Committee has reviewed the report and agency actions and is determining whether to take action.

# VA Health Care: Inadequate Controls over Addictive Drugs

HRD-91-101, 06/06/91 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO examined how Department of Veterans Affairs (VA) pharmacies controlled prescription drugs that were potentially addictive and assessed VA procedures for: (1) safeguarding those prescription drugs; and (2) detecting thefts of such drugs for personal use or resale.

## Findings

GAO found that: (1) VA had inadequate internal controls over many addictive prescription drugs used in its health care system; (2) drugs were categorized, based on their potential for abuse or addiction, in one of five groups or schedules, with the lower schedules having the highest potential for abuse; (3) VA required its hospital directors to report thefts and significant losses of scheduled drugs to the Drug Enforcement Administration; (4) working stocks of lower scheduled drugs were at significant risk of theft, given the large numbers of pharmacy employees and others who routinely had access to the drugs; (5) of the nine pharmacies visited, only one locked up all lower scheduled drugs; (6) VA required each pharmacy to maintain an internal audit system that included unannounced inspections of higher scheduled drugs; (7) VA required pharmacies to maintain drug receipt and dispensing records and to make annual counts of all lower scheduled drugs, but

did not require reconciliation of the records with the physical counts of those drugs; and (8) lack of inventory controls hampered theft detection and investigation, making it impossible to know the magnitude of lower scheduled drug losses.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should report inadequate internal controls over lower scheduled drugs as a material weakness in his 1991 Federal Managers' Financial Integrity Act (FMFIA) report. To address this weakness, the Secretary should direct pharmacy managers to inspect supplies of lower scheduled drugs periodically, using receipt and dispensing records, so that potential drug losses are detected in a timely manner.
**Status:** Action in process. VA included this issue in its 1991 FMFIA report and published a circular addressing this issue. VA is currently developing software to facilitate inspections of the lower scheduled drugs in accordance with the circular's requirements.

# VA Health Care: Inadequate Controls Over Scarce Medical Specialist Contracts

HRD-92-114, 07/29/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed the status of Department of Veterans Affairs (VA) efforts to strengthen its management controls.

## Findings

GAO found that: (1) VA has not sufficiently improved its controls over medical specialist contracts to ensure that medical centers are avoiding contracting problems; (2) medical centers are not adequately justifying or providing adequate data for their proposed contracts; and (3) VA does not ensure that medical centers are making required contract modifications.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to require medical center directors to justify, as part of their contract proposals, that: (1) physicians who perform specialty medical services cannot be hired using conventional employment practices; (2) the quantity of services purchased and prices paid for them are reasonable; and (3) effective controls are in place to monitor contractors' performance.
**Status:** Action not yet initiated.

**Recommendation:** To assist medical centers and contract reviewers, the Secretary of Veterans Affairs should direct the Chief Medical Director to develop general guidelines for evaluating the reasonableness of quantities and costs of proposed services. The Chief Medical Director should direct reviewers to ensure that centers make all required changes, for cases in which contracts are approved on a contingent basis.
**Status:** Action not yet initiated.

# VA Health Care: Medical Centers Need to Improve Collection of Veterans' Copayments

HRD-90-77, 03/28/90 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO assessed whether the Department of Veterans Affairs (VA) implemented a cost-effective copayment billing and collection process.

## Findings

GAO found that: (1) in fiscal year (FY) 1988, 159 VA medical centers' collections exceeded costs, which yielded a return of $1.36 for each $1 spent; (2) the centers achieved a 174-percent inpatient care return rate, compared to a 108-percent return rate for outpatient care; (3) five medical centers collected only half of the owed copayments mostly due to their failure to bill veterans; (4) centers' collection difficulties were attributed to billing delays; and (5) in FY 1988, VA centers collected about $9.9 million, with a net return of $2.6 million.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should require VA medical centers to collect copayments from veterans or make payment arrangements while veterans are still at the centers.

**Status:** Action in process. VA has mandated that medical centers collect copayments for outpatient care provided to veterans, has developed a manual of procedures, and is training all relevant staff on identifying and billing veterans. Billing procedure software is being developed and testing was expected to have been completed by late 1992, with nationwide implementation in early FY 1993.

# VA Health Care: Modernizing VA's Mail-Service Pharmacies Should Save Millions of Dollars

HRD-92-30, 01/22/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed the Department of Veterans Affairs' (VA) mail-service pharmacies, focusing on: (1) whether VA pharmacies efficiently and economically fill veterans' prescriptions; and (2) ways that VA could improve its mail pharmaceutical services.

## Findings

GAO found that: (1) although VA mail-service pharmacies are capable of filling prescriptions in 90-day quantities, most routinely dispense drugs in 30-day quantities; (2) dispensing drugs in 30-day quantities causes VA to incur unnecessary mail-handling costs, since mailing drugs generally costs more than the drugs themselves; (3) VA could save as much as $34 million annually by reducing the number of mail-service pharmacies and modernizing them to increase productivity; (4) in a February 1989 circular, VA informed its pharmacies that they could submit consolidation and automation plans to regional directors, but only a few of the 226 pharmacies developed plans to change their operating practices; and (5) in 1991, VA headquarters pharmacy officials developed a pilot test study to test equipment and assess the operational requirements of consolidated, automated mail-service pharmacies.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to require pharmacies to maximize the use of 90-day supplies

when dispensing maintenance drugs, which are prescribed at a stabilized dose.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to ensure that VA plans for consolidating and automating mail-service pharmacies determine the optimal work load for the pharmacies by using work-load data that assume maximum use of 90-day supplies.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to ensure that VA plans for consolidating and automating mail-service pharmacies include steps for selecting the most cost-efficient locations for the facilities, considering such factors as available transportation and personnel.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to ensure that VA plans for consolidating and automating mail-service pharmacies ensure compatability of prescription handling and automatic data processing equipment throughout VA facilities to maximize efficiency.
**Status:** Action not yet initiated.

# VA Health Care: Offsetting Long-Term Care Costs by Adopting State Copayment Practices

HRD-92-96, 08/12/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO provided information on Department of Veterans Affairs (VA) efforts to offset the costs of providing nursing home and domiciliary care by increasing charges to veterans, focusing on the recovery of some costs from the estates of veterans or their survivors.

## Findings

GAO found that: (1) states have implemented or increased copayments for state veterans home residents to avoid deficits and home closings; (2) VA has not focused on increasing veterans copayment amounts to offset mounting costs; (3) in 1990, VA offset $260,389, or less than one-tenth of 1 percent of its budget; (4) a 4-percent copayment increase would have saved VA $43 million, and a 43-percent increase would have saved $464 million; (5) state homes require over 90 percent of veterans to contribute copayments, and grant fewer exemptions; (6) VA homes require veterans to contribute about 1 percent and exempt veterans more frequently than state homes; (7) states require veterans to make higher copayments than VA homes and community nursing homes; and (8) safeguards to prevent nursing home charges from causing financial hardship on veterans or their families involve not requiring veterans to sell their homes, granting personal needs allowances, and protecting spouses from impoverishment.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider changing the current policy for charging veterans for care in VA and community facilities to help offset increased operating costs, fund care for more veterans, or both.
**Status:** Action not yet initiated.

**Recommendation:** Congress may wish to consider changing the copayment requirements by discontinuing automatic exemptions for certain types of veterans.
**Status:** Action not yet initiated.

**Recommendation:** Congress may wish to consider increasing the amount of the copayment by instituting a higher fixed rate copayment or a variable rate copayment based on the veteran's ability to pay. Any change in the law should be accompanied by adequate safeguards to help prevent placing an undue financial hardship on the veterans or their families.
**Status:** Action not yet initiated.

# VA Health Care: Role of the Chief of Nursing Service Should Be Elevated

HRD-92-74, 08/04/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed ways in which acute nursing care quality could be improved in the Department of Veteran Affairs' (VA) facilities, focusing on: (1) organizational changes to enhance the delivery of nursing services; (2) use of information technology to increase bedside nursing time; and (3) allowing the chief of nursing services to report directly to the medical center director.

## Findings

GAO found that: (1) the chief of nursing service in most nonfederal hospitals reports directly to the chief executive; (2) VA tested this reporting structure in one medical center, resulting in improvements in quality of nursing care and in communications between top management and the nursing department; (3) the center's staff, a consultant, and the VA Office of Inspector General recommended that the concept be extended to other medical centers; and (4) VA has not extended the organizational change to other medical centers. In addition, GAO found that: (1) the nursing community holds a generally accepted assumption that the amount of time nurses spend with patients correlates directly with good quality nursing care; (2) nurses could potentially increase their time at bedside by the use of bedside computer terminals; (3) both VA and non-VA hospitals have been slow to install bedside terminals due to their cost and the lack of reliable data supporting their use; (4) in 1988, VA had a consultant evaluate the potential for bedside terminals to increase the time nurses could spend with patients, and the consultant determined that terminals could improve clinical operations and patient care; and (5) in response, VA started pilot tests in two medical centers.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to allow VA medical centers, with both the interest and the capability, to elevate the role of chief of nursing service to a position reporting directly to the medical center director.
**Status:** Action not yet initiated.

# VA Health Care: Telephone Service Should Be More Accessible to Patients

HRD-91-110, 07/31/91 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO identified ways in which Department of Veterans Affairs (VA) medical centers can decrease the amount of time nurses spend on nonclinical activities, focusing on benefits of providing telephone service to patients in their rooms.

## Findings

GAO found that: (1) with few exceptions, VA medical centers do not provide telephones in patients' rooms; (2) telephone service in the patients' rooms increases the nursing time available for direct patient care and enhances the quality of life for patients; (3) assisting patients with telephone calls is one of the primary nonclinical tasks that adversely affect nurse productivity; (4) VA can procure telephone equipment and services with appropriated funds but has not done so because of the substantial cost involved; and (5) alternatives for funding telephone services include requesting appropriated funds for installing telephone equipment in medical centers and requesting concurrent authority to charge fees to recoup service costs, seeking financial or

equipment assistance from private-sector organizations, and charging patients for telephone services.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should develop and implement a plan to provide telephone service in patients' rooms in VA hospitals.
**Status:** Action in process. Cost estimates are due to the Chief Medical Director, who will develop a plan later this year for telephone access on the basis of those estimates.

# VA Health Care: The Quality of Care Provided by Some VA Psychiatric Hospitals is Inadequate

HRD-92-17, 04/22/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed quality assurance programs at Department of Veterans Affairs (VA) psychiatric hospitals.

## Findings

GAO found that: (1) none of the four VA psychiatric hospitals visited are effectively collecting and using the kind of quality assurance data needed to demonstrate that their psychiatric programs fully meet patients' psychiatric needs, primarily because VA has not defined requirements for evaluating psychiatric programs, and nurses and physicians in two hospitals are not documenting the reasons why they place patients under restraints and seclusion; (2) hospital staff in two VA hospitals were not timely correcting quality assurance problems identified through patient incident reports; (3) unnecessary deaths occur in VA hospitals because medical staff do not use available quality assurance data to correct identified problems; (4) VA and non-VA hospitals' quality assurance programs are similar; and (5) quality-of-care problems resulting in complications or death occurred in both VA and non-VA hospitals.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to define the meaning of the term "treatment goal," provide guidance to hospital directors on how such goals should be evaluated, and ensure that program reviews are conducted in each hospital to evaluate the attainment of those goals.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to hold each hospital director and appropriate psychiatric staff responsible for accurately documenting incidents of restraints and seclusion and reasons why patients are remaining in the hospital beyond their commitment period.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to hold each hospital director responsible for making certain that all committees, service chiefs, and other users of quality assurance information thoroughly examine the cause and related circumstances surrounding unexpected deaths that occur in the hospital, those that occur within 24 hours of admission, and those that occur in specific clinical diagnoses at a higher than expected rate and correct any quality-of-care problems identified as being a possible factor in the deaths.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to hold each hospital director responsible for making certain that all committees, service chiefs, and other users of quality assurance information conduct premortem and postmortem analyses on unexpected deaths and those that occur within 24 hours of admission, determine the cause of any differences between the two analyses, and take action where appropriate.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to hold each hospital director responsible for making certain that all committees, service

chiefs, and other users of quality assurance information analyze patient incident data over time and take corrective action on any identified problems.

**Status:** Action not yet initiated.

# VA Health Care: Use of Private Providers Should Be Better Controlled

HRD-92-109, 09/28/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO examined the Department of Veterans Affairs' (VA) controls for ensuring that it appropriately purchased private outpatient medical care.

## Findings

GAO found that: (1) in fiscal year 1990, VA spent about $112 million for over 1 million private outpatient visits for 223,000 veterans; (2) some VA jurisdictions routinely authorized private care for veterans without determining whether VA facilities could more economically provide the services; (3) VA staff did not require or consider cost comparisons and based decisions on such other factors as medical condition and distance from residences to VA facilities; (4) VA staff inappropriately authorized veterans to receive private care for treatment of any medical condition, rather than authorizing private treatment plans for existing conditions; (5) VA staff routinely extended long-term authorizations for private medical care without evaluating veterans' continued eligibility for private care; (6) VA staff lacked adequate guidance for conducting cost comparisons; (7) neither VA headquarters nor regional offices monitor medical centers' private-care authorization practices and procedures, relying on VA Inspector General audits as their primary oversight mechanism, and VA did not routinely follow up on those medical centers reported to have deficiencies in private-care authorization procedures; and (8) VA medical centers attempted to improve private-care authorization procedures by reducing the number of long-term authorizations, improving collaborative review of authorizations, and assigning personnel to assist in evaluating needs for private care.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to clarify to medical centers that private care should only be purchased from private providers when the needed services are not available at VA facilities or the private providers can treat veterans considered geographically inaccessible more economically than VA facilities can treat them.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to provide medical centers with procedures, including implementing guidance, on how to develop cost comparisons for use in authorizing private care.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to ensure that all medical centers reevaluate the appropriateness of private care authorizations for all veterans currently authorized private care.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should require the Chief Medical Director to develop and implement a process for monitoring centers' compliance with VA policies and procedures for use of private providers to treat veterans.
**Status:** Action not yet initiated.

# VA Health Care: VA Plans Will Delay Establishment of Hawaii Medical Center

HRD-92-41, 02/25/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed the Department of Veterans Affairs' (VA) plans for establishing a medical center in Hawaii, focusing on whether: (1) VA could provide acute and long-term care services to the state's veterans sooner than planned; (2) VA has accurately projected acute care bed needs for Hawaii; and (3) excess bed capacity exists at the Department of Defense's (DOD) Tripler Army Medical Center that could be used to meet VA needs.

## Findings

GAO found that: (1) VA plans to construct additional acute care capacity at Tripler will delay the creation of a distinct VA presence in Hawaii, duplicate existing care capacity, and increase costs without providing a commensurate increase in access to care for Hawaiian veterans; (2) VA allowed for adequate capacity, including 69 acute care beds, in renovations at Tripler to meet current and future acute care needs of Hawaii's veterans; (3) VA also has excess capacity in operating rooms and intensive care units; (4) at the time the Secretary of Veterans Affairs made the decision to construct additional acute care beds, he may not have been aware of the deficiencies in the projection of VA acute care bed needs, the existence of 69 acute care beds specifically for veterans at Tripler, and the concerns of veterans living on the outer islands about VA plans to make them use the planned VA medical center rather than community hospitals closer to their homes; and (5) VA has not considered the potential effects of the almost universal health insurance coverage available to Hawaiians.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should reconsider his decision to build additional acute care beds in Tripler's E-Wing. The Secretary, in cooperation with the Secretary of Defense should develop a joint-venture agreement that will give VA greater influence over the care provided to veterans in already renovated acute care space at Tripler. This could be accomplished either by integrating VA and DOD staff or transferring a mutually agreed upon number of acute care wards to VA. The agreement should also provide for meeting VA inpatient surgery and intensive care unit needs through use of existing capacity at Tripler.
**Status:** Action not yet initiated.

**Recommendation:** VA should use Tripler's E-Wing to accommodate its planned nursing home and other portions of its proposed medical center project, as appropriate.
**Status:** Action not yet initiated.

# VA Health Care: Verifying Veterans' Reported Income Could Generate Millions in Copayment Revenues

HRD-92-159, 09/15/92 GAO Contact: David P. Baine, (202)512-7101

## Background

Pursuant to a congressional request, GAO reviewed the Department of Veterans Affairs (VA) policies and procedures for making copayment decisions, focusing on: (1) whether VA accurately classified veterans who should copay for VA health care; (2) the potential lost copayments from misclassified veterans; and (3) VA use of tax records in determining veterans' copayment status.

## Findings

GAO found that: (1) the Veterans Health Administration (VHA) misclassified 109,230 veterans as not owing copayments, but tax records showed incomes that exceeded income thresholds; (2) misclassified veteran incomes totalled over $4.7 billion from such sources as employment, pensions, investments, and miscellaneous sources; (3) most veterans had incomes that exceeded copayment threshold levels by $5,000 or more, including over 2,500 veterans that had total incomes of $100,000 or more; (4) the majority of the misclassified veterans were married and had no dependents, but their spouses' income often placed them over the income threshold; (5) misclassification of copayment status greatly reduced potential copayment revenues in 1990; (6) VHA could have billed as much as $27 million in copayments for care provided to the misclassified veterans; and (7) VHA missed an opportunity to reduce copayment losses because it did not implement an income-verification system, using tax records.

## Open Recommendations to Congress

**Recommendation:** Congress should extend VA authority to use tax records to verify veterans' self-reported incomes for determining copayment liability.
**Status:** Action not yet initiated.

**Recommendation:** As part of this reauthorization, Congress should require VA to notify veterans, as soon as possible, that VA intends to verify veteran-reported income information using federal tax records.
**Status:** Action not yet initiated.

**Recommendation:** As part of this reauthorization, Congress should require VA to use federal tax records to identify veterans who should make copayments for VA health care.
**Status:** Action not yet initiated.

**Recommendation:** As part of this reauthorization, Congress should require VA to take appropriate steps to charge these veterans for all copayments owed for health care that VA provides.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should direct the Chief Medical Director to ensure that sufficient policies, procedures, and resources are available to implement an income-verification system as soon as possible after VA tax records access authority is extended.
**Status:** Action not yet initiated.

# National and Public Health Issues

## Issue Area Summary

### Impact of GAO's Work

The federal government is the guardian of the public health. Among its functions in this role are providing research funds, support for educating and training health professionals, and surveillance of contagious diseases; overseeing food and drugs; providing block grants to states for mental health services, drug and alcohol programs, and maternal and child health services; and providing health care services to underserved areas and population groups. The Public Health Service, through its numerous administrations and agencies, carries out most of these tasks.

#### Health Insurance Policy

Our work had a major impact on the debate on health insurance policy and reform. We provided information, analysis, and reform options that have a direct bearing on solving the combined problems of lack of access (35 million Americans lack any health insurance) and rapidly escalating costs. We issued two reports on efforts by states to implement health care reforms and potential federal barriers to those reforms. One of these reports, showing the very modest effects of state efforts to assist the small business health insurance market, was the centerpiece of two hearings and has become a key document in the consideration of federal insurance reform legislation. In addition, testimony prepared for the Senate Committee on Finance on federal barriers to state reform efforts was used as a key source document for committee members and staff.

#### Drug Abuse Treatment

Our work on the nation's drug abuse problem had a significant impact on a major piece of legislation—the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) Reorganization Act. Within the past year, we recommended better accountability under the block grant program, which is the primary vehicle for federal funding to states for substance abuse treatment. Our report on information and accountability problems in state use of block grant funds led to the Reorganization Act's requirement that states provide detailed needs assessments.

Other important provisions of the ADAMHA Reorganization Act incorporate recommendations made in our previous reports on drug-exposed infants and substance-abusing pregnant women to provide for augmented and improved services for such women. The act also incorporates the recommendations in our report on methadone maintenance.

### Key Open Recommendations

In our report on the administration of grant awards to community health centers, we recommended that, to ensure that health center grants are made fairly and objectively and are in accord with law and policy, the Secretary of Health and Human Services take steps to make sure the Bureau of Health Care Delivery Assistance fully complies with all laws, policies, and regulations regarding grant awards. (GAO/HRD-92-51, see p. 590.)

In our report on state health care initiatives, we recommended that if the Congress wanted to give states more flexibility to develop comprehensive reforms, it consider amending the Employee Retirement Income Security Act to allow the Department of Labor to give states a limited waiver of the clause preempting the states from in any way regulating self-insured health plans. (GAO/HRD-92-70, see p. 585.)

In October 1991, we reported on the extent to which toxicants were being examined and regulatory standards established for reproductive and developmental effects. We found that the protection afforded the public by current regulation was uncertain at best. We recommended that the Environmental Protection Agency, the Consumer Product Safety Commission, the Food and Drug Administration, and the Occupational Safety and Health Administration perform separate analyses for reproductive and developmental outcomes in risk assessments for the chemicals we had examined and for future regulatory decisionmaking. We also recommended that these agencies review the regulations on each chemical to ensure that they provided sufficient protection against reproductive and developmental disease. (GAO/PEMD-92-3, see p. 600.)

We examined the federal investment in research on the treatment, prevention, and causes of drug abuse. Though funding for such research has grown, overall research and development remains a small part of the nation's drug control strategy, accounting for 4 percent of the $10.5 billion budget authority for fiscal year 1991. We recommended that the Congress review (1) the place of research in national drug control policy and (2) the issue of whether adequate evaluation research was being conducted at the Office of National Drug Control Policy and the major executive agencies responsible for segments of the national drug control effort. (GAO/PEMD-92-5, see p. 591.)

## Products With Open Recommendations: National and Public Health Issues

## Related Products With Open Recommendations Under Other Issue Areas

| Product Title | | |
|---|---|---|
| | Early Intervention: Federal Investments Like WIC Can Produce Savings (HRD-92-18) | 688 |
| | FDA Regulations: Sustained Management Attention Needed to Improve Timely Issuance (HRD-92-35) | 397 |
| | Food Safety and Quality: FDA Strategy Needed to Address Animal Drug Residues in Milk (RCED-92-209) | 401 |
| | Food Safety and Quality: Uniform, Risk-based Inspection System Needed to Ensure Safe Food Supply (RCED-92-152) | 405 |
| | Freedom of Information: FDA's Program and Regulations Need Improvement (HRD-92-2) | 409 |
| | Home Visiting: A Promising Early Intervention Strategy for At-Risk Families (HRD-90-83) | 690 |
| | Infection Control: Military Programs Are Comparable to VA and Nonfederal Programs but Can Be Enhanced (HRD-90-74) | 562 |
| | Lawn Care Pesticides: Risks Remain Uncertain While Prohibited Safety Claims Continue (RCED-90-134) | 305 |
| | Maternal and Child Health: Block Grant Funds Should Be Distributed More Equitably (HRD-92-5) | 563 |
| | Medical Waste Regulation: Health and Environmental Risks Need to Be Fully Assessed (RCED-90-86) | 306 |
| | Methadone Maintenance: Some Treatment Programs Are Not Effective; Greater Federal Oversight Needed (HRD-90-104) | 567 |
| | Nuclear Health and Safety: More Attention to Health and Safety Needed at Pantex (RCED-91-103) | 237 |
| | Occupational Safety & Health: OSHA Action Needed to Improve Compliance With Hazard Communication Standard (HRD-92-8) | 539 |
| | Pesticides: Need To Enhance FDA's Ability To Protect the Public From Illegal Residues (RCED-87-7) | 316 |
| | Public Housing: Housing Persons With Mental Disabilities With the Elderly (RCED-92-81) | 443 |
| | Truck Transport: Little Is Known About Hauling Garbage and Food in the Same Vehicles (RCED-90-161) | 520 |

# Access to Health Care: States Respond to Growing Crisis

HRD-92-70, 06/16/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO provided information on state initiatives concerning the problems of access and affordability in the health care system, and federal barriers which limit states' progress toward achieving universal health care.

## Findings

GAO found that: (1) states have moved decisively to devise plans to expand access to health insurance and control increases in health costs, but have been hindered by the restrictions of the Employee Retirement Income Security Act of 1974 (ERISA), which prevents states from exercising full control over all employer-provided insurance; (2) working within ERISA constraints to achieve universal health coverage, some states have created "play or pay" systems, which hinge on the state's power to tax, but implementation of these systems has been delayed because the outcome of laws for implementing these systems is uncertain; (3) other state programs have targeted specific uninsured groups, such as low-income children and adults, but have had limited success because of budgetary constraints; (4) Hawaii has the lowest uninsured rate of all states, largely due to a previously enacted law which exempts Hawaii from the ERISA preemption provision; (5) proposals to achieve universal access to health care continue to be developed in many states; (6) most states have also adopted measures to help people with high-cost health conditions and small business owners and employees obtain affordable health insurance in the private market, but these measures have had only a modest effect; and (7) although most states have focused on expanding access to coverage, some have concentrated on controlling increasing costs through changes in methods for reimbursing providers.

## Open Recommendations to Congress

**Recommendation:** If Congress wants to give states more flexibility to develop comprehensive reforms, it should consider whether to amend ERISA so that the Department of Labor can give states a limited waiver from the ERISA preemption clause in order to develop innovative approaches to employer-based health insurance. Congress could define minimum standards—governing such factors as benefits packages, extent of coverage, and terms under which the waiver might be revoked—that a state must meet to receive and maintain such a waiver.

**Status:** Action in process. S. 3180, which would provide grants for state demonstration projects for comprehensive health care reform and give states flexibility regarding federal requirements, was introduced.

# Accidental Shootings: Many Deaths and Injuries Caused by Firearms Could Be Prevented

PEMD-91-9, 03/19/91 GAO Contact: Robert L. York, (202)275-5885

## Background

Pursuant to a congressional request, GAO reviewed the extent to which certain safety devices could prevent firearms-related deaths, focusing on the proportion of accidental deaths that might be averted by modifying the firearms with an automatic engaging childproof safety device or with a device that indicates whether a gun is loaded.

## Findings

GAO found that: (1) the safety devices could have prevented about 31 percent of accidental deaths caused by firearms; (2) from 1988 through 1989, the childproof safety device could have prevented 8 percent of 107 accidental firearms-related fatalities, and the loading indicator could have prevented 23 percent of the cases involving injuries or deaths; (3) no data existed indicating the

actual number of injuries from accidental discharges of firearms; and (4) from 1988 through 1989, data from 10 cities indicated that there was a ratio of 105 injuries for each death, suggesting that the number of nationwide accidental firearm injuries was substantial and far exceeded the number of fatalities.

## Open Recommendations to Congress

**Recommendation:** Congress should amend the Consumer Product Safety Act to clearly establish that the Consumer Product Safety Commission can regulate the risk of injury associated with firearms.

**Status:** Action in process. Legislation has been introduced to enact the recommendation. The bill has been referred to the Consumer Subcommittee of the Senate Committee on Commerce, Science and Transportation.

# ADMS Block Grant: Drug Treatment Services Could Be Improved by New Accountability Program

HRD-92-27, 10/17/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed: (1) how states have implemented the 1988 legislative requirement to assess the quality and appropriateness of drug treatment services supported by the Alcohol, Drug Abuse, and Mental Health Services (ADMS) Block Grant; (2) whether states are providing pertinent information for Congress to know the effect of the federal investment in drug treatment services; and (3) how the Department of Health and Human Services (HHS) plans to hold states more accountable for the use of ADMS funds.

## Findings

GAO found that: (1) Congress receives limited information on the results of federal investment in drug treatment services; (2) although most of the 10 states reviewed monitor administrative processes, their review activities have not provided information on the quality and appropriateness of drug treatment; (3) state annual reports vary significantly in the information provided on drug treatment services, making comparisons or assessments of federally supported drug treatment services difficult; (4) the Office for Treatment Improvement (OTI) has developed a program to develop federal drug treatment program guidelines, institute federal performance reviews of state substance abuse agencies and drug treatment programs, provide technical assistance to states and providers as part of those reviews, and collect more detailed information on what states will do and have done with ADMS Block Grant funds; and (5) under current HHS policy, states are not required to undertake any of the proposed OTI program elements, which may limit the program's success.

## Open Recommendations to Agencies

**Recommendation:** To provide Congress with information necessary to assess the impact of ADMS-supported drug abuse treatment services, the Secretary of Health and Human Services should report to Congress by 1995 on the progress of the OTI State Systems Development program (SSDP). The report should include information on: (1) which states have implemented HHS treatment improvement protocols; (2) which states have participated in a federal technical performance review and the type of problems or weaknesses identified by the reviews; (3) the extent to which the states have implemented OTI developmental action plans to correct identified weaknesses; and (4) if applicable, the reasons why states have not participated or implemented each aspect of SSDP.

**Status:** Action not yet initiated. ADAMHA will submit a report to Congress by 1995 on its progress in implementing SSDP, and on the extent and nature of state participation in SSDP.

# Adolescent Drug Use Prevention: Common Features of Promising Community Programs

PEMD-92-2, 01/16/92 GAO Contact: Robert L. York, (202)275-5885

## Background

Pursuant to a congressional request, GAO examined the design, implementation, and results of promising, comprehensive, community-based drug use prevention programs for young adolescents.

## Findings

GAO found that: (1) successful drug abuse prevention programs took a positive approach toward youth and stressed skills learning, motivational techniques, and coping tactics necessary for dealing with the multiple problems in participants' lives; (2) successful programs offered services stressing five different focus areas in which participants often experienced problems, including family, peers, school, community, and the individual; (3) the most promising programs shared a comprehensive strategy, an indirect approach towards drug abuse prevention, the goal of empowering youth, a participatory approach, a culturally sensitive orientation, and highly structured activities; and (4) the programs often had difficulty maintaining continuity with their participants, coordinating and integrating their service components, providing accessible services, obtaining funds, attracting necessary leadership and staff, and conducting program evaluations.

## Open Recommendations to Congress

**Recommendation:** If Congress wishes to learn more about what works in this type of drug abuse prevention program, it should consider providing additional evaluation funds for national, independent, long-term evaluations of the most promising comprehensive, community-based drug abuse prevention programs.
**Status:** Action not yet initiated. No action is expected until 1993, when youth drug education legislation is next considered.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Education should complete and disseminate widely the drug prevention program evaluation handbook now being developed.
**Status:** Action in process. The department planned to issue the handbook by late 1992.

**Recommendation:** The Secretary of Health and Human Services should complete and disseminate widely the implementation, evaluation-measures, and logic-model manuals now being developed by the Office for Substance Abuse Prevention.
**Status:** Action in process. Estimated completion date: 03/93. HHS plans to issue the manuals early in 1993.

# AIDS: CDC's Investigation of HIV Transmissions by a Dentist

PEMD-92-31, 09/29/92 GAO Contact: George Silberman, (202)275-5885

## Background

Pursuant to a congressional request, GAO reviewed the Centers for Disease Control's (CDC) investigation of a woman infected with the human immunodeficiency virus by a dentist with acquired immune deficiency syndrome (AIDS), to determine whether CDC methods were sound and supported the findings.

## Findings

GAO found that: (1) CDC determined that the dental practice was the only potential exposure to the human immunodeficiency virus, for some of the

five patients infected; (2) multiple tests indicated that the dentist and the five patients had similar strains of the human immunodeficiency virus, which served as the basis for concluding the dentist was the common source of infections; (3) there is no certainty regarding the mode of transmission, it is most likely that the patients were infected through exposure to the dentist's blood; (4) no evidence, with the exception of one interview with an acquaintance of the dentist, proved that the transmission was intentional; and (5) because CDC was unable to determine precisely how the virus was transmitted, the public policy implications of this outbreak of the human immunodeficiency virus in a health care setting are unclear.

## Open Recommendations to Agencies

**Recommendation:** The Director, CDC, should ensure that all relevant expertise is used when investigating new potential sources of human immunodeficiency virus infection.
**Status:** Action not yet initiated.

**Recommendation:** The Director, CDC, should avoid potential bias in its analyses regarding human immunodeficiency virus by masking the identity of the persons from whom genetic material is obtained.
**Status:** Action not yet initiated.

# AIDS Forecasting: Undercount of Cases and Lack of Key Data Weaken Existing Estimates

PEMD-89-13, 06/01/89 GAO Contact: Robert L. York, (202)275-5885

## Background

Pursuant to a congressional request, GAO reviewed 13 existing national forecasts projecting future cumulative numbers of Acquired Immune Deficiency Syndrome (AIDS) cases to identify: (1) prediction variations and uncertainties; (2) types of forecasting models used; (3) the quality of the main types of data used in the models; and (4) a realistic range of estimates for the cumulative number of AIDS cases through 1991.

## Findings

GAO found that forecast model approaches using: (1) extrapolation estimated 200,000 to 325,000 cumulative cases through 1991; (2) back-calculation predictions of individuals already infected with the human immunodeficiency virus (HIV) estimated 120,000 to 295,000 cases; (3) macro-level assumptions about the epidemic's future course predicted about 160,000 to 400,000 cases; and (4) micro-level examination of individual behaviors that contribute to the epidemic estimated about 25,000 cases. GAO also found that all forecasts relied on Centers for Disease Control (CDC) national AIDS surveillance data, which had quality problems deriving from: (1) limited definitions of AIDS; (2) diagnostic errors and restrictions; and (3) inaccurate or late state and local reporting to CDC. In addition, GAO found that: (1) micro-level simulations were the most comprehensive but least empirical type of model; (2) extrapolation models were the least comprehensive; (3) some models were based on questionable assumptions; and (4) few models adequately adjusted for the identified data problems. GAO believes that, if the existing forecasts were adjusted to compensate for data biases, the realistic range of forecasts would be 300,000 to 480,000 cases.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should require the Director, CDC, to conduct rigorous national studies of the net effect of biases in the national AIDS surveillance data to improve national estimates of the current and projected size of the epidemic.
**Status:** Action in process. The Department of Health and Human Services (HHS) has begun to study the estimated net bias in AIDS surveillance data.

**Recommendation:** The Secretary of Health and Human Services should require the Director, CDC, to assess whether the CDC Surveillance Branch for tracking cases of AIDS and HIV-related diseases has sufficient staff and resources to plan, monitor, review, and disseminate such studies to the AIDS

research community and forecasting models.
**Status:** Action in process. The agency concurs with the recommendation. Full-time equivalent staff members increased to 24 from 17, but 2 positions have not yet been filled.

**Recommendation:** The Secretary of Health and Human Services should require the Director, CDC, to incorporate additional information on risk-group membership into the CDC public use data set.
**Status:** Action in process. The agency concurs with the recommendation. CDC is reviewing plans for expanding information on risk-group membership that is available for public use.

**Recommendation:** The Secretary of Health and Human Services should review existing and ongoing empirical studies of individual risk-group behaviors as well as of HIV transmission and the current level of HIV infection to determine where additional data are most needed.
**Status:** Action in process. This recommendation was not addressed by HHS in its response to the committee. The agency now says its lack of response was due to confusion about who within HHS was supposed to respond. CDC will be preparing a response.

# Biotechnology: Managing the Risks of Field Testing Genetically Engineered Organisms

RCED-88-27, 06/13/88 GAO Contact: Victor S. Rezendes, (202)275-1441

## Background

In response to a congressional request, GAO reviewed federal risk management of genetically engineered organisms intended for agricultural and health uses in the environment, focusing on Department of Agriculture (USDA), Environmental Protection Agency (EPA), and Food and Drug Administration (FDA) policies.

## Findings

GAO found that: (1) because no laws specifically regulate genetically engineered organisms, the agencies apply existing laws based on product usage; (2) although USDA, EPA, and FDA generally used a case-by-case approach in reviewing proposed field tests, USDA and EPA exempted certain categories of organisms from regulatory review; (3) the agencies perform prerelease reviews to determine whether to allow field tests and what controls to impose; (4) the agencies' advisory groups reflect a wide range of relevant disciplines; (5) agency approvals are contingent upon specific field conditions, generally require plans to mitigate unexpected harm, and have the authority to terminate an experiment, if necessary; and (6) methods to control the dispersal and impact of microorganisms require minimizing risk while maximizing field test usefulness.

## Open Recommendations to Agencies

**Recommendation:** To ensure effective regulatory coverage of genetically engineered microorganisms, the Administrator, EPA, should make all microorganisms covered by the Toxic Substances Control Act subject to either the premanufacture notice or significant new use rule regulations prescribed by section 5 of the act. To avoid overregulation of lower-risk organisms that could result from this action, EPA could revise section 5 regulations to establish a multilevel review system with less stringent requirements for organisms believed to be of relatively lower risk.
**Status:** Action in process. In September 1990, the EPA Biotechnology Science Advisory Committee met to discuss proposed guidance, published in the Federal Register, on the scope of organisms modified in their hereditary traits. EPA now expects to propose a rule to the Office of Management and Budget in early 1993.

# Board and Care Homes: Elderly at Risk From Mishandled Medications

HRD-92-45, 02/07/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed the misuse and mismanagement of residents' medications in board and care homes for the elderly, focusing on whether: (1) staff who work in licensed board and care homes are knowledgeable about the proper handling of medications; (2) staff follow proper procedures for storing, supervising, and administering medications; and (3) residents receive the appropriate medications.

## Findings

GAO found that: (1) because staff may not be properly trained or do not always follow state regulations, residents in board and care homes are at risk of being harmed by medication errors; (2) over one-third of the homes reviewed employed staff who did not meet state medication training requirements; (3) half of the homes reviewed violated medication-handling regulations for storing medications, supervising and assisting with residents' self-medication, and disposing of medications; and (4) the records for 20 of the 35 residents reviewed had sufficient medical information to indicate that medications were appropriately prescribed.

## Open Recommendations to Agencies

**Recommendation:** To minimize the risk of improper medication assistance to residents, the Secretary of Health and Human Services should direct the Department of Health and Human Services (HHS) to develop and disseminate to states guidelines for assisting with self-medication, storing and disposing of medications, and recordkeeping.
**Status:** Action not yet initiated. HHS plans alternative action, but the extent and timing of the action is unknown.

**Recommendation:** To minimize the risk of improper medication assistance to residents, the Secretary of Health and Human Services should direct HHS to develop and disseminate to states model classroom training programs for board and care home administrators, operators, staff, and state inspectors on such topics as medication types, proper storage, supervision and assistance, and adverse effects of medications.
**Status:** Action not yet initiated. HHS plans alternative action, but the extent and timing of the action is unknown.

# Community Health Centers: Administration of Grant Awards Needs Strengthening

HRD-92-51, 03/18/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed Bureau of Health Care Delivery and Assistance (BHCDA) policies and procedures for awarding community health center grants, focusing on: (1) the amount determination process; (2) the award process for grants to national associations; and (3) whether grantees may use funds to pay for dues to national associations.

## Findings

GAO found that BHCDA: (1) deviated from legislative and agency grant requirements concerning competitive awards, funding levels, and application reviews; (2) did not award grants competitively, contrary to Public Health Service policy; (3) did not fund grant awards on the basis of the differences between costs and revenues; (4) did not notify the Department of Health and Human Services or Congress that it had continually awarded grants for less than the standard 12 months; (5) lacks an adequate review process to allow the

final decisionmaker to adequately consider independent reviews required to protect against bias in the award process; and (6) reduced its control over grantee funds by indirectly providing additional funds to a national association through member grantees' dues.

## Open Recommendations to Agencies

**Recommendation:** To help ensure that health center grants are made fairly and objectively, and are consistent with pertinent laws, policies, and regulations, the Secretary of Health and Human Services should direct the Assistant Secretary for Health to take steps to make sure that BHCDA fully complies with all laws, policies, and regulations regarding grant awards.
**Status:** Action not yet initiated. HHS has not yet decided how it will implement the GAO recommendation.

# Drug Abuse Research: Federal Funding and Future Needs

PEMD-92-5, 01/14/92 GAO Contact: Robert L. York, (202)275-5885

## Background

Pursuant to a congressional request, GAO examined federally funded research on the treatment, prevention, and causes of drug abuse, focusing on: (1) trends in funding federally sponsored research on drug abuse compared with other trends in federal research support; (2) trends in funding different categories of drug abuse research; and (3) priority research questions regarding the causes, prevention, and treatment of drug abuse.

## Findings

GAO found that: (1) from 1973 through 1982, the National Institute on Drug Abuse (NIDA) funded drug abuse research at a level 38 percent below the 1973 level in constant 1982 dollars, but funding consistently grew from 1983 through 1990; (2) between 1980 and 1990, budget obligations for extramural research increased by an average of 29 percent across the federal government's major departments and agencies; (3) during 1989 and 1990, causality, prevention, and treatment research accounted for 50 percent of NIDA extramural grant support; (4) NIDA spent the most on treatment, followed by prevention and causality research; (5) the Office of Justice Programs is the second largest sponsor of pertinent drug abuse research and spent the majority of its funding on studies of drugs and crime and the evaluation of enforcement and judicial process; (6) researchers identified the importance of studying the psychological and social/environmental factors which may contribute to the causes of drug abuse, intervention effectiveness, and drug policy impact studies as high research priorities; (7) responses from the experts on treatment issues were the most general and broad, since they were found clustered in three areas, including stages in the treatment process, intervention effectiveness, and treatment approaches; and (8) between 1980 and 1990, drug research increased by over 200 percent or 400 percent if funding related to acquired immune deficiency syndrome was included, while national defense research and development (R&D) funding increased by 83 percent and nondefense R&D increased by 5 percent.

## Open Recommendations to Congress

**Recommendation:** Congress should review the place of research in national drug control policy.
**Status:** Action not yet initiated.

**Recommendation:** Congress should review whether evaluation research is being adequately conducted at the Office of National Drug Control Policy and the major executive agencies responsible for segments of the national drug control program.
**Status:** Action not yet initiated.

**Congressional Action:** Action is most likely when Congress considers the reauthorization of the Office of National Drug Control Policy in the next session.

# Drug Abuse: Research on Treatment May Not Address Current Needs

HRD-90-114, 09/12/90 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

Pursuant to a congressional request, GAO assessed: (1) the current state of knowledge regarding drug abuse treatment; (2) what influenced the state of knowledge regarding drug abuse treatment; and (3) National Institute on Drug Abuse (NIDA) activities aimed at developing drug abuse treatment knowledge.

## Findings

GAO found that: (1) while the nature of the drug abuse problem fundamentally changed during the past decade, knowledge on drug abuse treatment advanced slowly; (2) a lack of large-scale evaluations of treatment programs and existing methodological shortcomings limited knowledge regarding drug abuse treatment effectiveness; (3) NIDA lacked a strategic research planning process, but planned to involve treatment practitioners in establishing priorities; (4) NIDA funding for the training of drug abuse researchers has not kept up with increases in funding for drug abuse research, resulting in an inadequate progression of drug abuse treatment research; (5) despite the recent cocaine and crack epidemic, NIDA treatment research gave priority to developing therapies for heroin and opiates addiction; and (6) NIDA recently began to place additional emphasis on developing cocaine abuse therapies, but did not expect results for several years.

## Open Recommendations to Agencies

**Recommendation:** To help ensure that NIDA-supported treatment research addresses the treatment needs of the drug-abusing population, the Secretary of Health and Human Services should direct NIDA to: (1) implement its strategic planning process; and (2) develop a plan that sets forth its long-term overall treatment research objectives and the relative priorities assigned to the different categories of treatment research. This plan should consider: (1) current and anticipated trends of drug abuse; and (2) the needs of practitioners from the drug abuse treatment community.

**Status:** Action in process. NIDA was preparing an overall multiyear treatment research plan that would merge separate plans for medications development and nonpharmacological methods by late 1992. The planning process for nonpharmacological methods includes input from members of the research community, treatment providers, and representatives of state organizations.

**Recommendation:** The Secretary of Health and Human Services should direct the Alcohol, Drug Abuse, and Mental Health Administration or NIDA to determine how many researchers are needed to carry out planned research and take appropriate action to ensure their availability.

**Status:** Action in process. Planning related to research training had been put on hold pending a reorganization and until completion of the treatment research plan. NIDA is also examining the feasibility of initiating a contracted study that would examine human resource needs related to drug abuse research.

# Drug-Exposed Infants: A Generation at Risk

HRD-90-138, 06/28/90 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed the growing number of infants born to mothers using drugs, focusing on the: (1) extent of the problem; (2) health effects and medical costs; (3) impact of the problem on health and welfare systems; and (4) availability of drug treatment and prenatal care to drug-addicted pregnant women.

## Findings

GAO found that: (1) estimates of the number of infants exposed to cocaine annually ranged from 100,000 to 375,000; (2) differences in hospitals' efforts to identify drug-exposed infants resulted in a wide range of estimates; (3) drug-exposed infants were more likely than non-exposed infants to suffer from medical problems and, in some cases, required costly medical care; (4) because of the uncertainty surrounding the long-term consequences of prenatal drug exposure, it could not identify future costs of care for such children; (5) 1,200 of the 4,000 drug-exposed infants at 10 hospitals were placed in foster care, and the cost of 1 year of foster care for those infants was about $7.2 million; (6) from 1986 to 1989, estimated nationwide foster care demand increased 29 percent, raising concerns about whether the system could adequately respond by supplying foster parents, providing quality foster homes, and ensuring supportive health and social services; (7) drug treatment services for drug-addicted pregnant women were insufficient or inadequate to meet demand; (8) many barriers for treatment existed for pregnant mothers, including the lack of child care services and the fear of criminal prosecution; and (9) prenatal care could help prevent or at least ameliorate many of the problems and costs associated with the births of drug-exposed infants.

## Open Recommendations to Congress

**Recommendation:** If Congress decides to expand the current federal resource commitment to treatment for drug-addicted pregnant women, it should consider increasing the Alcohol, Drug Abuse, and Mental Health Services (ADMS) Block Grant to the states to provide more federal support for drug treatment.
**Status:** Action in process.

**Recommendation:** If Congress decides to expand the current federal resource commitment to treatment for drug-addicted pregnant women, it should consider increasing funding of the Maternal and Child Health Block Grant program specifically for substance-abuse treatment for pregnant women.
**Status:** Action in process.

**Recommendation:** If Congress decides to expand the current federal resource commitment to treatment for drug-addicted pregnant women, it should consider requiring states to include substance-abuse treatment as part of the package of services available to pregnant women under Medicaid.
**Status:** Action in process.

**Congressional Action:** Congress has not taken action on all of the recommendations; however, two recommendations were addressed in the Alcohol, Drug Abuse, and Mental Health Administration Reorganization Act, Public Law 102-321.

# Drug Treatment: Despite New Strategy, Few Federal Inmates Receive Treatment

HRD-91-116, 09/16/91 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed whether the Bureau of Prisons (BOP) provides adequate drug treatment to inmates and arranges for continued care upon their release, focusing on: (1) the number of federal inmates needing drug treatment; (2) the BOP strategy for providing drug treatment services to federal inmates; (3) access to treatment; and (4) treatment costs.

## Findings

GAO found that: (1) BOP estimated that 27,000 of its 62,000 inmates, about 44 percent of the prison population, have moderate to severe substance abuse problems; (2) only 364 of those inmates are receiving treatment within the BOP intensive treatment program, primarily due to a lack of federal inmate volunteers and an ineffective outreach strategy; (3) although BOP had planned to implement the aftercare component of its program, BOP did not ensure aftercare for inmates completing the intensive treatment program, due to an inadequate implementation strategy; (4) services for inmates with less serious substance abuse problems were not available in all prisons; (5) BOP has fallen behind its own timetable for standardizing drug education and counseling for inmates; (6) BOP plans to expand its treatment program to provide a standardized 40-hour drug education program in each prison; and (7) BOP anticipates that the expansion of its

drug treatment strategy will triple its original program costs, from $7.2 million in 1990 to $21.8 million in 1992.

## Open Recommendations to Agencies

**Recommendation:** The Attorney General should direct the Director, BOP, to undertake an aggressive outreach effort to encourage inmates with moderate to severe substance abuse problems to enroll in the BOP intensive treatment programs.
**Status:** Action in process. According to BOP, the agency has implemented an incentives program and a motivation program. Each of these program efforts were designed to influence the drug-dependent inmate population to explore the benefits of drug treatment and to encourage enrollment into the program.

# Health Insurance: Vulnerable Payers Lose Billions to Fraud and Abuse

HRD-92-69, 05/07/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO examined the: (1) nature of fraud and abuse associated with the health care industry; and (2) problems insurers have in combining fraud and abuse within the fee-for-service sector.

## Findings

GAO found that: (1) vulnerabilities within the health insurance system allow unscrupulous health care providers to cheat health insurance companies and programs out of an estimated 10 percent of total health care spending each year; (2) health insurance fraud and abuse practices include overcharging for services provided, charging for services not rendered, accepting bribes for referring patients, and rendering inappropriate or unnecessary services; (3) health care fraud has expanded beyond single health care provider frauds to organized activity affecting health care programs in both the government and private insurance sectors; (4) insurers have problems detecting and pursuing fraud and abuse because of the difficulty in discerning wrongful acts amidst the multiple activities that take place at the time of processing claims, the privacy concerns that limit collaboration among industry members, and the lack of consensus concerning the appropriate regulation of new provider types and financial arrangements; (5) the development of new, unlicensed medical facilities can impede insurers' ability to trace the source of fraudulent billings and hold them accountable; (6) the appropriate regulation of new health care facilities is complicated by physicians' and other health care providers' financial interest in or ownership of facilities where they may refer patients; and (7) if public and private insurers' efforts were more coordinated, the attack on health care fraud and abuse would be more beneficial.

## Open Recommendations to Congress

**Recommendation:** Congress should consider establishing a national commission to combat health insurance fraud and abuse with a membership balanced in terms of viewpoints represented. Such a commission could include public and private payers and personnel from federal and state investigative and prosecutorial agencies to develop strategies and evaluate legislative remedies for combatting health insurance fraud and abuse.
**Status:** Action in process. House Judiciary, House Ways and Means, and House Energy and Commerce subcommittees are considering actions on proposed legislation.

# Long-Term Care Insurance: Risks to Consumers Should Be Reduced

HRD-92-14, 12/26/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed long-term care insurance policies, focusing on: (1) the extent to which state standards and long-term care insurance policies meet the National Association of Insurance Commissioners (NAIC) standards; (2) whether such standards and policies adequately address consumer protection issues; and (3) whether minimum federal standards are needed.

## Findings

GAO found that: (1) although NAIC model standards for long-term insurance provide greater consumer protection, consumers are still vulnerable to considerable risks because many states have not adopted key NAIC standards and NAIC standards do not sufficiently address several consumer protection issues; (2) NAIC standards do not address definitions of covered services, eligibility criteria, or grievances; (3) NAIC standards do not protect consumers from inappropriate prices, unpredictable premium increases, limitation on policy upgrading, and incentives for insurance sales abuses; and (4) although insurers adopted NAIC standards more quickly than states, their policies often did not meet such recent NAIC standards as disclosure, inflation protection, and home health care.

## Open Recommendations to Congress

**Recommendation:** If states do not wish to adopt NAIC standards, Congress may wish to consider enacting legislation that sets minimum federal standards for long-term care insurance.
**Status:** Action in process. Several legislative proposals to regulate the long-term care insurance market have been introduced in this congressional session.

# Major NIH Computer System: Poor Management Resulted in Unmet Scientists' Needs and Wasted Millions

IMTEC-92-5, 11/04/91 GAO Contact: Jack L. Brock, (202)512-6406

## Background

Pursuant to a congressional request, GAO reviewed how effectively the National Institutes of Health (NIH) managed the acquisition process leading to its 1988 contract for a major computer system.

## Findings

GAO found that: (1) the NIH information resources management (IRM) organization, which was established to oversee and coordinate IRM functions, did not assert leadership or exercise its authority over the acquisition; (2) since the IRM Council did not address this major computer contract in its strategic plans, the computer center adopted an acquisition approach that did not consider whether the contract would meet its scientists' changing needs; (3) the NIH computer center did not collect and analyze data to identify scientific users' needs; (4) after NIH awarded the contract, two of its committees independently determined that the contract did not effectively meet the NIH scientific community's needs; (5) NIH overestimated the capacity requirements for the contract, and consequently NIH acquired more computer capacity than it needed and upgraded its already underutilized computers; (6) NIH has wasted over $16 million in equipment leasing costs on the computers; (7) NIH took such steps to promote competition for the computer contract as soliciting industry comments on its draft solicitation, offering up to $1 million to offerors who successfully completed a

required benchmark, and extending its bid acceptance period specifically at the request of a potential bidder; and (8) despite those efforts, NIH was unsuccessful in attracting more than one vendor.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should require the Director, NIH, to improve NIH computer operations by implementing a capacity management program that includes frequent analysis and modeling of all computers in the computer system using historic and projected data. Until an effective program is implemented, the Director, NIH, should report the lack of effective capacity management as a material weakness under the Federal Managers' Financial Integrity Act.
**Status:** Action in process. Estimated completion date: 08/93. The Director, NIH, declared the lack of effective capacity management as a material weakness. Corrective action has included: the implementation of a capacity management program, the establishment of a capacity management organizational component, and the purchase of capacity modeling software; and a plan for an NIH-wide capacity management program to be put into place during fiscal year 1993.

**Recommendation:** The Secretary of Health and Human Services should require the Director, NIH, to use the capacity management program to identify and eliminate excess capacity and unnecessary equipment. The assessment should also determine if the current approach of dedicating a full-sized computer to backup, testing, and development is necessary. At a minimum, adjustments should include the elimination of one of the contractor's 3090 computers from the the NIH system, in addition to the computer NIH eliminated in July 1991.
**Status:** Action in process. The assessment of the capacity needed for the NIH computer center's IBM mainframe configuration has led to the determination that a configuration of three IBM 3090 mainframes can handle the production, testing, and backup workload—two mainframes will be removed. One of the remaining mainframes will be partitioned to support both production and testing/backup activities.

**Recommendation:** The Secretary of Health and Human Services should require the Director, NIH, to determine whether the total system approach is necessary to meet actual NIH needs in future acquisitions. This determination should be based on analysis that weighs the advantage of facilitating computer center management against the disadvantage of limiting competition.
**Status:** Action in process. Estimated completion date: 09/93. NIII has fully acknowledged the need for competition and will not use the total system approach as a strategy for the new procurement to replace the current IBM mainframe system in the computer center. Instead, as a new strategy, NIH plans to divide the computer center's parent organization into business areas, with each having a separate requirements package justifying a separate procurement.

**Recommendation:** The Secretary of Health and Human Services should require the Director, NIH, to require the NIH senior IRM official to take the lead role in future major system acquisitions by initiating activities that include developing a strategic plan that addresses the role of information technology in supporting the NIH mission of conducting biomedical research. This strategy should include identifying and addressing changes in scientific computing. Also, it should address how the NIH systems should be configured to most effectively complement each other in meeting diverse NIH automation needs.
**Status:** Action in process. Estimated completion date: 09/93. NIH has established an Office of Information Resources Management to be led by an Associate Director for Information who will serve as the NIH senior IRM official to carry out IRM responsibilities. The prospective senior IRM official plans to develop a strategic plan for addressing the role of information technology in conducting biomedical research.

**Recommendation:** The Secretary of Health and Human Services should require the Director, NIH, to require the NIH senior IRM official to take the lead role in future major system acquisitions by initiating activities that include ensuring that future acquisitions adequately support the NIH mission. As part of this effort, NIH should solicit data on scientists' needs in identifying the requirements that form the basis for contract specifications.
**Status:** Action in process. Estimated completion date: 09/93. NIH has established an Office of Information Resources Management to be led by an Associate Director for Information who will serve as the NIH senior IRM official to carry out IRM responsibilities. The prospective senior IRM official plans to develop a strategic plan for addressing the role of information technology in conducting biomedical research.

# Management of HHS: Using the Office of the Secretary to Enhance Departmental Effectiveness

HRD-90-54, 02/09/90 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

GAO examined the role and operations of the Health and Human Services' (HHS) Office of the Secretary (OS) in managing HHS programs and activities.

## Findings

GAO found that: (1) the lack of an effective strategic planning management system within OS hampered many secretaries' capacity to effectively manage administrative matters and programs; (2) although HHS decisionmaking processes tended to be slow but generally effective, their quality suffered if OS inappropriately used a clearance process designed to ensure that the secretary obtained the knowledge and perspective of department officials before making a decision; (3) although secretaries have appointed chiefs of staff to assist in HHS management, their involvement in various departmental matters has often overlapped with and caused confusion over the duties and responsibilities of other senior OS officials; (4) although secretaries retained authority for policy activities and delegated administrative and program activities to others, they did not monitor those activities to ensure effectiveness and efficiency; (5) HHS did not have an agency-wide, coordinated approach to systematically address its workforce problems; (6) although some operating divisions attempted to solve their own workforce problems, they lacked the comprehensive perspective needed to match human resources to changing operational and program objectives; (7) information management problems in many HHS programs contributed to difficulties in providing good service and assessing program performance; (8) before 1986, OS attempts to improve HHS information management failed because it exerted too much direct control over information management activities; and (9) although past attempts to correct long-standing problems in establishing an effective financial management system proved unsuccessful, HHS developed a plan called the Phoenix Plan, aimed at long-term financial management enhancement efforts.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should establish and lead a departmental strategic workforce planning effort. Successful accomplishment of such planning will require integration of budget and personnel functions to consider both workforce size and skill needs.

**Status:** Action in process. Following preparatory steps at the assistant-secretary level, the Assistant Secretary for Personnel Administration's efforts to organize a HHS-wide process encountered difficulty—some HHS operating divisions were not receptive to the original proposal. The assistant secretary for personnel administration reorganized the strategic planning unit, has been authorized to augment the planning staff, and will give the effort a higher priority.

# Medical Technology: Quality Assurance Needs Stronger Management Emphasis and Higher Priority

PEMD-92-10, 02/13/92 GAO Contact: Chan Kwai-Cheung, (202)275-3092

## Background

Pursuant to a congressional request, GAO reviewed the Food and Drug Administration's (FDA): (1) Good Manufacturing Practices (GMP) compliance program, established to define and enforce quality assurance in medical device manufacturing; and (2) inspections and compliance actions.

## Findings

GAO found that: (1) FDA has changed its interpretation of the original 1978 GMP regulations, shifting to more stringent requirements; (2) the stronger requirements are not self-explanatory and require FDA inspectors to have extensive knowledge of device technology; (3) until 1990, the effectiveness of GMP inspections was limited by a lack of coordination with market introduction, but GMP inspections are now part of the approval process for certain high-risk devices that FDA must approve before marketing; (4) FDA began a pilot premarket review of another group of high-risk devices, which may also result in premature GMP inspection of the device manufacturer, but the pilot review program does not transmit technical data to FDA field offices to help them target inspections to the riskiest technology changes; (5) the shift to more stringent GMP requirements gives FDA inspectors greater authority and responsibility to assess technical dimensions of device specifications and manufacturing processes, but current classroom training and job assignment policies severely limit inspectors' knowledge of device technology and ability to identify quality assurance problems in complex devices and manufacturing; (6) district offices did not report 36 percent of potential GMP violations to central FDA files; (7) the missing data restricted FDA ability to monitor manufacturing problems nationally; (8) FDA has conflicting estimates for the inventory of domestic manufacturers' medium- and high-risk devices, and does not attempt to estimate the inventory of medical devices; (9) the new FDA Field Information System could address district reporting and data system problems; and (10) FDA has not met its minimum statutory obligation to inspect medium- and high-risk device manufacturers at least once every 2 years.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner, FDA, should expand the current pilot program for premarket GMP review of sterile cardiovascular devices to include all high-risk devices.
**Status:** Action in process. FDA is developing a plan to conduct expanded GMP premarket reviews.

**Recommendation:** The Commissioner, FDA, should complete the development and deployment of the new Field Information System in order to achieve comprehensive district reporting of inspection results and compliance actions.
**Status:** Action in process. Installation of the core system is scheduled for late fiscal year (FY) 1992 or early FY 1993.

**Recommendation:** The Commissioner, FDA, should upgrade documentation of the inventory of device manufacturers subject to GMP inspections and develop an inventory of medical devices to serve as benchmarks to assess GMP program effectiveness and the rate of device defects over time.
**Status:** Action in process. Final action is dependent upon final rule 56 FR 60024 implementation and field information system development.

**Recommendation:** The Commissioner, FDA, should assess the impact of proposed new GMP regulations, by monitoring the inspection process and the rate of device defects before and after implementation.
**Status:** Action in process. FDA is evaluating various options for assessing GMP regulation changes.

# National Institutes of Health: Problems in Implementing Policy on Women in Study Populations

T-HRD-90-38, 06/18/90 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

GAO discussed the National Institutes of Health's (NIH) progress in implementing its policy to encourage the inclusion of women in study populations. GAO found that: (1) the policy on women has not been well communicated or understood within NIH or the research community; (2) there were inconsistencies in how NIH has applied the policy in a key stage of the grant review process; (3) NIH policy on women applies only to extramural research, and the smaller intramural research program has no policy; and (4) although the original policy announcement encouraged researchers to analyze study results by gender, NIH officials have taken little action to implement this element of the policy.

## Open Recommendations to Agencies

**Recommendation:** To ensure effective implementation of its policy to encourage the inclusion of women in study populations, the Director, NIH, should direct NIH institutes to maintain readily accessible data to allow assessment of the extent to which women are included in studies.
**Status:** Action in process. Estimated completion date: 03/93. The revised grant renewal application asks investigators for data on the gender of recruited study subjects. When the system is implemented, data should be available from NIH Institutes and the Division of Research Grants. Renewal applicants have begun providing gender data, but NIH has developed a tracking system that is ready to be implemented but has not been tested yet.

# Recombinant Bovine Growth Hormone: FDA Approval Should Be Withheld Until the Mastitis Issue Is Resolved

PEMD-92-26, 08/06/92 GAO Contact: Kwai-Cheung Chan, (202)275-3092

## Background

Pursuant to a congressional request, GAO reviewed the Food and Drug Administration's (FDA) investigation into the bovine growth hormone and its effects on cows and the food supply.

## Findings

GAO found that: (1) recombinant bovine growth hormone (rBGH) is orally inactive and species specific; (2) the structure of rBGH is significantly different from that of humans, making it inactive and unharmful in humans; (3) FDA considers additional rBGH research on human safety risks to be unnecessary; (4) FDA guidelines sufficiently addressed animal safety requirements, but reproductive issues remain unresolved; (5) the critical drug efficacy guidelines for rBGH have been met; (6) FDA studies and other reports show that rBGH increases the mastitis rate in cows by as much as 33 percent; (7) increased mastitis leads to increases in bovine antibiotic treatment, which increases the potential of antibiotic residues in milk and beef; (8) FDA and drug sponsors have not tested for or addressed human tolerances of increased antibiotic residues in milk or beef; (9) rBGH sponsors often fail to adhere to FDA protocol study guidelines; (10) FDA lack of labelling requirements during the investigational research phase of review allows rBGH treated products to be marketed without adequate public knowledge; and (11) the lack of a systematic tracking procedure to monitor firms and drug dosages compromises efficiency and effectiveness of the FDA review process.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of the Food and Drug Administration should examine the indirect effects of rBGH specific to rBGH products—before approval—to answer specific questions about its safety for human food consumption. That is, given the incidence of mastitis occurring in cows treated with rBGH, FDA should study the degree to which antibiotics must be used to treat these cows and the incremental effects of rBGH treatment on the nation's milk and beef supply.
**Status:** Action not yet initiated.

**Recommendation:** The Commissioner, FDA, should discontinue the marketing of food products from rBGH-tested animals until the potential risk concerning increased antibiotic levels has been evaluated.
**Status:** Action not yet initiated.

**Recommendation:** The Commissioner, FDA, should study the feasibility of labelling food products derived from animals being tested with drugs so as to provide the public with information concerning the nature of such products.
**Status:** Action not yet initiated.

**Recommendation:** The Commissioner, FDA, should avoid potentially dangerous shortfalls of information in human food safety reviews of animal drugs by ensuring that indirect risks are explicitly considered and examined.
**Status:** Action not yet initiated.

# Reproductive and Developmental Toxicants: Regulatory Actions Provide Uncertain Protection

PEMD-92-3, 10/02/91 GAO Contact: Kwai-Cheung Chan, (202)275-3092

## Background

Pursuant to a congressional request, GAO reviewed the sufficiency of federal regulation on environmental chemicals known to cause adverse reproductive and developmental outcomes.

## Findings

GAO found: (1) no federal agency has listed chemicals known or suspected to be human toxicants; (2) two-thirds of the major regulatory decisions for the 30 chemicals reviewed were based on cancer and acute toxicity; (3) agencies reported taking 138 regulatory actions on the 30 toxicants reviewed, including 20 cases of banning or cancelling selected uses, 97 cases of getting numerical standards or restrictions, and 21 cases of guidance or guidelines; (4) all but one of the 30 chemicals were covered by 1 or more major regulatory actions, two-thirds were covered by at least 4 actions and 7 were covered by 7 or more actions; and (5) in roughly half of the cases, agency officials judged their own standards and guidelines to be of uncertain protection against reproductive and developmental disease.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider designating an office with the responsibility for preparing a periodic report on reproductive and development hazards. This report would list, much as is done for carcinogens, the substances reasonably thought to be reproductive and developmental hazards to which a significant number of people in the United States are exposed.
**Status:** Action not yet initiated.

**Recommendation:** In light of the GAO finding that reproductive and developmental toxicity information is not being used in regulatory decisionmaking for even the 30 chemicals of high concern, Congress should consider amending those laws that do not currently specify the protection of the broad range of reproductive and developmental health issues and use of reproductive and developmental data. Congress could specify that all environmentally caused developmental, female reproductive, and male reproductive disease is part of the public health protection responsibility under the 12 laws.
**Status:** Action not yet initiated.

**Recommendation:** Congress should consider making authority for alcohol and tobacco regulation explicit for the appropriate offices. In addition, Congress could either encourage EPA to exercise its childproof packaging authority or include household pesticides in CPSC authority for childproof packaging.
**Status:** Action not yet initiated.

**Recommendation:** Congress should consider how to increase the availability of those data. This could include revising the laws to allow agencies to demand reproductive and developmental toxicity testing at the expense of the entities manufacturing, importing, selling, emitting, or discarding products containing chemicals.
**Status:** Action not yet initiated.

**Recommendation:** In light of a GAO finding that one-quarter of the major regulatory decisions on the reproductive and developmental chemicals of high concern antedate 1980 and that a dozen standards adopted from nonfederal authorities are still the effective regulation or standard, Congress should establish a periodic review of regulations using recent information on reproductive and developmental toxicity. Specifically, Congress should consider limiting the length of time regulations adopted from outside authorities can be maintained in lieu of federal decisions.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** The Commissioners of the Consumer Product Safety Commission (CPSC) and the Food and Drug Administration (FDA), the Administrator of the Environmental Protection Agency (EPA), and the Assistant Secretary of the Occupational Safety and Health Administration (OSHA) should review the existing regulations on the 30 chemicals to ensure that they provide sufficient protection against reproductive and developmental diseases and revise them if necessary.
**Addressee:** Consumer Product Safety Commission
**Status:** Action not yet initiated.
**Addressee:** Environmental Protection Agency
**Status:** Action not yet initiated.

**Addressee:** Occupational Safety and Health Administration
**Status:** Action not yet initiated.
**Addressee:** Food and Drug Administration
**Status:** Action not yet initiated.

**Recommendation:** The Commissioners of CPSC and FDA, the Administrator, EPA, and the Assistant Secretary, OSHA, should perform separate analysis for reproductive and developmental outcomes in risk assessments for those 30 chemicals and for future regulatory decisionmaking.
**Addressee:** Consumer Product Safety Commission
**Status:** Action not yet initiated.
**Addressee:** Environmental Protection Agency
**Status:** Action not yet initiated.
**Addressee:** Occupational Safety and Health Administration
**Status:** Action not yet initiated.
**Addressee:** Food and Drug Administration
**Status:** Action not yet initiated.

**Recommendation:** The Commissioners of CPSC and FDA, the Administrator, EPA, and the Assistant Secretary, OSHA, should ensure the ready availability of reproductive and developmental data to by asking Congress for the power to demand reproductive and developmental toxicity test data from entities manufacturing, importing, selling, emitting, or discarding reproductive and developmental hazards, and by organizing office data bases so that reproductive and developmental data are available.
**Addressee:** Consumer Product Safety Commission
**Status:** Action not yet initiated.
**Addressee:** Environmental Protection Agency
**Status:** Action not yet initiated.
**Addressee:** Occupational Safety and Health Administration
**Status:** Action not yet initiated.
**Addressee:** Food and Drug Administration
**Status:** Action not yet initiated.

**Recommendation:** The Commissioners of CPSC and FDA, the Administrator, EPA, and the Assistant Secretary, OSHA, should develop information on the occurrence of each chemical in the media, products, or situations within their area of responsibility.
**Addressee:** Consumer Product Safety Commission
**Status:** Action not yet initiated.
**Addressee:** Environmental Protection Agency
**Status:** Action not yet initiated.
**Addressee:** Occupational Safety and Health Administration
**Status:** Action not yet initiated.
**Addressee:** Food and Drug Administration
**Status:** Action not yet initiated.

**Recommendation:** The Commissioners of CPSC and FDA, the Administrator, EPA, and the Assistant Secretary, OSHA, should conduct a search for and examination of the reproductive and developmental toxicity data for the unregulated chemicals, proceeding to a thorough hazard assessment.
**Addressee:** Consumer Product Safety Commission
**Status:** Action not yet initiated.
**Addressee:** Environmental Protection Agency
**Status:** Action not yet initiated.
**Addressee:** Occupational Safety and Health Administration
**Status:** Action not yet initiated.
**Addressee:** Food and Drug Administration
**Status:** Action not yet initiated.

# Screening Mammography: Federal Quality Standards Are Needed

T-HRD-92-39, 06/05/92 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

GAO discussed the quality of screening mammography provided in different settings. GAO noted that: (1) many of the 1,485 mammography providers surveyed in four states lacked adequate quality assurance programs; (2) those providers reporting the highest rates of compliance with many quality standards were those that performed the highest volume of mammography, but there was no consistent relationship between what providers charged for screening mammograms and their compliance with quality standards; (3) the association between higher volume and greater quality control is important because high-volume screening can permit economies of scale, which lower fees; (4) primary care physicians and multispecialty clinics were the screening settings that consistently reported the lowest rates of compliance with quality assurance standards; and (5) only nine

states have laws requiring quality control standards for mammography services.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider adopting federal regulations that would protect all women receiving screening mammograms.
**Status:** Action in process. Bills are going through mark-ups in the House and Senate and may be voted on by the full House and Senate.

# State Health Care Reform: Federal Requirements Influence State Reforms

T-HRD-92-55, 09/09/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO discussed its report on states' responses to the growing crisis in health care access, focusing on: (1) states' initiatives to expand accessibility and affordability of the health care system; and (2) needed changes in federal law to facilitate innovative health care reform. GAO noted that: (1) most states have focused on expanding access to health care services, such as mandating universal coverage, targeting specific uninsured groups, or creating high-risk pools for the medically uninsurable; (2) some states have also attempted to control increasing health care costs through changing the methods of reimbursing providers or reducing administrative costs; and (3) federal laws and regulations which restrict states' ability to reform health care, such as those which preempt state authority to regulate self-insured companies and make it difficult to obtain Medicaid waivers, need to be changed if states are to reform health care access effectively.

## Open Recommendations to Congress

**Recommendation:** If Congress decides that reform at the state level is an appropriate path, it should consider reducing the potential federal barriers to comprehensive state reform.
**Status:** Action not yet initiated.

# Medicare and Medicaid

(Budget Function 570)

# Medicare and Medicaid

## Issue Area Summary

### Impact of GAO's Work

As health care financier and insurer, the federal government serves over 34 million elderly and disabled under Medicare, an estimated 31.5 million poor under Medicaid, and 9 million active and retired federal employees and families under the Federal Employees Health Benefits Program. The government's primary programs for financing health care, Medicare and Medicaid, have a federal spending total estimated at over $227 billion in fiscal year 1993; an additional $64 billion in state and local funds have been allocated to Medicaid.

Our primary objective is to identify ways to reduce costs without adversely affecting beneficiary access to quality care. Other important objectives are to (1) assess the processes used to control and identify fraud, abuse, and mismanagement in the programs; (2) evaluate quality-of-care assurance systems; and (3) review issues related to beneficiary access to care.

Throughout the 1980s, the Congress looked to Medicare for deficit reduction opportunities and billions of dollars in monetary benefits were achieved. The Congress looked to Medicaid during the last half of the 1980s as a means of expanding health services for those too poor to obtain them, particularly pregnant women and children. We recommended, and supported with data and analyses, many Medicare and Medicaid initiatives undertaken by the Congress.

### Omnibus Budget Reconciliation Act of 1990

In November 1990, the Congress enacted the Omnibus Budget Reconciliation Act (OBRA) of 1990, which remains the most current major piece of financing legislation. OBRA contains numerous provisions related to our recommendations. Examples follow.

The Congress made a number of changes to the methods used to determine Medicare payments for medical equipment used in beneficiaries' homes, such as hospital beds and oxygen delivery systems. The amendments will achieve monetary benefits estimated at $1.5 billion over 5 years.

The act has incorporated our recommendations on controlling the kinds of incentive payment plans health maintenance organizations with Medicare contracts may offer to physicians. This action will increase the assurance that financial factors do not adversely affect patient care decisions.

Also, OBRA includes our recommendations regarding the design of a demonstration to furnish paid assistants to Medicare patients receiving kidney dialysis at home. This should help ensure that increased program costs are minimized and federal funds do not substitute for care given by family members.

Another section of the act has extensively revised the federal regulatory requirements insurers must meet when they sell Medicare supplemental insurance, or Medigap. These changes include a number of our recommendations to improve the economic value of Medigap policies, increase consumer protection against abusive marketing practices, and make selection of a policy easier for the elderly.

OBRA has also eliminated a scheduled increase in the extra amount Medicare pays teaching hospitals for the indirect costs of medical education. We had recommended that this amount be decreased. Stopping this increase resulted in monetary benefits of over $200 million in 1991.

## Monetary Benefits

During fiscal year 1992, we reported that Medicare contractors lacked the necessary internal controls to identify and promptly recover duplicate payments to hospitals from Medicare and other insurers. We recommended ways in which the Health Care Financing Administration (HCFA) could work through the contractors to recover several hundred million dollars in such duplicate payments. So far, hospitals have refunded about $84 million and Medicare contractors have efforts under way to recover outstanding credit balances.

Other fiscal year 1992 reports included those dealing with (1) eliminating Medicare and Medicaid fraud and abuse; (2) adjusting payment levels for high-cost evolving technologies, such as magnetic resonance imaging, to reflect the lower costs providers incur as the technology matures; (3) the significant increases in prescription drug prices experienced by the Department of Veterans Affairs and the Department of Defense following enactment of the Medicaid drug rebate law; (4) recovery of mistaken payments owed to Medicare by primary health insurers; and (5) reducing Medicare expenditures on durable medical equipment.

## Quality of Care

We also issued several reports on quality-of-care issues, including (1) HCFA's evaluation of the Community Health Accreditation Program and the program's ability to ensure that home health agencies adhere to Medicare conditions of participation, (2) the shortcomings in Medicare's use of professional review organizations to ensure quality of care provided by health maintenance organizations with risk contracts, (3) the need to better monitor Medicare and Medicaid program participation by hospitals certified on the basis of surveys by the Joint Commission on Accreditation of Healthcare Organizations, and (4) the inadequacy of actions to terminate from Medicare and Medicaid hospitals identified as deficient by the states.

The Department of Health and Human Services (HHS) has implemented many recommendations made in prior years. For example, HHS has issued regulations to increase the inspection and enforcement procedures used for institutions for the mentally retarded and developmentally disabled. This should improve the quality of care being provided to individuals in these institutions.

## Access to Care

We issued a report and testified several times on Medicaid managed care programs. Such programs can offer an opportunity to improve access to quality health care for the vulnerable Medicaid population. But we found that safeguards must be instituted to ensure adequate protection for Medicaid recipients. These include (1) a quality assurance system that requires client satisfaction and disenrollment surveys, (2) a grievance procedure, and (3) an independent review of medical records. We also found that effective state and federal oversight was needed, along with prompt corrective actions when problems were identified. Effective oversight requires states to monitor subcontracts and utilization data to ensure access to quality medical care.

In our report on Oregon's managed care program, we found that the program had many of these safeguards in place but could be improved. We recommended that Oregon intensify its efforts to improve child health screening services and revise its client satisfaction surveys; continue to improve its quality assurance activities; and improve its health plan solvency monitoring by defining financial indicators, evaluation criteria, and guidance for reporting.

## Key Open Recommendations

**Excessive Medicare Payments for Costly Technology**

We recommended that HCFA (1) survey the technical component costs incurred by facilities providing radiology services and revise the fee schedule to more accurately reflect the costs incurred and (2) periodically adjust technical component payments to reflect changing costs, with annual payment reviews for procedures using high-cost technologies. This would save Medicare a significant amount of money and, even though costs per scan would decrease, providers would still realize profits because there would be fewer machines and utilization would rise. (GAO/HRD-92-59, see p. 616.)

**Anesthesia Medical Direction**

We recommended that the Congress act to limit payments for anesthesia services to a fee schedule amount that is not affected by how anesthesia service is delivered. This would result in lower and more reasonable costs to Medicare. (GAO/HRD-91-43, see p. 630.)

**Durable Medical Equipment**

We recommended that HCFA develop and issue specific coverage criteria for durable medical equipment that it identifies as subject to unnecessary payments. We also recommended that HCFA require physicians to provide narrative justifications for this equipment on certificates of medical necessity. These actions could substantially reduce Medicare expenditures. (GAO/HRD-92-64, see p. 611.)

**Special Payments to Teaching Hospitals**

We believe that the extra payments to Medicare teaching hospitals are too high and that the Congress should reduce the percentage add-on payments that teaching hospitals receive. About $1 billion in monetary benefits could be achieved annually. (GAO/HRD-89-33, see p. 621.)

**Peer Review Program Monetary Penalty Provision**

We recommended that the Congress amend the law to provide a fixed upper limit on the size of monetary penalties in lieu of the current cost-based limit. This would provide a more substantial penalty, and penalty amounts would be determined in the same manner as other provisions administered by the Office of the Inspector General at HHS. (GAO/HRD-89-18, see p. 630.)

**Medicaid Costs**

We recommended that the Congress enact various provisions to improve Medicaid processes and reduce program costs. These recommendations involve revisions to the requirements for recovering Medicaid costs from the estates of deceased nursing home patients and authorization for the Department of the Treasury to provide information to states on U.S. savings bond holdings of Medicaid beneficiaries. Each action should reduce Medicaid costs by about $100 million annually. (GAO/HRD-89-56, see p. 615, and GAO/HRD-89-43, see p. 616.)

**Clinical Laboratory Services**

We found that laboratories' profit rates on their Medicare business were much higher than their overall profit rates, which means Medicare is subsidizing other payers. We recommended that the Congress reduce payment rates under Medicare's fee schedule for clinical diagnostic laboratory services. About $150 million would be saved annually from lowering payment rates so that the profit rates from Medicare would equal the overall profit rates. (GAO/HRD-91-59, see p. 625.)

**Medicare Program Safeguard Functions**

Medicare funding of its safeguard activities has not kept pace with program growth. As a result, opportunities to save hundreds of millions of dollars annually have been lost. The basic problem is that under deficit control legislation, increasing safeguard funding requires reducing federal expenditures in benefit programs or raising taxes. We recommended that, because safeguard activities were cost-effective, returning in savings over $10 for every dollar spent on the activities, the Congress establish a process whereby increased funding of safeguard activities would not necessitate budget cuts in other areas. (GAO/HRD-91-67, see p. 618.)

## Products With Open Recommendations: Medicare and Medicaid

## Related Products With Open Recommendations Under Other Issue Areas

| Product Title | | |
|---|---|---|
| | Health Insurance: Vulnerable Payers Lose Billions to Fraud and Abuse (HRD-92-69) | 594 |
| | Medicaid: HCFA Needs Authority to Enforce Third-Party Requirements on States (HRD-91-60) | 564 |
| | Veterans' Benefits: Savings From Reducing VA Pensions to Medicaid-Supported Nursing Home Residents (HRD-92-32) | 673 |

# Durable Medical Equipment: Specific HCFA Criteria and Standard Forms Could Reduce Medicare Payments

HRD-92-64, 06/12/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a legislative requirement, GAO studied Medicare payments for durable medical equipment, focusing on the: (1) adequacy of the Health Care Financing Administration's (HCFA) criteria for determining medical necessity; and (2) potential of standardized certification forms for reducing unnecessary payments.

## Findings

GAO found that: (1) in 1990, Medicare paid about $1.7 billion for durable medical equipment claims; (2) Medicare pays millions of dollars annually for equipment that beneficiaries do not need; (3) HCFA coverage criteria for determining the necessity of durable medical equipment are vague and subjective and do not include sufficient information about specific medical conditions, condition severity, or the necessity for additional or sophisticated features on basic equipment; (4) HCFA agrees with carriers that more detailed coverage criteria could reduce unnecessary Medicare payments for durable medical equipment, but believes that it is unreasonable to list all possible conditions for coverage; and (5) to reduce unnecessary payments, HCFA requires suppliers to have prescriptions before delivering certain equipment to beneficiaries, suggests that carriers use more detailed medical necessity certification forms, and proposes to consolidate the processing of medical equipment claims. GAO also found that: (1) carriers have significantly reduced unnecessary equipment payments by using certification forms that require physicians to provide narrative, more detailed justification for equipment; and (2) HCFA plans to develop additional suggested forms for carriers to use to certify medical equipment necessity.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to develop and issue specific coverage criteria for equipment HCFA identifies as subject to unnecessary payments.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to require that the medical necessity certification forms being developed by HCFA for equipment subject to unnecessary payments require physicians to provide detailed narrative justification documenting the medical necessity for the prescribed equipment.
**Status:** Action not yet initiated.

# Medicaid: Ensuring that Noncustodial Parents Provide Health Insurance Can Save Costs

HRD-92-80, 06/17/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO evaluated state and federal efforts to ensure that noncustodial parents with available health insurance resources cover their Medicaid-eligible children.

## Findings

GAO found that: (1) states are not ensuring that noncustodial parents provide health insurance to their children; (2) states and the federal government could save about $122 million annually if noncustodial parents provided insurance available through their employers; (3) federal requirements permit wide variability in state laws enforcing medical support; and (4) employer health plans covered by the Employee Retirement Security Act of 1974 (ERISA) can exclude noncustodial parents' children from coverage, and

states cannot compel coverage with their medical support requirements.

## Open Recommendations to Congress

**Recommendation:** Congress should require, as a condition of federal participation in their child support programs, that states enact laws enabling the programs to enforce health insurance requirements on employers, such as is done with income withholding for cash support.
**Status:** Action not yet initiated.

**Recommendation:** Congress should amend ERISA to give states the authority needed to ensure that their medical support efforts can be effective.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Office of Child Support Enforcement to improve state efforts to establish noncustodial parents' medical support obligations by specifying in program guidance the minimum steps and time frames that states must meet to monitor and enforce medical support obligations.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services should direct the Office of Child Support Enforcement to improve state efforts to establish noncustodial parents' medical support obligations by developing outcome-oriented performance standards for medical support activities and monitoring whether these standards are met.
**Status:** Action not yet initiated.

# Medicaid: Legislation Needed to Improve Collections From Private Insurers

HRD-91-25, 11/30/90 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed problems that state Medicaid agencies experienced in collecting from third parties, focusing on out-of-state insurers and employee health benefit plans covered under the Employee Retirement Income Security Act of 1974 (ERISA).

## Findings

GAO found that: (1) states lacked jurisdiction over insurers that operated only incidentally in the state; (2) states' limited authority over ERISA plans did not allow them to prohibit those plans from certain actions to avoid payments for recipients' covered costs; (3) state officials could not easily identify Medicaid losses through their payment systems, but federal agency information indicated that the losses could be substantial and were likely to increase; and (4) to minimize future losses, states will need federal legislation to clarify Medicaid's role as payer of last resort and enhance their ability to collect from out-of-state insurers and ERISA plans.

## Open Recommendations to Congress

**Recommendation:** Congress should amend federal law to explicitly state that Medicaid is payer of last resort, give states the authority needed to recover from all liable third parties, and provide effective mechanisms for enforcement.

**Status:** Action in process. Legislative changes were included in the fiscal year 1991 budget proposal, but were deleted apparently because of jurisdictional differences between the Senate Appropriations and Finance Committees. Representative McCloskey introduced H.R. 3137 on July 31, 1991. Although it differs from the GAO-suggested legislative language, it addresses problems identified in the GAO report. It would amend the McCarran-Ferguson Act instead of the Social Security Act, as suggested by GAO. The House Committee on Government Operations planned to hold hearings during 1992 on third-party liability issues discussed in this and other GAO reports.

# Medicaid: Oregon's Managed Care Program and Implications for Expansions

HRD-92-89, 06/19/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed Oregon's current Medicaid managed care program and the state's proposed expansion of the program as part of a larger demonstration.

## Findings

GAO found that: (1) Oregon's current managed care program provides adequate access to health services, despite indications of strained capacity, which the state is working to address by recruiting more health plans; (2) Oregon's current program incorporates safeguards that help protect Medicaid managed care clients against inappropriate reductions in access to care; (3) the Oregon program meets federal requirements for safeguarding the quality of care through reviews of the quality assurance efforts of individual health plans and through annual reviews of patients' medical records; (4) the Oregon program also attempts to determine client views and problems through a grievance process, satisfaction surveys, and special hearings; (5) in 1991, Oregon officials found quality assurance activities at most participating health plans to be substantially in compliance and Oregon's opinion surveys and grievance procedures likewise disclosed few problems; (6) Oregon's independent medical record review process identified few quality problems in the program, but concluded that health screening services for children should be improved; (7) the effectiveness of Oregon's financial oversight systems could be improved by providing guidance on financial reporting, defining the state's solvency indicators and evaluation criteria, and extending reporting requirements to subcontractors; (8) Oregon could require contracting plans to disclose ownership, control, and other information, which could help program managers ensure that Medicaid funds are not diverted from the delivery of health services; and (9) concerns exist over whether Oregon's proposed demonstration project can develop adequate health plan and physician capacity within 1 year to serve three times its current managed care enrollment.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services, through HCFA, should direct Oregon to continue to improve quality assurance activities in the current program. Specifically, Oregon should intensify its efforts to improve the delivery and documentation of well-child screening services, which were identified as a weakness by Oregon Medical Professional Review Organization and GAO consulting physicians. Oregon also could increase the usefulness of its client satisfaction survey by revising the questionnaire and survey methods.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services, through HCFA, should direct Oregon to improve its monitoring of contractor financial solvency in the current program, by: (1) developing reporting guidance for the contractors to ensure that the state's adopted solvency indicators measure comparable aspects of financial performance; and (2) adopting evaluation criteria in the form of ranges or limits for use in assessing solvency indicators.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services, through HCFA, should direct the Office of Medical Assistance Programs to require risk basis subcontractors of fully capitated health plans to meet standards for financial solvency. Specifically, entities subcontracting with fully capitated plans to provide a comprehensive range of services, including inpatient care, should be subject to the same solvency monitoring requirements as those for fully capitated plans.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services, through HCFA, should require Oregon to meet Medicaid disclosure requirements in both its current Medicaid managed care program and the proposed demonstration project, if approved.
**Status:** Action not yet initiated.

# Medicaid: Oversight of Health Maintenance Organizations in the Chicago Area

HRD-90-81, 08/27/90 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO assessed the adequacy of the Health Care Financing Administration's (HCFA) and Illinois' oversight of the quality of care provided to Medicaid recipients by Chicago-area health maintenance organizations (HMO).

## Findings

GAO found that: (1) Chicago's two largest HMO used incentive payments that could jeopardize the quality of care provided to Medicaid recipients; (2) stronger HMO management controls could help identify and prevent physician behavior that adversely affects quality of care; (3) unlike the Medicare program, Medicaid contractors do not have a minimum enrollment of Medicaid beneficiaries; (4) high turnover of Medicaid recipients enrolled in Chicago-area HMO could increase the incentives to inappropriately delay or deny care; (5) Chicago-area HMO made limited progress toward developing quality assurance programs; (6) HCFA, Illinois Department of Public Aid (IDPA), and Chicago-area HMO did not establish effective mechanisms to identify and correct potential underservicing and other quality-of-care problems; (7) Illinois did not take effective follow-up action after identifying potential quality-of-care problems during Medicaid compliance audits and other reviews; and (8) IDPA did not attempt to determine whether the problems previously identified through compliance reviews and peer reviews were caused by poor documentation or underservicing.

## Open Recommendations to Congress

**Recommendation:** Congress should amend the Social Security Act to: (1) establish a minimum enrollment requirement for HMO participating in the Medicaid program; and (2) require risk-comprehensive subcontractors serving Medicaid recipients and Medicare beneficiaries to meet the minimum enrollment requirement as well as risk-based contracting requirements relating to patient mix and financial solvency.
**Status:** Action in process.

**Recommendation:** Because the Department of Health and Human Services (HHS) has no specific plans or timetable for improving utilization-reporting systems, Congress may wish to consider requiring HHS to: (1) develop criteria and screens for prepaid health systems; and (2) set a deadline for completion.
**Status:** Action in process.

**Congressional Action:** Some of the recommendations were discussed as part of the Omnibus Budget Reconciliation Act of 1990 conference. They were dropped. A bill has been introduced in the Senate proposing reforms to Medicaid managed care programs.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services, through the Administrator, HCFA, should direct IDPA to require HMO, when entering into contracts on a risk basis, to require their subcontracting health plans to comply with standards for risk-based contracting. Specifically, subcontracting health plans should be required, in writing, to: (1) prove their financial solvency; (2) have a plan for handling insolvency; and (3) hold the number of Medicaid recipients to less than 75 percent of total enrollment.
**Status:** Action in process. HHS is considering options for addressing this issue.

**Recommendation:** The Secretary of Health and Human Services, through the Administrator, HCFA, should direct IDPA to review the accuracy and completeness of medical care utilization data and take necessary steps to improve utilization reporting.
**Status:** Action in process. HHS is considering options for addressing this issue.

**Recommendation:** The Secretary of Health and Human Services should: (1) develop standards for utilization-reporting systems for prepaid health systems; and (2) require states to include such reporting systems in their Medicaid management information systems.
**Status:** Action in process. HHS and HCFA are in the process of revising the quality assurance requirements that HMO must meet, including utilization reporting.

**Recommendation:** The Secretary of Health and Human Services, through the Administrator, HCFA, should require IDPA to establish procedures to

help ensure that adequate follow-up is conducted when potential quality-of-care problems are identified.
**Status:** Action in process. HHS is considering actions for addressing this issue.

**Recommendation:** The Secretary of Health and Human Services, through the Administrator, HCFA, should direct IDPA to establish criteria for expected utilization and develop screens to detect possible underservicing by physicians, medical groups subcontracting with HMO, and HMO.
**Status:** Action in process. HHS is considering options for addressing this issue.

# Medicaid: Recoveries From Nursing Home Residents' Estates Could Offset Program Costs

HRD-89-56, 03/07/89 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO reviewed the potential for estate recovery programs to help offset state and federal Medicaid nursing home costs.

## Findings

GAO found that: (1) estate recovery programs provide a cost-effective way to offset state and federal costs, while promoting more equitable treatment of Medicaid recipients; (2) the absence of estate recovery programs creates inequities in the treatment of Medicaid recipients and their heirs, allowing recipients who still own a home at the time of death to leave an estate, while requiring those who do not own a home to apply most of their liquid assets toward the cost of their care before they become Medicaid-eligible; (3) about 14 percent of Medicaid nursing home residents in the eight states reviewed owned a home, with an average value of about $31,000; (4) of the eight states, only Oregon recovered Medicaid nursing home costs from the estates of Medicaid recipients and their spouses, six states had no estate recovery programs, and California had a recovery program, but was not recovering from the estates of surviving spouses; (5) by establishing recovery programs such as Oregon's, the six states could defray about $85 million of the estimated $125 million in Medicaid nursing home payments they would incur for homeowner recipients; (6) California could recover an additional $11 million if it recovered costs from surviving spouses' estates; and (7) Oregon and California limited their recovery programs to recipients 65 or over, due to confusion over whether federal regulations permitted them to recover from those under 65.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider making mandatory the establishment of programs to recover the cost of Medicaid assistance provided to nursing home residents of all ages, from either their estates or the estates of their surviving spouses. The establishment of such programs would help to ensure that assets preserved through the new transfer-of-assets provisions can be used to defray Medicaid costs.
**Status:** Action not yet initiated.

**Recommendation:** Congress may wish to consider making mandatory the establishment of programs to recover the cost of Medicaid assistance provided to nursing home residents of all ages, from either their estates or the estates of their surviving spouses. The establishment of such programs would help to ensure that assets preserved through the new transfer-of-assets provisions can be used to defray Medicaid costs.
**Status:** Action not yet initiated.

**Congressional Action:** Congress is considering the recommended changes and changes to the transfer-of-assets provisions in current law. Action is anticipated in 1993.

# Medicaid: Some Recipients Neglect to Report U.S. Savings Bond Holdings

HRD-89-43, 01/18/89 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO examined income and asset reporting by Medicaid recipients in nursing homes to determine the: (1) effectiveness of states' policies and procedures for verifying savings bond holdings; and (2) extent of holdings of recipients residing in Massachusetts nursing homes.

## Findings

GAO found that: (1) as of April 1986, 143 Medicaid nursing home residents in Massachusetts had savings bond holdings in excess of the $2,000 statutory limit; (2) the residents had outstanding bonds worth a total of about $1.5 million, with individual holdings ranging from $2,000 to over $60,000; (3) 48 of 57 recipients' records did not disclose bond ownership or redemptions, while 1 made partial disclosure; (4) the 49 individuals should have been disqualified from receiving Medicaid benefits for filing false or incomplete applications; and (5) states did not have access to the Department of the Treasury's savings bond data files to verify individual Medicaid applicants' and recipients' bond holdings or redemptions.

## Open Recommendations to Congress

**Recommendation:** The Committees should report to Congress a legislative proposal to amend income and eligibility verification system requirements to expand information available to states under the systems to include data files maintained by the Department of the Treasury on U.S. savings bond holdings and redemptions.
**Addressee:** Senate Committee on Finance
**Status:** Action in process.
**Addressee:** House Committee on Energy and Commerce: Health and the Environment Subcommittee
**Status:** Action in process.

**Congressional Action:** Congress is considering options for addressing these issues.

# Medicare: Excessive Payments Support the Proliferation of Costly Technology

HRD-92-59, 05/27/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO compared Medicare payment levels with providers' costs for such high-technology radiology services as magnetic resonance imaging (MRI) and Computed Tomography, to determine whether the Health Care Financing Administration (HCFA) has adjusted technical component payments to reflect cost decreases.

## Findings

GAO found that: (1) Medicare's technical component payments for MRI services do not reflect technological advances, reduced equipment costs, and faster scans, all of which are expected to reduce costs and justify future reductions in reimbursement rates; (2) current payment levels are primarily based on initial payment levels set by local Medicare carriers, charge-based payments, and fee schedule systems mandated by Congress; (3) in fiscal year (FY) 1990, MRI facilities had higher patient volumes and lower per-scan costs than in FY 1985, primarily since MRI machine upgrades have made them faster, and some providers do more scanning at a lower unit cost, especially in states with limited MRI proliferation; (4) in some geographic areas, such as Florida, there is a large number of MRI providers and much excess machine capacity, and high Medicare payment

rates subsidize excess capacity by allowing providers to realize profits at low operational volumes; (5) some MRI machines are performing two to four times the 2,000 scans per year cited in HCFA guidance; (6) Congress has mandated changes to Medicare payment policies, including reducing technical component payments and the geographic variation in payment levels; and (7) in some localities, payments are still too high and are based in part on historical allowed charges instead of costs.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services (HHS) should require the Administrator, HCFA, to survey the technical component costs incurred by facilities providing radiology services and revise the fee schedule to more accurately reflect the unit costs incurred by high-volume, efficient providers.
**Status:** Action not yet initiated. HHS agreed with the direction of this recommendation, stating that more analytical work needs to be done before adjusting technical components.

**Recommendation:** The Secretary of Health and Human Services should require the Administrator, HCFA, to periodically adjust technical component payments to reflect changing costs, with annual payment reviews for procedures that use high-cost, evolving technologies.
**Status:** Action not yet initiated. HHS agreed that periodic adjustments are needed.

**Recommendation:** When new radiology services are approved for Medicare coverage, the Secretary of Health and Human Services should require the Administrator, HCFA, to set technical component payment rates that reflect the costs incurred by high-volume, efficient providers.
**Status:** Action not yet initiated. HHS stated that it must have the discretion to determine the methodology to be used in setting technical component allowances but indicated that volume and efficiency may well be criteria for establishing technical allowances.

# Medicare: Experience Shows Ways to Improve Oversight of Health Maintenance Organizations

HRD-88-73, 08/17/88 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

In response to a congressional request, GAO reviewed the Health Care Financing Administration's (HCFA) efforts to deal with health maintenance organizations' (HMO) compliance problems, specifically: (1) the adequacy of data to determine the quality and cost of HMO care; (2) the adequacy of HCFA staff levels to monitor HMO; and (3) HCFA willingness to act when HMO fail to meet federal requirements.

## Findings

GAO found that HCFA: (1) had no data on HMO use of physician or outpatient services and limited data on their use of inpatient services, since it compiled data primarily to monitor participants' compliance with financial solvency requirements and to calculate payments; (2) initiated HMO peer reviews and the Beneficiary Inquiry Tracking System to increase its ability to monitor HMO quality; (3) did not increase staffing or monitoring resources to keep pace with HMO growth and increased Medicare enrollments; (4) implemented new compliance monitoring procedures requiring reviews of HMO every 2 years to identify and resolve problems early; and (5) was generally successful in resolving HMO compliance problems, but was reluctant to terminate contracts with recurring compliance problems because of its concern over possible adverse effects on Medicare beneficiaries.

## Open Recommendations to Congress

**Recommendation:** The House Committee on Ways and Means, Subcommittee on Health, should consider increasing HCFA discretion in applying its authority to suspend Medicare enrollments. Specifically, the Subcommittee should consider developing legislation to give HCFA discretion to suspend Medicare enrollments in HMO that fail to respond to notices of noncompliance in a timely manner, have recurring compliance problems, or are encountering financial difficulties or failing to meet financial solvency requirements and not showing substantial progress in improving from one reporting period to the next.

**Status:** Action in process. HHS has submitted to Congress a legislative proposal that would meet the intent of the recommendation. It is not known when Congress will act.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to issue regulations specifying the purpose of retroactive disenrollments and the circumstances, criteria, and procedures that must be met in authorizing such actions.
**Status:** Action in process. Estimated completion date: 07/93. HHS revised its HMO Manual, effective July 1992, to address the issues in this recommendation. HHS expects to issue relevant regulations during 1993.

# Medicare: Further Changes Needed to Reduce Program and Beneficiary Costs

HRD-91-67, 05/15/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO provided information on Medicare's efforts to reduce its program and beneficiary costs.

## Findings

GAO found that: (1) the growth in Medicare hospital payments averaged 15.7 percent annually in the 3 years before it established the prospective payment system (PPS), resulting in 6.3-percent annual growth rate since 1983; (2) additional Medicare PPS payments would not necessarily guarantee rural hospitals' financial viability; (3) Medicare should reduce PPS payments to teaching hospitals by a third to more accurately reimburse hospitals for their indirect medical education costs; (4) the Health Care Financing Administration (HCFA) should continue to refine the diagnosis-related groups to reduce wide variations in treatment costs; (5) continued inadequate funding by the Medicare program could compromise the successful implementation of physician payment reform; (6) if HCFA eliminated the link between anesthesia time and payment levels, Medicare could save $50 million annually; (7) reducing payments for laboratory services could save Medicare $150 million annually; (8) to reduce Medicare costs, HCFA should consider developing a procedure for redetermining payments as new technologies mature and associated costs fall; (9) technical corrections to the payment calculation for ambulatory outpatient surgery would reduce Medicare payments and beneficiary costs; (10) despite some potential advantages, there were persistent problems with health maintenance organization (HMO) payment methods and program oversight; and (11) consideration should be given to modifying the method to fund increased expenditures for Medicare safeguard activities.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider directing HCFA to test and assess alternative ways to market HMO that serve Medicare beneficiaries. Specifically, Congress could direct that HCFA conduct demonstrations to test-market HMO through independent third-party organizations operating under HCFA direction.
**Status:** Action not yet initiated.

**Recommendation:** Congress should consider broadening HCFA sanction authority, for example, by authorizing civil monetary penalties when HMO do not comply with peer review organization review requirements.
**Status:** Action not yet initiated.

**Recommendation:** Increasing funding for payment safeguard activities, and thereby preventing inappropriate program payments, could help lessen the need for the difficult across-the-board cuts to all providers that Congress is faced with annually. Consequently, Congress should consider appropriating additional funds for contractor safeguard activities.
**Status:** Action in process.

**Recommendation:** Because of the strong potential for a net reduction in federal spending, Congress should consider

establishing a similar means of facilitating increased expenditures to fund Medicare administrative costs.

**Status:** Action in process.

**Congressional Action:** HCFA has requested increased funding, but the budget has not yet been approved.

# Medicare: HCFA Needs to Take Stronger Actions Against HMOs Violating Federal Standards

HRD-92-11, 11/12/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO examined media allegations regarding widespread compliance problems with Medicare's largest health maintenance organization (HMO) contractor, focusing on: (1) federal oversight of the contractor; (2) whether the Department of Health and Human Services (HHS) had identified the alleged problems; and (3) whether the Health Care Financing Administration (HCFA) took prompt and effective actions to resolve the alleged problems.

## Findings

GAO found that: (1) HCFA identified the alleged problems and found additional problems; (2) HCFA found the contractor to be in violation of federal standards related to marketing, claims payment, beneficiary appeals processing, and implementing an internal quality control system; (3) the problems HCFA identified could have adverse effects on beneficiaries' out-of-pocket costs and their access to, and quality of, care; (4) HCFA requested the contractor to resolve its deficiencies in October 1991, but the contractor remained noncompliant in claims payment and beneficiary appeals; and (5) although HCFA has authority to impose intermediate sanctions on noncompliant HMO, it has been reluctant to do so due to the lack of HCFA regulations and policies covering the use of its authority.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to establish policies that specify the circumstances and timing regarding when it will impose sanctions on HMO with Medicare risk contracts that are violating Medicare requirements.
**Status:** Action taken not fully responsive. The HCFA Office of Prepaid Health Care Operations and Oversight has issued policies setting forth the process for initiating sanctions. However, these policies do not clearly specify the circumstances under which the sanctions will be imposed. In addition, the implementing regulations for intermediate sanctions are not yet in force.

# Medicare: HCFA Should Improve Internal Controls Over Part B Advance Payments

HRD-91-81, 04/17/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO reviewed the Health Care Financing Administration's (HCFA) controls over Medicare internal control weaknesses, focusing on Georgia's and Florida's carriers' methods for recouping advance payments made to physicians, laboratories, and suppliers under part B regulations.

## Findings

GAO found that: (1) HCFA lack of internal controls over advance payments to part B providers resulted in inappropriate officials approving such

payments; (2) HCFA did not issue regulations or instructions regarding advance payments to part B providers; (3) because of this lack of guidance, the circumstances under which the carriers made advance payments differed; (4) one carrier advanced payments only to medical equipment suppliers, while the other carrier advanced payments available to all providers in that state; (5) by February 1990, one carrier recouped about 94 percent of the $1.3 million it advanced to suppliers; (6) the other carrier recouped advance payments by withholding 25 percent of subsequent payments and 50 percent of payments to other providers; (7) in February 1990, one carrier began more aggressive efforts to recoup advance payments, but about $34 million of the $80 million it advanced to providers remained outstanding; (8) by September 1990, about a year after providers indicated that their payments had returned to normal, one carrier had not recouped 18 percent of the advanced amount; and (9) one carrier encountered particular difficulty in recouping advanced payments it made to providers maintaining more than one Medicare payment account.

## Open Recommendations to Agencies

**Recommendation:** The Administrator, HCFA, should determine whether it is appropriate for carriers to make advance payments to Medicare part B providers. If the Administrator determines that it is appropriate to do so, then the Administrator should develop regulations and instructions for regional offices and carriers similar to those that govern part A advance payments. Those instructions should outline the: (1) circumstances under which regional offices may authorize carriers to make advance payments; (2) method to use in calculating the payment amounts; and (3) controls that should be in place to ensure that carriers recoup such payments in a timely manner.
**Status:** Action in process. HCFA has drafted regulations, which were reviewed in the Office of the Administrator and are being revised before submission to the Office of the Secretary. Because of their potential cost savings, these regulations have been exempted from the current regulatory moratorium.

# Medicare: HCFA Can Reduce Paperwork Burden for Physicians and Their Patients

HRD-90-86, 06/20/90 GAO Contact: Mark V. Nadel, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed the claims process for Medicare physician services to determine whether: (1) opportunities exist to help providers submit more complete claims; (2) notices to beneficiaries explain claims decisions clearly; and (3) electronic services, such as electronic mail, could reduce paperwork.

## Findings

GAO found that: (1) in 1989, providers and beneficiaries filed 45 million incomplete claim forms; (2) incomplete claim forms were more costly to process than complete claim forms; (3) service descriptions and provider names on benefit notices were vague; (4) mathematical calculations and explanations of beneficiary liability were difficult to understand; and (5) reasons for service denial were not sufficiently precise. GAO also found that: (1) the Health Care Financing Administration (HCFA) could make filing claims easier by using electronic technologies to automate the process; (2) electronic technologies would reduce Medicare administrative costs and alleviate providers' cost and paperwork; and (3) some contractors and commercial insurers had already developed systems to simplify the claims process and make electronic filing available to more providers.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to initiate a concerted effort with carriers and beneficiaries to improve the quality of notices and messages. Specifically, HCFA should monitor carriers to ensure that notices are sent to beneficiaries in all required cases so that beneficiaries will have the opportunity to detect potential payment errors or fraudulent claims.
**Status:** Action taken not fully responsive. HCFA now requires that carriers send an explanation of Medicare benefits (EOMB) to beneficiaries in all

cases except for laboratory charges. Because of funding restraints, HCFA does not require carriers to send EOMB for laboratory charges in light of the large volume of such claims. If funding becomes available in the future, HCFA would require that EOMB be sent for laboratory charges.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to assume a leadership role in further automating the claims process and specifically identify the innovations in electronic claims filing systems and electronic communications that Medicare carriers and commercial insurers have instituted.

**Status:** Action in process. For the last 4 years, HCFA has submitted legislative proposals to encourage increased numbers of submissions of electronic claims. HCFA proposes that electronic claims be paid 10 to 14 days faster than paper claims. HCFA has once again established goals for carriers on the percentage of claims to be received electronically. Currently, the proposal has been included in the appropriations bill.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to assume a leadership role in further automating the claims process and specifically disseminate information on such innovations to carriers to facilitate the implementation of these innovations throughout Medicare.

**Status:** Action in process. HCFA has submitted legislative proposals to encourage increased numbers of submissions of electronic claims. HCFA has also established goals for carriers on the percentage of claims to be received automatically. Currently, the proposal has been included in the appropriations bill and is awaiting action.

# Medicare: Indirect Medicare Education Payments Are Too High

HRD-89-33, 01/05/89 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a legislative requirement, GAO: (1) examined the factors responsible for the variations in patient costs and Medicare payments among teaching and nonteaching hospitals; and (2) estimated the adjustment needed to compensate teaching hospitals for the indirect cost of medical education.

## Findings

GAO found that: (1) teaching hospitals had higher patient-care costs than nonteaching hospitals because of costlier locations and case mixes and because they tended to be larger than nonteaching hospitals; (2) location, case mix, hospital size, and the availability of a graduate medical education program are contributory factors to variations in Medicare payments to hospitals; and (3) the Prospective Payment System (PPS) formula created an imbalance in Medicare payments because it did not account for all cost variation sources. GAO estimated that an appropriate indirect-cost adjustment factor would be: (1) 3.73 percent if the PPS formula were expanded to include other relevant cost factors; (2) 5.9 percent under the current PPS formula; and (3) 6.26 percent, taking into account the shortcomings in the PPS formula and PPS failure to consider other cost factors in the indirect-teaching-cost adjustments. GAO believes that an adjustment factor of 6.06 percent would be appropriate after 1995.

## Open Recommendations to Congress

**Recommendation:** Congress should reduce the teaching adjustment factors for fiscal years 1989 through 1995, and for 1996 and beyond, to levels shown by GAO analysis of Medicare costs. Should Congress wish to use the savings from the lower payments to teaching hospitals to reduce overall Medicare outlays, the legislation should specifically reflect that decision. Congress should also include provisions directing the Secretary of Health and Human Services to periodically reestimate the effects of graduate medical education on Medicare costs, based on the most current hospital cost data available at the time.

**Status:** Action not yet initiated. The recommendation to reduce indirect medical education payments to hospitals should be considered during 1993. The Bush Administration has also proposed reducing these payments.

# Medicare: Millions in Disabled Beneficiary Expenditures Shifted to Employers

HRD-91-24, 04/10/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a legislative requirement, GAO determined the: (1) annual cost savings to Medicare from its becoming a secondary payer for certain disabled beneficiaries; and (2) effects of the secondary payment provision on employment and employment-based health coverage of disabled beneficiaries and their family members.

## Findings

GAO found that: (1) Medicare saved about $322 million because of the provision; (2) Medicare could have saved an additional $148 million had the program not made erroneous payments as a primary payer for some health care services provided to ineligible beneficiaries; (3) Medicare saved about $83 million from the provision's effect on 55,000 disabled beneficiaries who had their own health coverage under employer-sponsored group health plans; (4) the provision had little adverse effect on disabled beneficiaries or their family members in terms of employment or the cost and availability of employer-sponsored health insurance; and (5) the secondary provision had little effect on the disabled, but some employers were contemplating changes that could adversely affect disabled employees.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should delete, from final regulations related to determining employee status for disabled individuals not currently working, factors indicative of such status.
**Status:** Action in process. The Department of Health and Human Services (HHS) agreed with the recommendation and said it would issue regulations to implement it. Action should be completed sometime in 1993.

# Medicare: Millions in Potential Recoveries Not Being Sought by Maryland Contractor

HRD-91-32, 01/25/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO evaluated the adequacy of the Health Care Financing Administration's (HCFA) Medicare contractor budget for claims processing and program safeguard activities, focusing on the Maryland Medicare claims processing contractor's: (1) payment of claims for which other health insurers may have had primary payment responsibility under the Medicare secondary payer (MSP) program; and (2) efforts and resources for pursuing MSP recoveries.

## Findings

GAO found that: (1) the Maryland Medicare contractor paid at least $8.8 million in Medicare claims that primary insurers should have paid under MSP provisions; (2) 13 insurers were each potentially responsible for more than $100,000 of the health care payments, and the Maryland Medicare contractor, as a private primary health insurer, was potentially responsible for $4.1 million of the payments; (3) the contractor did not pursue the large inventory of potential recoveries due to reductions in funds for MSP activities, and had only 1.5 full-time-equivalent staff assigned to recover mistaken MSP payments; and (4) the contractor estimated that, with an additional $200,000 for needed staff, it could eliminate the total MSP backlog in 1 year.

## Open Recommendations to Agencies

**Recommendation:** The Administrator, HCFA, should work with the Medicare contractor to: (1) determine the full scope of the problem and the resources

needed to correct it; and (2) establish a plan, including milestones, for seeking recoveries.
**Status:** Action in process. The Medicare contractor is examining all overpayments and has identified approximately 2,500 additional cases. Collection of overpayments has started and, as of March 1992, about $4.4 million had been recovered. Time and economic resources needed to recover all overpayments will be developed.

**Recommendation:** The Administrator, HCFA, should closely monitor the Medicare contractor's performance in meeting the milestones set for the recovery activity.

**Status:** Action in process. HCFA Philadelphia Regional Office has required the Medicare contractor to report each week on the total overpayments recovered from providers and private insurers. HCFA has also required the contractor to account for all overpayments.

# Medicare: Millions of Dollars in Mistaken Payments Not Recovered

HRD-92-26, 10/21/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed Medicare contractors' claims-processing activities, to identify: (1) Medicare payments mistakenly made to hospitals for inpatient services that resulted in credit balances due Medicare; (2) the reasons for such payments; (3) hospital efforts to refund credit balances; and (4) Medicare contractor actions to recover amounts owed to the program.

## Findings

GAO found that: (1) each of the 17 hospitals visited owed refunds to Medicare that collectively amounted to over $900,000; (2) the credit balances resulted primarily from Medicare and another insurer mistakenly paying for the same inpatient service or Medicare paying twice for the same service; (3) the five Medicare intermediaries that serviced the 17 hospitals lacked the necessary internal controls to ensure that credit balances were identified and promptly recovered; (4) since intermediaries considered credit balance recovery activities to be a low priority, many of the credit balances remained outstanding for years despite attempts by some hospitals to make repayment; (5) in attempting to make refunds, some hospitals did not correctly complete the required paperwork and the intermediaries did not follow up to ensure that problems were corrected and the amounts owed Medicare were recovered; (6) the Health Care Financing Administration (HCFA) now requires the 48 nationwide intermediaries to establish units responsible for identifying and recovering outstanding credit balances and to instruct hospitals to provide information on their outstanding credit balances and refund any amounts owed to Medicare; and (7) preliminary data from 11 intermediaries indicate that the hospitals they service owe refunds totalling $37 million.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should take the necessary steps to ensure that HCFA requires intermediaries to: (1) identify the causes of Medicare credit balances and, where appropriate, initiate corrective actions; and (2) ensure that hospitals identify and make accurate refunds of all amounts owed to Medicare.
**Status:** Action in process. HCFA sought Office of Management and Budget (OMB) approval to implement a provider reporting system to identify the causes of credit balances and ensure accurate refunds to the Medicare program. In April 1992, OMB approved the HCFA request for providers' quarterly reports on credit balance recovery activities through April 1993, at which time the need for additional reporting will be reevaluated.

# Medicare: One Scheme Illustrates Vulnerabilities to Fraud

HRD-92-76, 08/26/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO provided information on Medicare's involvement with the fraudulent medical laboratory operations, focusing on: (1) the extent of false claims paid by Medicare; (2) Medicare's success in recovering lost funds; and (3) Medicare's vulnerability to similar fraudulent activities.

## Findings

GAO found that: (1) although Medicare experienced some success in identification and prosecution of fraudulent laboratory operators, many fraudulent claims were unrecovered; (2) physicians avoid liability for repayment by failing to respond to Health Care Financing Administration (HCFA) and carrier collection letters, stopping operations and forming new corporate identities, and using group practice billing; (3) recovering fraudulent claims concerning unnecessary tests remains difficult due to the required burden of proof; (4) pursuit of fraud cases through civil procedures is hampered by a lack of interagency cooperation and critical missing files; (5) inadequate monitoring of physicians' referral patterns, the ease of obtaining multiple provider numbers, and the failure of provider information regulations to exclude past violators continue to make Medicare vulnerable to fraud; and (6) some carriers have developed computerized claims edits to automatically suspend claims payments, and HCFA requires carriers to establish separate fraud investigations branches, but reduced Medicare funding may constrain and adversely affect investigations and reviews.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to develop procedures and provide policy guidance to Medicare contractors concerning the use of available information on referrals, to identify and review providers who prescribe abnormal amounts of diagnostic tests or medical supplies or whose referrals to specific laboratories or suppliers are unusually high.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to develop procedures and provide policy guidance to Medicare contractors concerning the use of available information on ownership, and to identify and review instances of individuals who were involved in past fraudulent or abusive activity or have an individual ownership interest in entities to which they refer patients.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to strengthen controls over who can bill the program by establishing standards for the assignment of provider numbers to laboratories.
**Status:** Action not yet initiated.

# Medicare: Over $1 Billion Should Be Recovered From Primary Health Insurers

HRD-92-52, 02/21/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed Medicare contractors' efforts to administer Medicare Secondary Payer (MSP) program provisions intended to ensure that primary insurers pay claims before Medicare.

## Findings

GAO found that: (1) in response to a Health Care Financing Administration (HCFA) survey, Medicare contractors identified backlogs of over $1 billion

in erroneously paid beneficiary claims, and identified over 1.1 million additional beneficiaries who had additional insurance; (2) insurers could owe Medicare an additional $1 billion in claims after the contractors research the additional 1.1 million beneficiaries; (3) a HCFA data match using Internal Revenue Service and Social Security Administration records to identify a beneficiary or a spouse with additional insurance could add several million more claims to the existing backlogs, but Medicare could lose millions of dollars in claims because of a Department of Health and Human Services (HHS) regulation that limits contractors' claim recovery time after it identifies a primary insurer; and (4) although collections of erroneous MSP payments greatly exceed carriers' recovery costs, MSP budget reductions hinder carrier collection. GAO also found that the HHS fiscal year (FY) 1992 budget will not permit contractors to significantly reduce existing backlogs, since the budget is: (1) below the FY 1989 funding levels, when claims volume was about 27 percent less and contractors did not have huge MSP backlogs; and (2) about 22 percent less than Medicare contractors requested.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to initiate a request to the Office of Management and Budget to release the necessary contingency funds for use in recovering mistaken payments owed to Medicare.
**Status:** Action in process. The HHS Secretary requested that the Office of Management and Budget release contingency funds for use in recovering mistaken payments owed to Medicare. On February 14, 1992, $19.9 million was released for this purpose. The additional funding was provided to Medicare contractors. HHS expects that the backlogs, estimated at $1 billion, will be eliminated by late 1992.

# Medicare: Payments for Clinical Laboratory Test Services Are Too High

HRD-91-59, 06/10/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a legislative requirement, GAO reviewed the appropriateness of Medicare fee-schedule payments for clinical laboratory test services, focusing on laboratory costs and revenues.

## Findings

GAO found that: (1) although four of the five largest independent laboratory companies in the United States suffered business losses with their discount customers, all five had substantial sales returns from Medicare and other retail customers; (2) the laboratories' average return on Medicare sales exceeded their overall rate of return, since Medicare paid substantially more for test services than did the laboratories' discount customers; (3) while laboratories incurred higher costs serving Medicare than discount customers, those higher costs were more than offset by Medicare fee-schedule payments; (4) taking into account Medicare payment reductions effective in January 1990 and 1991, Medicare profit rates would have been 11 percent higher than the companies' overall profit rates; and (5) operations at 11 smaller laboratory companies had profit patterns similar to large laboratories.

## Open Recommendations to Congress

**Recommendation:** The Senate Committee on Finance, the House Committee on Ways and Means, and the House Committee on Energy and Commerce should propose legislation capping Medicare payments for clinical laboratory test services at a level that will reduce those payments so that Medicare's contributions to laboratories' profits do not exceed their overall profit rate. GAO data indicate that capping fees at 76 percent of the median of all fee schedules would accomplish this goal.
**Addressee:** Senate Committee on Finance
**Status:** Action not yet initiated.
**Addressee:** House Committee on Ways and Means
**Status:** Action not yet initiated.
**Addressee:** House Committee on Energy and Commerce
**Status:** Action not yet initiated.

**Recommendation:** The Senate Committee on Finance, the House Committee on Way and Means, and the

House Committee on Energy and Commerce should propose legislation giving the Secretary of the Department of Health and Human Services (HHS) the authority to adjust the cap rates for individual test procedures where relative rate inequities are apparent.
**Addressee:** Senate Committee on Finance
**Status:** Action not yet initiated.
**Addressee:** House Committee on Ways and Means
**Status:** Action not yet initiated.
**Addressee:** House Committee on Energy and Commerce
**Status:** Action not yet initiated.

**Congressional Action:** The Administration's fiscal year 1993 legislative proposals would reduce laboratory fees to 76 percent of the median. Legislative proposals to implement the other recommendation have not been introduced yet.

# Medicare: Payments for Medically Directed Anesthesia Services Should Be Reduced

HRD-92-25, 03/03/92 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a legislative requirement, GAO reviewed whether: (1) payments to anesthesiologists are excessive for services provided when they concurrently direct certified registered nurse anesthetists (CRNA); and (2) reduced payments resulting from the Omnibus Budget Reconciliation Act of 1987 have affected the use and employment of CRNA.

## Findings

GAO found that: (1) Medicare is providing an economic incentive for medically directed anesthesia, since it pays more for cases that involve medical direction of CRNA and residents than for cases where the anesthesiologist provides the service; (2) anesthesiologists received higher Medicare payments when they medically direct residents than when they personally provide anesthesia services or direct CRNA, since most Medicare carriers use 15-minute service intervals for time units when anesthesiologists direct residents and 30-minute intervals for direction of CRNA for the same medical procedures; and (3) the act had no discernible effect on CRNA use or employment because there is a nationwide CRNA shortage and decisions to use an anesthesiologist, a CRNA, or both are often dictated by the local availability of those professionals.

## Open Recommendations to Congress

**Recommendation:** Congress should amend the Social Security Act to limit Medicare payments for medically directed anesthesia services to the resource-based value that the Health Care Financing Administration establishes under the physician fee schedule.
**Status:** Action not yet initiated. Congress did not act during 1992 but should consider the recommendation in 1993.

# Medicare: PRO Review Does Not Assure Quality of Care Provided by Risk HMOs

HRD-91-48, 03/13/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a congressional request, GAO reviewed the: (1) Health Care Financing Administration's (HCFA) management of peer review organization (PRO) reviews of risk health maintenance organizations (HMOs); (2) PRO review of the internal quality assurance programs at risk HMOs; and

(3) PRO external review of health care provided by risk HMOs.

## Findings

GAO found that: (1) effective internal quality assurance programs (QAP) for risk HMOs were essential, since they were the first line of defense for protecting Medicare enrollees against substandard health care; (2) HCFA did not comprehensively assess QAP effectiveness because it focused on structure rather than effectiveness, and made PRO reviews of HMOs QAP optional; (3) some HMOs QAP did not have the capacity to identify and correct quality problems; (4) HCFA continued to rely on deficient QAP to correct serious quality problems; (5) the PRO external review process was hampered by such chronic sampling problems as incomplete information on HMOs inpatient hospital enrollees, unreliable results from the current HCFA inpatient care sampling plan, and limited ambulatory reviews; and (6) HCFA was not using results of PRO reviews in its HMOs oversight activities.

## Open Recommendations to Congress

**Recommendation:** Although risk HMOs are required to cooperate with PRO, Congress should amend the Social Security Act to give HCFA explicit authority to impose such remedies as suspending enrollment or payments or imposing civil monetary penalties to help ensure that risk HMOs comply in collecting and submitting the inpatient hospital information needed by PRO to carry out their review responsibilities.
**Status:** Action in process. Congress has not acted, but HHS has submitted a legislative proposal in line with the GAO recommendation.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to amend the HMOs and PRO contracts, at the earliest opportunity, to make mandatory the PRO review of QAP of all risk HMOs participating in the Medicare program. This requirement should include provisions for HMOs corrective action and PRO followup where HMOs QAP cannot demonstrate the capacity to identify and correct quality-of-care problems and periodic PRO monitoring of those QAP found to be effective.
**Status:** Recommendation valid/action not intended. The Department of Health and Human Services (HHS) disagreed with the recommendation, stating that no legal obligation exists requiring PRO review of QAP and that HCFA already reviews QAP as part of its certification program for HMOs. GAO believes that PRO review of QAP would represent a medical evaluation of their adequacy, whereas the HCFA review is more administrative.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, at the earliest opportunity, in cooperation with PRO and HMOs, to develop uniform review guidelines to be used by PRO in assessing the effectiveness of HMOs QAP.
**Status:** Recommendation valid/action not intended. HHS disagreed with the recommendation and said that no action would be taken. Because GAO believes that PRO should review QAP and PRO would need guidance for conducting such reviews, HHS disagrees about the need for the PRO reviews.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to review the requirements for the PRO external quality review of HMOs medical records and make adjustments to ensure that review levels are commensurate with the effectiveness of QAP. That is, HMOs with QAP that can demonstrate the capacity to identify and correct quality problems should be subject to lower levels of external PRO review.
**Status:** Recommendation valid/action not intended. HHS said that it could not implement the recommendation at this time because sufficient health outcome data do not exist. GAO believes that PRO could conduct meaningful evaluations using their medical expertise and available data.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to critically monitor the results of PRO reviews of ambulatory care risk HMOs as part of an ongoing effort to identify the most effective way of doing such reviews.
**Status:** Recommendation valid/action not intended. HHS said it believes the quality of routine ambulatory care in HMOs is superior to that under fee-for-service.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to provide leadership in encouraging participating risk HMOs to begin collecting centralized data on ambulatory care provided to Medicare enrollees.
**Status:** Recommendation valid/action not intended. HHS said that centralization of records is problematic. HHS did agree that there is a need for some level of centralized data, but made no commitment about ensuring their availability.

**Recommendation:** The Secretary of Health and Human Services should

direct the Administrator, HCFA, to: (1) require PRO to report the results of their quality reviews by specific HMOs; and (2) link this information with that available from the HCFA compliance monitoring process and the Beneficiary Inquiry Tracking system to provide a more complete profile of HMOs with risk contracts.
**Status:** Action in process. Estimated completion date: 04/93. HHS agreed that linking all data sources on HMOs monitoring would be valuable. HHS is redesigning its PRO data system to enable identifying PRO findings with specific HMOs. The data will also be used in the HHS HMOs compliance monitoring process.

# Medicare: Reasonableness of Health Maintenance Organization Payments Not Assured

HRD-89-41, 03/07/89 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO reviewed Medicare health maintenance organizations' (HMO) adjusted community rates (ACR) process, focusing on HMO compliance with the Health Care Financing Administration's (HCFA) rate-setting guidelines and instructions.

## Findings

GAO reviewed ACR data from 1985 through 1987 for 19 HMO, and found that: (1) 11 HMO based their ACR estimates in part on cost and utilization data for other HMO, which HCFA regulations did not allow; (2) only two HMO consistently followed HCFA rate-setting procedures; (3) four HMO used inconsistent source data; (4) one HMO overstated ACR by about $6 million in 1986; (5) HCFA did not consistently ensure that HMO complied with its approved methods for calculating and documenting ACR; (6) HCFA monitored only 29 percent of HMO risk contracts during a 3-year period; (7) HCFA lacked adequate mechanisms to gauge the reasonableness of HMO estimates, retroactively adjust HMO payment rates, or recover ACR overpayments; and (8) HCFA lacked authority to recover overpayments arising from inaccurate ACR.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to establish policies and procedures to periodically conduct on-site reviews of HMO to verify for accuracy and reasonableness the data supporting their ACR against their records and accounting system reports.
**Status:** Action in process. Estimated completion date: 04/93. HCFA is currently revising its ACR protocol for on-site reviews and expects to finalize it in the spring of 1993.

# Medicare: Shared Systems Policy Inadequately Planned and Implemented

IMTEC-92-41, 03/18/92 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO reviewed a 1989 Health Care Financing Administration (HCFA) policy change that encouraged HCFA Medicare claims processing contractors to share automatic data processing (ADP) systems, focusing on: (1) HCFA implementation of the policy change; and (2) the policy's impact on Medicare claims processing.

## Findings

GAO found that: (1) in 1992, Medicare claims processing contractors reduced the number of ADP systems processing claims from 58 to 22; (2) HCFA was not

adequately prepared to implement the policy change and provided limited oversight during implementation; (3) HCFA did not establish minimum automation requirements to ensure that contractors would process claims efficiently and accurately until 2 years after implementing the policy; (4) since HCFA did not evaluate individual contractor systems to identify the most appropriate systems for sharing, contractors stopped using their own systems and began using other systems that may have been less effective; (5) many contractors experienced claims processing disruptions and reduced productivity during conversion to shared ADP systems, and only 20 of the 55 contractors in a shared maintenance or processing arrangement indicated that they were very satisfied with their shared systems and that operational efficiency had improved; (6) HCFA is considering requiring additional shared system policy changes, even though it has not performed a comprehensive cost-benefit analysis on the impact of its current shared system policy; (7) although HCFA believes that maintaining fewer systems and processing centers can reduce costs and promote uniformity, it has not considered the effect that conversion may have on contractors' ability to ensure accurate Medicare payments; and (8) although HCFA will spend $39.6 million through fiscal year 1992 in implementing the shared system initiative, it has not documented or communicated any long-term system plans.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to suspend further implementation of its system sharing policy until HCFA completes its evaluation of existing contractor ADP systems to ensure that the systems are in compliance with HCFA basic system requirements.
**Status:** Recommendation valid/action not intended. The Department of Health and Human Services (HHS) disagreed with the recommendation. The Department stated that it was pleased with the success of the shared systems initiative and had no desire to reverse course. Because of the magnitude of federal funds involved, GAO will continue monitoring the impact of this initiative.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to suspend further implementation of its system sharing policy until HCFA uses this evaluation, along with contractor program performance data, to determine which contractors would benefit from a conversion to shared processing and which systems would be the best candidates to convert to.
**Status:** Recommendation valid/action not intended. HHS disagreed with the recommendation. The Department stated that it was pleased with the success of the shared systems initiative and had no desire to reverse course. Because of the magnitude of federal funds involved, GAO will continue monitoring the impact of this initiative.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to suspend further implementation of its system sharing policy until HCFA provides continual oversight and direction of conversion activities to minimize disruption and ensure that Medicare processing goals are met.
**Status:** Recommendation valid/action not intended. HHS disagreed with the recommendation. The Department stated that it was pleased with the success of the shared systems initiative and had no desire to reverse course. Because of the magnitude of federal funds involved, GAO will continue monitoring the impact of this initiative.

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, HCFA, to suspend further implementation of its system sharing policy until HCFA develops a long-term strategic plan outlining the HCFA vision for Medicare claims processing and the interim steps needed to achieve this vision. Such a plan must address the use of technology in safeguarding Medicare funds and processing claims efficiently.
**Status:** Recommendation valid/action not intended. HHS disagreed with the recommendation. The Department stated that it was pleased with the success of the shared systems initiative and had no desire to reverse course. Because of the magnitude of federal funds involved, GAO will continue monitoring the impact of this initiative.

# Medicare: Statutory Modifications Needed for the Peer Review Program Monetary Penalty

HRD-89-18, 03/30/89 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

GAO reviewed the Department of Health and Human Services' (HHS) Office of the Inspector General's (OIG) actions on monetary penalties recommended by peer review organizations (PRO) against hospitals and physicians for improper or unnecessary health care services to Medicare beneficiaries.

## Findings

GAO found that OIG: (1) revised its policy partially to meet a statutory provision limiting monetary fines to the cost of the unnecessary or poor-quality care; (2) established a new policy in 1987, requiring penalty calculations based on cost-effectiveness; (3) seldom imposed monetary penalties against hospitals or physicians after it changed its policy; (4) approved only 3 of 24 PRO monetary penalty recommendations, but agreed that in 15 instances, the physician or hospital violated their obligations; (5) rejected recommendations because it determined that the penalties were not cost-effective; (6) policy to accept only violation cases meeting its criteria did not ensure sanction consistency; and (7) has not modified its cost-effectiveness policy approach for determining monetary penalties. GAO also found that since the OIG policy became effective, PRO: (1) have significantly reduced monetary penalty recommendations and halted action on some cases that warranted sanctions; and (2) have submitted only 4 monetary penalty recommendations over a 15-month period, compared with 35 in the previous such period.

## Open Recommendations to Congress

**Recommendation:** The Committee should develop legislation amending section 1156 of the Social Security Act to set a fixed upper limit on the size of monetary penalties in lieu of the current cost-based limit.
**Addressee:** Senate Committee on Finance
**Status:** Action in process.
**Addressee:** House Committee on Energy and Commerce
**Status:** Action in process.
**Addressee:** House Committee on Ways and Means
**Status:** Action in process.

**Congressional Action:** The HHS Inspector General has made a similar recommendation. HHS also included it as part of its annual legislative proposals. Congress had not acted on the recommendations as of late 1992.

# Medicare: Variations in Payments to Anesthesiologists Linked to Anesthesia Time

HRD-91-43, 04/30/91 GAO Contact: Janet L. Shikles, (202)512-7119

## Background

Pursuant to a legislative requirement, GAO reviewed anesthesia times that physicians reported to Medicare to verify their accuracy.

## Findings

GAO found that: (1) there was no consistent time schedule or average Medicare payment among anesthesiologists who performed identical procedures; (2) while Medicare paid other doctors based on procedure instead of time, it paid anesthesiologists based on the amount of time they spent with the patients; (3) while anesthesiologists could not control the length of surgery or the occurrence of complications, there should be a more uniform pre- and post-operative schedule

for anesthesiologist services; (4) Medicare lacked internal controls to ensure that anesthesiologists' reported times were accurate; and (5) in 13 percent of the claims GAO reviewed, anesthesiology service time on medical records differed from the times reported on the Medicare claims.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Administrator, Health Care Financing Administration, to establish a fee schedule for reimbursing physician anesthesia services that eliminates the direct link between anesthesia time and payment for anesthesia services.

**Status:** Action in process. The Department of Health and Human Services (HHS) agreed with the recommendation and the June 1991 proposed regulations for the physician fee schedule would have eliminated time payments. The November 1991 final regulations retained time payments, but HHS stated they would be eliminated in the future. HHS is analyzing anesthesia payment data so that it can do so.

# Income Security

(Budget Functions 600, 650, 700)

# Income Security

## Issue Area Summary

### Impact of GAO's Work

Income security programs affect all Americans at some time. Their purpose, in part, is to help people become self-sufficient and to support those unable to support themselves. The programs provide cash aid to the elderly, the disabled, the poor, and veterans; a conduit for funding in-kind assistance for such needy populations as the homeless, refugees, runaway youth, and abused children; and oversight for the private pension system. Income security expenditures make up about 40 percent of all federal spending.

Our work provided information and recommendations directed at (1) improving the planning and the management of retirement programs; (2) ensuring the protection of worker benefits; (3) helping the government meet the needs of the poor by getting them on the path toward self-sufficiency; (4) seeing that vulnerable groups, including the disabled, are well served and protected by income security programs; and (5) ensuring the efficient administration of income security programs.

For example, in response to our recommendation, the Internal Revenue Service (IRS) will provide the Social Security Administration (SSA) certain tax data that can help identify taxpayers whose earnings were not posted to their social security earnings record. This will increase the accuracy of SSA benefits. Also, our work in the private pension area will help the Congress in its efforts to strengthen the protection of retiree pension and health benefits, especially to overcome problems related to underfunded pensions.

Our recommendations to guide and spur development of nationwide foster care data for federal policy deliberations resulted in both the Department of Health and Human Service's (HHS) pursuing regulations for improved state data bases and the Congress' acting on legislation to: (1) amend the timelines for states to establish improved data systems; and (2) provide federal matching funds to the states to establish the systems. Also, pursuant to our recommendations, SSA has undertaken a number of studies to determine whether racial bias exists in considering disability applicants. The agency also is designing improved management information systems.

In the administrative area our studies of veterans' programs saved about $300 million by reducing overpayments caused by underreporting of beneficiaries' income. The Department of Veterans Affairs (VA) saved another $150 million by reducing pensions to veterans who receive Medicaid-supported nursing home care.

## Key Open Recommendations

**Child Support Enforcement**

In June 1992, we reported that states had done little to help defray the costs of providing child support enforcement services to clients who did not receive Aid to Families With Dependent Children (AFDC) benefits. With the broad discretion available to them, most states have implemented minimal fee policies. In 1990, about 3.5 percent of the $644 million in administrative costs for non-AFDC clients was recovered by the states through fees. We recommended that the Congress amend title IV-D of the Social Security Act to require states to recover more of these costs in the future. Congressional action has not been initiated. (GAO/HRD-92-91, see p. 645.)

**Foster Care**

In 1989, we found that the 1980 foster care reforms had not yet been fully implemented at the federal and state levels. HHS was continuing to provide incentive grants—without further review—to six states that had previously failed to demonstrate the required protection for children in foster care. We recommended that HHS complete the postponed reviews in those six states and conduct periodic reviews promptly in the future. Three years later, only two of these states have achieved compliance, while the performance of two others has yet to be reviewed. In addition, final regulations for a national adoption and foster care information system, which was to have been operational in October 1991, have been developed but not yet issued. (GAO/PEMD-89-16, see p. 650.)

**Urban Poor**

In July 1992, we reported that the Department of Housing and Urban Development (HUD) lacked sufficient information to ensure that federally subsidized housing units are occupied by needy low-income families and that those living in such units are paying correct rents. Our computer match of less than 4 percent of HUD's subsidized households with federal tax data revealed that in 1989, 21 percent of the matched households might have understated their incomes to HUD by $138 million. As a result, HUD might have paid them an estimated $41 million in excess rent subsidies. We recommended that the Congress allow HUD temporary access to federal tax data to perform a cost-benefit analysis of using tax data to verify subsidized households' income. If HUD's use of tax data is indeed cost-beneficial, the Congress should amend the Internal Revenue Code to make HUD's access to federal tax data permanent. We also recommended that to gain access to tax data, HUD incorporate in its assisted housing information systems safeguards to prevent unauthorized disclosures of tax information. Action has not yet been initiated. (GAO/HRD-92-60, see p. 668.)

**Veterans' Benefits**

In July 1989, we reported that an estimated 19 percent of veterans receiving compensation benefits had disabilities resulting from diseases that had probably been neither caused nor aggravated by military service. Many of these diseases that are related to heredity or life-style resulted in benefits estimated at about $1.7 billion in 1986. We recommended that the Congress reconsider whether these diseases should be compensated as service-connected disabilities. The Congress has not yet taken action. (GAO/HRD-89-60, see p. 669.)

In May 1990, we reported on the processing of veterans' appeals. We recommended that VA (1) analyze the appeals process to identify delays and take steps to reduce them, (2) develop time standards, and (3) designate a focal point to lead efforts to implement needed changes. VA action is in process. (GAO/HRD-90-62, see p. 672.)

In July 1991, we reported that VA did not have effective controls to validate hundreds of millions of dollars in medical expenses claimed by pension beneficiaries. These self-reported expenses resulted in income offsets of $762 million for the year ending January 26, 1990, which, in turn, caused VA to pay out an equal amount in increased pension benefits. On the basis of IRS experience, there is reasonable expectation that a substantial number of such claims are overstated. VA said they would issue instructions to implement our recommended procedures to systematically verify the accuracy of medical expenses claimed by pension beneficiaries. (GAO/HRD-91-94, see p. 674.)

In March 1992, we reported that three VA-administered life insurance programs had sufficient excess funds to pay their own administrative costs. This would save an estimated $27 million annually in appropriated funds. We recommended that the Congress amend 38 U.S.C. 1982 to require that these administrative costs be paid from excess interest income. The Congress has not yet initiated action. (GAO/HRD-92-42, see p. 669.)

In July 1992, we reported that the operating reserves for VA's Servicemen's Group Life Insurance Program (SGLI) needed to be increased by $85 million by 1998. At the same time, the contingency reserves contained about $51 million in excess funds in relation to program needs. Throughout the 1980s, VA overcharged military personnel for their insurance, causing continued growth of excess reserves. We recommended that VA (1) reduce the contingency reserve to $25 million and use the excess funds to provide a portion of the additional operating reserves and (2) compute each year the true premiums to be paid by SGLI participants and adjust premiums as appropriate. VA has not initiated action on our recommendations. (GAO/HRD-92-71, see p. 670.)

In September 1992, we reported that VA's vocational rehabilitation program did not emphasize finding jobs for veterans, that VA did not know why most veterans dropped out of the program, and that standards for measuring service to veterans needed to be improved. We recommended that VA (1) implement legislative requirements related to finding and maintaining suitable employment for disabled veterans, (2) work with the Department of Labor to effectively provide job placement services, (3) determine the reasons why veterans drop out and take action to increase the number of veterans completing the program, and (4) establish a realistic performance measurement system. VA agreed with the recommendations. (GAO/HRD-92-100, see p. 674.)

**Indian Benefits**

In May 1988, we reported that payments to Indian tribal members through trust fund distributions were not being treated consistently. We recommended that the Congress amend the Judgment Funds Distribution Act to clarify how the payments should be treated. Bills have been introduced in the House and Senate to (1) increase the Judgment Funds payment exclusion amount from $2,000 to $4,000 and (2) stipulate that the exclusion applies to individual Indians on an annual basis and to all federal or federally funded programs. We also recommended regulatory action by HHS, HUD, and the Department of the Interior to foster consistent treatment of Indians among and within their programs. The agencies have initiated some actions. (GAO/HRD-88-38, see p. 676.)

**Retirees' Benefits**

We evaluated the readability of forms used by retirees who had chosen not to select survivor benefits for their spouses. In December 1989 and again in December 1991, we recommended that IRS develop model language to be used by pension plans to clarify the implications of options available to retirees and their spouses. Once implemented, this recommendation could lead to an increase in the number of elderly widowed spouses receiving income from the private pension system. IRS has taken some action. (GAO/HRD-90-20, see p. 656.)

**Social Security**

In March 1987, we reported on management problems that SSA must address to ensure high-quality services. Our report contained numerous recommendations. While some are closed, those still open address (1) reducing the time needed to finalize regulations (2) improving the long-term operational plan (3) determining staff and skill needs for improving computer modernization plans (4) reexamining resources and priorities of existing ADP systems (5) improving various aspects of the management information system (6) enhancing productivity (7) establishing performance standards and measurements and (8) effectuating personnel management improvements. (GAO/HRD-87-39, see p. 658.)

In July 1991, we provided information to the Congress on the debt management practices at SSA, the Railroad Retirement Board, the Office of Personnel Management, and VA. We recommended that SSA (1) assign central responsibility for debt management to the Deputy Commissioner for Finance, Assessment, and Management and (2) accelerate completion of the management information system needed to support effective debt management. Also, we recommended that the Director, Office of Management and Budget, direct the Secretary of Veterans Affairs to assess interest and administrative costs on overpayments, as required by the Veterans Rehabilitation and Education Amendments of 1980. Action has not been initiated on any of these recommendations. (GAO/HRD-91-46, see p. 647.)

**Use of Death Information to End Benefits**

In an April 1991 report, we pointed out that the states might be inappropriately making welfare benefit payments because they were not being notified in a timely manner when beneficiaries died. SSA collects and maintains death information and is authorized to share it with state agencies but does not do so. We recommended that SSA give states available death information and instructions on accessing and using it. SSA said that it could not share certain death information due to restrictive agreements with most source state bureaus of vital statistics and that it was trying to negotiate removal of these restrictions so it could implement our recommendations. This negotiation may be protracted and unsuccessful. Meanwhile, states continue making inappropriate benefit payments on decreased beneficiaries' accounts. Therefore, pending removal of these restrictions, SSA should act to share the unrestricted death information in its files with state welfare agencies. (GAO/HRD-91-73, see p. 676.)

In February 1991, we reported on federal agencies' use of SSA's death information for preventing the payment of erroneous benefits. We pointed out the need for the Congress to legislatively require, as a condition of receiving related federal assistance, that the states lift the restrictions on the use of their death information. (GAO/HRD-91-3, see p. 649.)

## Products With Open Recommendations: Income Security

## Related Products With Open Recommendations Under Other Issue Areas

| Product Title | | |
|---|---|---|
| | Assisted Housing: Utility Allowances Often Fall Short of Actual Utility Expenses (Vol. I) (RCED-91-40A) | 431 |
| | Bureau of Indian Affairs: Long-Standing Internal Control Weaknesses Warrant Congressional Attention (RCED-92-118) | 341 |
| | Child Abuse: Prevention Programs Need Greater Emphasis (HRD-92-99) | 687 |
| | Employee Benefits: Improved Plan Reporting and CPA Audits Can Increase Protection Under ERISA (AFMD-92-14) | 975 |
| | Federal Employees' Compensation Act: Need to Increase Rehabilitation and Reemployment of Injured Workers (GGD-92-30) | 869 |
| | Financial Audit: Department of Veterans Affairs Financial Statements for Fiscal Years 1989 and 1988 (AFMD-91-6) | 910 |
| | Financial Audit: System and Control Problems Further Weaken the Pension Benefit Guaranty Fund (AFMD-92-1) | 934 |
| | Financial Audit: Veterans Administration's Financial Statements for Fiscal Year 1986 (AFMD-87-38) | 915 |
| | Financial Audit: Veterans Administration's Financial Statements for Fiscal Years 1987 and 1986 (AFMD-89-23) | 915 |
| | Financial Audit: Veterans Administration's Financial Statements for Fiscal Years 1988 and 1987 (AFMD-89-69) | 916 |
| | Financial Management: Opportunities for Improving VA's Internal Accounting Controls and Procedures (AFMD-89-35) | 922 |
| | Financial Reporting: Accounting for the Postal Service's Postretirement Health Care Costs (AFMD-92-32) | 793 |
| | Food Assistance: USDA's Implementation of Legislated Commodity Distribution Reforms (RCED-90-12) | 398 |
| | Foreign Farm Workers in U.S.: Department of Labor Action Needed to Protect Florida Sugar Cane Workers (HRD-92-95) | 533 |
| | GAO Views on H.R. 2898, the "Social Security Protection Act of 1991" (T-AFMD-91-11) | 898 |
| | Homelessness: Access to McKinney Act Programs Improved but Better Oversight Needed (RCED-91-29) | 437 |

# Adequacy of the Administration on Aging's Provision of Technical Assistance for Targeting Services Under the Older Americans Act

T-PEMD-91-3, 04/25/91 GAO Contact: Robert L. York, (202)275-5885

## Background

GAO discussed the Administration on Aging's (AOA) provision of technical assistance for the targeting of minorities in federal and state programs and services. GAO noted that: (1) 8 of the 10 regional offices GAO surveyed reported that they provided large amounts of assistance to elderly persons in socioeconomic need and to minority elderly; (2) none of the regional offices provided the same level of technical assistance to help state units collect demographic data about elderly populations in their geographic area; (3) states reported having unmet needs for technical assistance to target elderly persons in socioeconomic need, minority elderly, and collect demographic data about elderly populations in their areas; (4) states indicated a need for more technical assistance for outreach initiatives to low-income and minority elders, demographic data, and the performance of needs assessments; and (5) states identified technical assistance needs regarding data collection, interpretation of legislation, policies, and regulations, and monitoring of plans and contracts.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner on Aging should take steps to acquire for the U.S. Census Bureau the necessary demographic/census information to be used by the state units and area agencies to identify and target elderly populations in their respective geographic areas.
**Status:** Action in process. AOA is planning to provide state and area agencies on aging with a tabulation of the 1990 census that will allow them to identify and target elderly low-income and minority populations.

**Recommendation:** The Commissioner on Aging should identify those state units that continue to have serious unmet needs for technical assistance for targeting, and then provide those agencies with the necessary assistance.
**Status:** Action in process. Regional offices are assessing a sample of state agencies on aging with regard to various programmatic issues. States that require technical assistance will be identified and provided such assistance.

# Administration on Aging: More Federal Action Needed to Promote Service Coordination for the Elderly

HRD-91-45, 04/23/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a legislative requirement, GAO provided information on the Administration on Aging's (AOA) efforts to promote service coordination for the elderly.

## Findings

GAO found that: (1) consistent with the growth in the elderly population between 1980 and 1990, state and federal programs serving the elderly grew rapidly, but AOA did not keep pace with the growing coordination needs; (2) poor service integration in many states hindered the elderly and their families in obtaining services; (3) AOA substantially reduced information dissemination and technical assistance activities, leaving state and local governments on their own to develop ways to coordinate services; (4) AOA did not maintain its knowledge base about state and local advances in service coordination, resulting in a weakened

capacity to provide assistance; and (5) between 1981 and 1989, AOA staff decreased from 252 to 162, travel funds decreased from $238,000 to $45,000, and research and demonstration funding dropped from $54 million to $26 million.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner on Aging should expand the role of the regional offices in: (1) disseminating research and demonstration results; and (2) providing technical assistance to state and area agencies on aging by targeting communities where assistance is likely to have the greatest effect.
**Status:** Action in process. Regional offices will play a major role in implementing the national elder care campaign. A regional office task force will develop a management protocol defining the role of the regions in the elder care campaign.

**Recommendation:** The Commissioner on Aging should compile and disseminate a directory of research and demonstration results to state and local agencies.
**Status:** Action in process. AOA is funding a National Eldercare Dissemination and Utilization Center that will provide products of Title IV grants to users. AOA will select among Title IV projects those whose findings will be highlighted in the AOA annual Compendium of Title IV Grants, beginning with the 1992 edition.

# Child Support Enforcement: Opportunity To Defray Burgeoning Federal and State Non-AFDC Costs

HRD-92-91, 06/05/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

GAO reviewed states' fee policies and practices for federal Child Support Enforcement Program services provided to clients who are not recipients of Aid to Families with Dependent Children (AFDC).

## Findings

GAO found that: (1) the federal government and states share 66 and 34 percent of program costs and cost recoveries, respectively; (2) the non-AFDC child support program collected $4.3 billion in 1990, but recovered only about 3.5 percent of the total administrative cost of $644 million; (3) individual state recovery rates ranged from 1 to 48 percent; (4) most states charge minimal application fees, and few states charge fees for federal and state tax offsets to collect delinquent child support; (5) four states with higher recovery rates adopted programs to recover costs from the support collected, charged a monthly service fee, and charged fees for specific enforcement-related services; (6) states with minimal fee policies cited maximization of non-AFDC clients' access to services and the lack of incentive for recovery; (7) between fiscal year (FY) 1984 and FY 1990, non-AFDC case loads rose 160 percent and administrative expenses increased 305 percent; (8) legislation providing for incentives for extending services is likely to result in increased non-AFDC case loads and service costs; and (9) 1989 census data indicate that many non-AFDC child support clients are not in jeopardy of welfare dependency. GAO believes that: (1) alternatives for increasing cost recoveries for non-AFDC child support services include application, annual service, and income tax offset fees, but such fees should not be legally mandated; and (2) charging a service fee for all collections and eliminating mandatory fees and optional offset fees could be the most appropriate alternative for financing non-AFDC child support services.

## Open Recommendations to Congress

**Recommendation:** Because most states have opted to implement minimal fee policies and the federal government is bearing the lion's share of the unrecovered non-AFDC child support administrative costs, Congress should amend title IV-D of the Social Security Act to: (1) require states to charge a minimum percentage service fee for each successful child support collection; and (2) eliminate the mandatory non-AFDC child support application fee and optional federal and state tax offset fees.
**Status:** Action not yet initiated.

# Child Support Enforcement: Timely Action Needed to Correct System Development Problems

IMTEC-92-46, 08/13/92 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO reviewed the Department of Health and Human Services' oversight of states' efforts to develop automated systems for child support enforcement programs, focusing on the Office of Child Support Enforcement's (OCSE) actions.

## Findings

GAO found that: (1) by law, the federal government may pay up to 90 percent of a state's total costs for developing, installing or improving statewide automated child support systems; (2) when its system is complete and certified as meeting requirements, a state may receive additional funding for operational costs; (3) states must have fully operational and certified systems by October 1, 1995, at which time development funding will end, and states may be subject to additional funding reductions; (4) OCSE is responsible for continually monitoring automated systems development and installation to ensure that systems meet federal requirements, and can suspend further federal funding for systems that do not; (5) although OCSE has taken some corrective steps, its oversight of state systems is inadequate; (6) OCSE has allowed some states to continue to receive funding without correcting known system problems; and (7) in monitoring state systems, OCSE does not always use or act on OCSE audit reports that identify deficiencies.

## Open Recommendations to Agencies

**Recommendation:** The Director, OCSE, should require states to implement needed corrective actions for federally funded systems when problems are first identified.
**Status:** Action not yet initiated.

**Recommendation:** In those instances in which major problems endanger the system's success or prevent it from meeting federal program requirements, the Director, OCSE, should use existing authority to suspend further federal funding until the state can demonstrate that it has corrected the problems.
**Status:** Action not yet initiated.

**Recommendation:** The Director, OCSE, should establish and implement a policy requiring the systems division to pursue resolution of system deficiencies identified by the office of audit, as part of its oversight of states' development of automated systems.
**Status:** Action not yet initiated.

# Computer Matching: Need for Guidelines on Data Collection and Analysis

HRD-90-30, 04/17/90 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO reviewed the Office of Management and Budget's (OMB) need to: (1) work with federal agencies to develop and coordinate guidance on data collection and reporting for evaluating the cost-effectiveness of the Income and Eligibility Verification System (IEVS) in accordance to the Computer Matching and Privacy Protection Act of 1988, focusing on whether states had appropriate data collection and reporting systems.

## Findings

GAO found that: (1) as of February 1990, federal agencies had not developed final guidelines for data collection and reporting for the IEVS computer matching program; (2) most states did not collect sufficient cost and benefit

data; (3) states believed that the lack of coordination among federal agencies had a major impact on IEVS implementation; (4) officials responsible for IEVS implementation lacked federal guidance; (5) if federal agencies do not take into account IEVS reporting requirements, states may be required to develop separate and duplicate reporting systems; (6) OMB made little progress in consolidating the collection and reporting of data to meet IEVS and act requirements; (7) due to collection, reporting, and coordination problems, federal agencies established an interagency income verification work group to provide a forum for discussing problems and developing uniform data collection and reporting guidelines for IEVS; and (8) OMB would be responsible for coordinating data collection and reporting requirements for IEVS if duplication continued to be a problem.

## Open Recommendations to Agencies

**Recommendation:** The Administrator, OMB, should work with the Health Care Financing Administration (HCFA), Family Support Administration, and the Food and Nutrition Service to develop uniform data collection and reporting guidelines that would satisfy IEVS program requirements and conform with the requirements of the computer matching act. These guidelines should also provide for the collection of information that would allow states to: (1) make informed decisions about where to focus their resources; and (2) conduct appropriate analyses of their program performance.

**Status:** Action in process. OMB stated that the agencies' staffs working on the guidelines had indicated that they preferred to work without OMB presence. As a result, OMB has lost touch with the project. OMB still supports the recommendation and will assign someone to ensure that the appropriate action is taken.

# Debt Management: More Aggressive Actions Needed to Reduce Billions in Overpayments

HRD-91-46, 07/09/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on debt management practices at the Social Security Administration (SSA), Railroad Retirement Board (RRB), Office of Personnel Management (OPM), and Department of Veterans Affairs (VA).

## Findings

GAO found that: (1) SSA has made little progress in controlling and collecting benefit overpayments, with its collection rate remaining at about 28 percent between fiscal years (FY) 1986 and 1989; (2) SSA was unable to collect a higher percentage of its overpayments due to a lack of emphasis on debt collection, fragmented responsibility for managing and collecting overpayments, legal restrictions on using certain collection methods that other agencies used, and improper use of policies and procedures governing the recovery of overpayments; (3) SSA proposed a legislative strategy to request the authority to use collection methods under the Debt Collection Act of 1982; (4) between FY 1986 and 1989, RRB collected about 55 percent of its total outstanding overpayments, OPM about 55 percent, and VA about 30 percent; (5) OPM and VA could increase their overpayments collections if they used all of the collection methods required by law; and (6) OPM and RRB had fragmented organizations for debt collection, but RRB was working on centralizing this function.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Social Security should assign central responsibility for debt management to the Deputy Commissioner for Finance, Assessment, and Management (DCFAM).

**Status:** Action in process. SSA is investigating whether it will assign central responsibility for debt management to the Deputy Commissioner for Finance, Assessment, and Management.

**Recommendation:** The Commissioner of Social Security should require the debt collection units in the program service centers and others involved in the recovery of overpayments to report to, and be accountable to, DCFAM for all debt management matters.

**Status:** Action in process. SSA is investigating whether to reorganize all debt management activities under the Deputy Commissioner for Finance, Assessment, and Management.

**Recommendation:** The Commissioner of Social Security should accelerate completing the management information system needed to support effective debt management.
**Status:** Action in process. SSA expects to complete its management information system in 1994.

**Recommendation:** The Commissioner of Social Security should adhere to the federal claims collection standards and SSA policies governing timely action on debt recovery, establishing appropriate plans for repayment, and using credit bureaus to locate delinquent debtors.
**Status:** Recommendation valid/action not intended. SSA does not agree with the need for action at this time.

**Recommendation:** The Commissioner of Social Security should establish specific dollar collection goals for recovering debts owed by former beneficiaries.
**Status:** Action in process. SSA plans to establish goals only after it has completed implementation of a debt management information system.

**Recommendation:** To improve overpayment recovery, the Director, Office of Management and Budget (OMB), should direct that the Secretary of Veterans Affairs assess interest and administrative costs on overpayments, as required by the Veterans Rehabilitation and Education Amendments of 1980.
**Status:** Recommendation valid/action not intended. VA does not agree with the recommendation.

# Employee Benefits: States Need Labor's Help Regulating Multiple Employer Welfare Arrangements

HRD-92-40, 03/10/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed multiple employer welfare arrangements (MEWA), an alternative to traditional insurance in which businesses pool funds to pay for benefits or buy group insurance, focusing on: (1) the nature and extent of MEWA failures to pay bills and other problems; (2) hindrances to state regulation and enforcement of MEWA; and (3) Department of Labor (DOL) actions to prevent MEWA problems, protect MEWA participants and their beneficiaries, and assist state enforcement efforts.

## Findings

GAO found that: (1) officials in the 46 states that MEWA have served since 1988 stated that some MEWA failed to pay medical claims, did not comply with insurance laws, and violated state criminal laws; (2) states reported that the number of MEWA problems increased between 1988 and 1990 when MEWA left at least 398,000 participants and their beneficiaries with over $123 million in unpaid claims and many other participants without insurance; (3) state officials attributed the increase in reported problems to MEWA providing coverage to more residents, more public participation in MEWA, and greater media coverage of MEWA problems; (4) efforts by state insurance officials to regulate MEWA, enforce state laws, and recover unpaid claims were hindered by such factors as an inability to identify MEWA, MEWA claims of exemption from state laws, and difficulty imposing criminal sanctions; (5) many state efforts to enforce compliance and collect unpaid claims were slowed because states were unable to identify MEWA until complaints were received, and because MEWA asserted that they were exempt from state regulation; (6) in October 1991, DOL sought legislative authority to establish an annual federal registration process to help states identify MEWA, but some states indicated that the guidance did not completely answer all their questions about exemption from state law and regulatory authority; and (7) according to DOL, MEWA investigations increased from 30 in December 1989 to 86 in September 1991.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should direct the Assistant Secretary for Pension and Welfare Benefits Administration to: (1) develop a mechanism to help states identify MEWA; and (2) improve procedures to quickly answer questions about such issues as ERISA preemption and state regulatory authority, thus enabling

states to more aggressively deal with problem MEWA.
**Status:** Action in process. DOL shares GAO concerns about MEWA problems and has devoted resources to address them; correcting MEWA abuses is a DOL priority. The Administration is considering a variety of options to identify MEWA. Specific DOL actions will be decided after congressional action on H.R. 5386, which requires MEWA registration. No specific actions have been taken to respond to state questions more quickly.

# Federal Benefit Payments: Agencies Need Death Information From Social Security to Avoid Erroneous Payments

HRD-91-3, 02/06/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed federal agencies' use of the Social Security Administration's (SSA) death information for preventing erroneous benefit payments and the collection of overpayments.

## Findings

GAO found that: (1) federal agencies' lack of a timely and effective way to detect unreported beneficiary deaths caused them to pay millions of dollars in erroneous payments to deceased beneficiaries; (2) in September 1989, 20 federal benefit programs erroneously paid more than $4.3 million to the accounts of beneficiaries who were listed as deceased in SSA records; (3) SSA provided its data base of 40 million voluntarily reported deaths without charge to federal agencies with benefit programs; (4) none of the agencies obtained supplemental death information that SSA obtained from state bureaus of vital statistics; and (5) SSA could disclose state death certificate information to federal agencies administering health or income maintenance programs in 19 of its 53 state agreements, but the remaining 34 agreements required written release from the originating state.

## Open Recommendations to Congress

**Recommendation:** To prevent erroneous federal benefit payments to decedents' accounts, Congress should legislatively require, as a condition of receiving related federal assistance, that the states lift the restrictions on the use of their death information.
**Status:** Action in process. The Subcommittee is working with the Office of Management and Budget (OMB) to effect a number of administrative and legislative reforms that would require governmentwide use of SSA death data and empower SSA to share the restricted death information it purchases from the states.

# Foster Care: Children's Experiences Linked to Various Factors; Better Data Needed

HRD-91-64, 09/11/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on children's foster care experiences, focusing on the: (1) amount of time spent in care; (2) proportion of children that reenter care; (3) factors related to children's length of stay and reentry; (4) impact of recent societal changes on its analyses; and (5) status of federal and state efforts to develop a national foster care information system.

## Findings

GAO found that: (1) a greater proportion of children whose length of stay was less than 1 year reentered care than the proportion of those staying 1 year or longer; (2) the median length of stay for children entering or leaving care in 1986 in the states and localities reviewed varied from 8 to 19 months; (3) children placed in institutions in the states reviewed generally stayed in foster care longer than those placed in foster family homes; (4) such factors as infrequent parental visits, incidence of aggressive behavior, and lack of parent/child counseling directly influenced length of stay; (5) children spend more time in care today waiting for services, reunification, or adoption due to such factors as a lack of caseworkers, shortages of treatment facilities and services for children and their families, and caseworkers' fear that abused children released from foster care may be abused again; (6) the lack of common definitions or methodologies nationwide, absence of data from states over the years, and collection of aggregate, rather than case-level data, all served to impede the development of a national foster care information system; and (7) although 1986 legislation required the establishment of a national information system by October 1, 1991, the Department of Health and Human Services (HHS) has yet to promulgate related final rules due to its need to both assess the legal basis for sanctions against states failing to develop required systems or meet reporting standards and address several states' comments on the HHS report to Congress.

## Open Recommendations to Congress

**Recommendation:** To guide and spur development of nationwide foster care data for federal policy deliberations, Congress should consider: (1) reemphasizing to the Secretary of Health and Human Services the need for prompt issuance of regulations for improved state data bases; (2) amending the timetable for states to implement automated data systems, basing the deadline on the date HHS issues final regulations; and (3) establishing a specific federal policy on funding these systems.

**Status:** Action in process. The Congress acted on legislation in late 1992 providing 90 percent federal match and updating timelines for state implementation of data systems. Final regulations from HHS are expected in late 1992.

# Foster Care: Delayed Follow-Up of Noncomplying States May Reduce Incentive for Reform

PEMD-89-16, 09/13/89 GAO Contact: Robert L. York, (202)275-5885

## Background

Pursuant to a congressional request, GAO reviewed the extent to which the Administration for Children, Youth and Families (ACYF) provided incentive funds to states which instituted ACYF-mandated reforms under its Child Welfare Services grants program.

## Findings

GAO found that: (1) ACYF disbursed incentive funds to all states that certified their compliance with provisions and then retrospectively reviewed states' certifications of their compliance with provisions to receive incentive funds; (2) ACYF typically recouped overpayments to noncompliant states by reducing the successive year's payments; (3) 15 states have failed annual compliance reviews at least once since enactment of the requirements in 1980; (4) ACYF did not record or recoup a 1984 $832,216 overpayment to Ohio; (5) final appeals decisions rendered in April 1989 allowed ACYF to recoup a 1984 $1,034,619 overpayment to Illinois and a 1983 $250,335 overpayment to Maryland; and (6) although ACYF generally followed its stated practice of promptly reviewing a state's compliance for the fiscal year (FY) following the year it had failed, ACYF has not conducted follow-up reviews for six states which failed compliance reviews between 1983 and 1985.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner, ACYF, should: (1) promptly conduct and complete the postponed reviews of those six states that failed a review between 1983 and 1985, to ensure that incentive funds are expended in compliance with the law; and (2) conduct periodic reviews promptly in the future, that is,

immediately following the end of the fiscal year when review is due.
**Status:** Action in process. Estimated completion date: 09/93. Reviews for 1984-85 have still not been held in one state. $2.2 million is recoverable because of failed reviews in another state.

**Recommendation:** The Commissioner, ACYF, should promptly recoup the overpayments made in 1983 to Maryland and in 1984 to Illinois and Ohio.
**Status:** Action in process. Overpayments were recovered in Ohio and Maryland. ACYF was prohibited by FY 1990, FY 1991, and FY 1992 appropriations language to collect from any state.

# Interstate Child Support Enforcement: Computer Network Contract Not Ready To Be Awarded

IMTEC-92-8, 10/23/91 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO reviewed the Office of Child Support Enforcement's (OCSE) planned procurement of the Child Support Enforcement Network (CSENET), a nationwide telecommunications network to monitor uncollected child support payments, focusing on whether: (1) CSENET is the most cost-effective solution for increasing collections and improving the interstate child support enforcement program; and (2) OCSE has followed sound systems development principles in developing CSENET.

## Findings

GAO found that: (1) OCSE planned to award a contract for CSENET design, development, and implementation in October 1991, but cannot do so because it failed to adequately follow sound systems development principles; (2) OCSE has not demonstrated that CSENET is the most feasible and effective automated approach for increasing interstate collections and improving the child support enforcement program; (3) CSENET will have minimal impact on increasing interstate collections because it will not provide the additional information to help locate an absent parent; and (4) OCSE has not developed the accurate work-load information to define automation capacity and performance requirements, adequately involved system users in CSENET planning, or defined technical requirements and provided the states with guidance on the interface with state systems and CSENET limitations.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should not proceed with contract award without a comprehensive analysis of alternatives according to federal guidelines. This should include the identification of other viable alternatives that meet the agency's requirements for increasing interstate child support collections and the determination of the most advantageous alternative based on a comparison of validated costs and benefits.
**Status:** Recommendation valid/action not intended. The Department did not agree with the recommendation. The Department stated that it had reviewed the documentation supporting the procurement and found that this documentation met federal requirements.

# Mail Management: Improved Social Security Mail Management Could Reduce Postage Costs

GGD-91-34, 02/13/91 GAO Contact: L. Nye Stevens, (202)275-8676

## Background

Pursuant to a congressional request, GAO reviewed the effectiveness of the Social Security Administration's (SSA) mail management program.

## Findings

GAO found that: (1) SSA initiated such mail cost reduction measures as presorting its beneficiary checks and some computer-generated mailings through the Department of the Treasury's Financial Management Service, private printing contractors, and presorting services; (2) such measures reduced SSA postage costs by almost $16 million, or about 15 percent of the first-class mail costs for selected programs, in fiscal year (FY) 1989; (3) SSA did not take advantage of other cost reduction opportunities that could have resulted in additional postage discounts amounting to $5.3 million; (4) missed opportunities included using a nine-digit zone improvement program (ZIP) code (ZIP+4) on first-class computer-generated mail, presorting first-class computer-generated mail from large volume mailing locations, and printing a barcode on outgoing mail where applicable; (5) SSA overstatement of anticipated postage costs resulted in overpayments to the U.S. Postal Service (USPS); and (6) SSA did not have a sound multiyear mail management plan for making management improvements.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Social Security should develop and implement a multiyear mail management plan to guide SSA mail management efforts.
**Status:** Action in process. SSA mail management officials are drafting a multiyear plan that they expect to be issued in April 1993.

# Minority Participation in Administration on Aging Programs

T-PEMD-91-1, 03/15/91 GAO Contact: Robert L. York, (202)275-5885

## Background

GAO discussed the Administration on Aging's (AOA) methodology for collecting data on minority participation, and its data collection methods employed in two other client tracking systems. GAO noted that: (1) the data collection instrument focused on participation in generic service categories instead of program participation; (2) AOA definitions of services lacked specificity and placed the burden on each state to decide on the appropriate categories; (3) the current data collection instrument's service categories are not comprehensive; (4) the AOA data collection instrument did not permit the generation of accurate counts of all participants, including minority participants; (5) AOA data collection procedures lacked participant identification numbers, had no guide for determining low-income and minority status, and lacked standardized data collection procedures; (6) two states had data collection systems that could measure participation in non-AOA programs and examine individual participation; (7) the two states' systems allow them to generate unduplicated counts of all participants, and facilitate their ability to determine minority and low-income status; and (8) the two states' data collection systems did not resolve the other problems associated with the national data on minority participation.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner on Aging should modify the current data collection instrument and methodology

to ensure accurate participation data related to programs and services authorized under the Older Americans Act.
**Status:** Action in process. AOA intends to meet the new data collection requirements as set forth in the Older Americans Act once the act is reauthorized.

**Recommendation:** The Commissioner on Aging should develop specific standards for the data input to computer systems currently being used or contemplated by the states so that the information generated can be compared across states.
**Status:** Action in process. AOA intends to meet the new requirements for standard data input, as set forth in the Older Americans Act, once the act is reauthorized.

# Older Americans Act: Administration on Aging Does Not Approve Intrastate Funding Formulas

HRD-90-85, 06/08/90 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO reviewed states' Older Americans Act intrastate funding formulas to identify: (1) factors states use to distribute funds; (2) state formulas that include a specific factor that directs funds to areas with high minority populations; (3) formulas that include discriminatory factors; (4) recent state funding formula provisions; and (5) the extent to which the Administration on Aging (AOA) is involved in developing and approving intrastate formulas.

## Findings

GAO found that: (1) Title III of the act targeted all individuals at least 60 years old to receive preferential services, but Congress amended the act to place more emphasis on serving low-income minorities; (2) most state formulas addressed minorities, but many included factors discriminating against them; (3) almost all states' formulas included one or more economic and social need factors, and 38 formulas included a social need factor to direct Title III funds specifically to minorities, but the remaining states did not include such factors for various reasons; (4) 41 state formulas included at least one factor that allocated funds according to the distribution of the elderly population; (5) AOA regulations require states to prioritize low-income minorities when developing formulas, but do not explain how the states are to do so; (6) 20 states used at least one of the specific discriminatory factors, and 8 used a similar factor to one a federal court found discriminatory; (7) eight states distribute funds using a factor focusing on persons living alone; (8) 36 states revised their Title III funding formulas primarily to address act and regulation changes; and (9) although AOA regulations require state agencies to submit their formulas to it, the regulations specify that states should submit their formulas separately from their service plans, resulting in the lack of federal agency approval of state funding formulas.

## Open Recommendations to Congress

**Recommendation:** If Congress wants AOA to: (1) approve or disapprove the factors and weights included in intrastate funding formulas to better ensure that each state's formula meets the intent of the act and AOA regulations; and (2) withhold funds for disapproved formulas, Congress should consider amending Title III of the Older Americans Act (OAA) to clarify this intent.
**Status:** Action in process. Legislation reauthorizing OAA was passed in the Senate on September 15, 1992, and is scheduled to be voted on in the House on September 22. Expectations are that it will be passed in the House and that the President will sign it. The controversial Social Security earnings test requirement was defeated and removed from the bill on September 10. GAO does not know whether or how the bill addresses formulas in Title III.

# Older Americans Act: More Federal Action Needed on Public/Private Elder Care Partnerships

HRD-92-94, 07/07/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on the Administration on Aging's (AOA) policy on private corporations purchasing government agency services, focusing on: (1) whether states have developed policies that permit elder care contracts between corporations and area agencies on aging; and (2) whether states adequately ensure that their public mission will be preserved when area agencies on aging enter into corporate elder care contracts.

## Findings

GAO found that: (1) AOA concerns are well-founded but more actions are needed to curb public-mission conflicts; (2) 45 states and the District of Columbia permit corporate elder care contracts with area agencies on aging, and over fifty percent encourage such arrangements; (3) state and area agencies encourage corporate elder care to increase funds to further public-mission objectives, but most state corporate elder care policies conflict and inhibit states' public-mission responsibilities; (4) most states' targeting criteria and methods are inadequate in targeting the elderly with the greatest need; and (5) state policies often do not address protection of public-mission responsibilities, creating gaps in elder care policies that increase the risk of conflicts between private and public objectives.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider amending the Older Americans Act to clarify that AOA has authority to oversee state and area agency on aging activities in corporate elder care partnerships and to define the agencies' responsibilities for ensuring preservation of public-mission objectives when engaged in such activities.
**Status:** Action in process. The Subcommittee on Human Services, House Select Committee on Aging, held a hearing on state elder care policies on July 9, 1992. GAO testified that the act needs clarification. Reauthorization language would clarify the act, but the act has not yet been reauthorized. All other recommendations in the report were presented in the testimony.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner, AOA, should assess which state policy guidelines most need to be strengthened.
**Status:** Action not yet initiated.

**Recommendation:** The Commissioner, AOA, should provide technical assistance to help state agencies develop corporate elder care policies that better address public-mission responsibilities, especially as regards ensuring the targeting of benefits to socioeconomically disadvantaged persons.
**Status:** Action not yet initiated.

# Pension Plans: Pension Benefit Guaranty Corporation Needs to Improve Premium Collections

HRD-92-103, 06/30/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed the Pension Benefit Guaranty Corporation's (PBGC) efforts to collect pension plan premiums.

## Findings

GAO found that PBGC: (1) efforts to identify and collect delinquent premiums and underpaid premiums, interest, and

penalties on premiums have been inadequate; (2) has infrequently issued and failed to follow up on past-due notices; (3) has not sent past-due notices to or collected delinquent premiums from plans with less than 50 participants; and (4) has not used civil action to collect delinquent premiums, interest, or penalties.

## Open Recommendations to Agencies

**Recommendation:** The Executive Director, PBGC, should begin sending Past Due Filing Notices and Statements of Account to plans with fewer than 50 participants. The Executive Director should also: (1) expedite completion of the general counsel study of using civil action as a collection tool; and (2) consider the deterrent effect of using such action, along with the results of the general counsel study, when deciding how PBGC will use civil action to collect.
**Status:** Action not yet initiated.

# Premium Accounting System: Pension Benefit Guaranty Corporation System Must Be an Ongoing Priority

IMTEC-92-74, 08/11/92 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO provided information on the Pension Benefit Guaranty Corporation's (PBGC) modifications to the current automated premium accounting system and procurement of a replacement system.

## Findings

GAO found that: (1) the PBGC premium computerized accounting system has undergone a two-phase modification and restoration, and the first phase has restored partial system function, but the second phase remains incomplete; (2) lack of sufficient oversight, management, technical expertise, and institutional knowledge has resulted in delays; (3) the system currently posts total payments, makes refunds, and issues past-due filing notices and statements of account prior to 1987; (4) the current system lacks adequate documentation, uses outdated technology, incorporates design and construction inflexibility, and cannot identify variable rates payment or generate statements of accounts for after 1987; (5) modification estimates for the system involve adding or altering 23,000 lines of system code, requiring six staff members; and (6) new system requirements must include flexible and accurate recording of premium operations, correspondence generation, and the ability to respond to legislative changes.

## Open Recommendations to Agencies

**Recommendation:** To ensure the long-term success of the premium accounting system, the Executive Director, PBGC, should establish a permanent management structure, with senior-level technical staff responsible for the day-to-day operation and maintenance of the system.
**Status:** Action not yet initiated.

# Private Pensions: Spousal Consent Forms Hard to Read and Lack Important Information

HRD-90-20, 12/27/89 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a legislative requirement, GAO examined the content and readability of certain government-required pension documents, focusing on whether the: (1) consent forms that spouses must sign explain survivor benefits and the consequences of not selecting them; and (2) forms present the information in a way that most people can understand.

## Findings

GAO found that: (1) 68 percent of the spousal consent forms served as retirement applications that listed the various payment options, including the joint and survivor (J&S) annuity, and required the worker's signature, while only one-fourth of the forms required the spouse's signature regardless of the option selected; (2) companies did not offer formal counseling to workers in 4 of 10 plans and offered only some workers counseling in about 1 of 10 plans; (3) neither laws nor regulations stated the type of information employers were required to include in spousal consent forms; (4) only 40 percent of the consent forms reviewed included information about reductions in monthly benefits, the portion of benefit continuing to the surviving spouse, and the dollar amounts; (5) more than 40 percent of the forms did not explain the consequences of rejecting the J&S annuity; and (6) many of the forms had serious language problems, lacked organization and informative headings, lacked letter formatting, and used typographical characteristics that affected document readability and use.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Internal Revenue should issue guidance on the content of spousal consent forms.
**Status:** Action in process. IRS has initiated an effort to respond to the recommendation.

**Recommendation:** The Internal Revenue Service (IRS) should require employers to provide consent forms that explain in nontechnical language the terms of the J&S annuity, as well as other payment options, and the consequences of not selecting the annuity. This includes: (1) stating the spouse's monthly survivor benefit as a percentage of the retiree's monthly amount; (2) explaining that the retired worker's monthly annuity will be less if the J&S annuity is selected instead of the single-life annuity; (3) clearly communicating the consequences of rejecting the J&S annuity; and (4) communicating the relative financial effect on a worker's pension benefit if the J&S annuity is selected.
**Status:** Action taken not fully responsive. IRS has taken some action but has yet to fully implement GAO recommendations. Since issuance of the 1989 report, IRS published two information booklets for married couples that describe how various pension laws work to protect spousal benefits. However, the agency has neither issued regulations nor developed language examples. IRS started two projects designed to respond to 1989 recommendations.

**Recommendation:** To help employers present this information in nontechnical language, IRS should develop model language for presenting information in the spousal consent form. IRS guidelines for these forms should consider issues of content, readability, and design.
**Status:** Action taken not fully responsive. IRS has taken some action but has yet to fully implement GAO recommendations. Since issuance of the 1989 report, IRS published two information booklets for married couples that describe how various pension laws work to protect spousal benefits. However, the agency has neither issued regulations nor developed language examples. IRS started two projects designed to respond to 1989 recommendations.

# Services for the Elderly: Longstanding Transportation Problems Need More Federal Attention

HRD-91-117, 08/29/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on special transportation services for the elderly, focusing on: (1) principal barriers that transportation providers face in the effective use of federal funds; and (2) possible ways to maximize the use of transportation funds to increase access to services.

## Findings

GAO found that: (1) service fragmentation, confusion about program requirements, and inadequate data limit the effectiveness of federal special transportation programs in serving the elderly; (2) in many communities, a number of agencies operate in isolation from one another to provide special transportation to the elderly and other populations; (3) the lack of understanding between human services and transportation providers inhibits special transportation coordination; (4) state and local officials were often reluctant to coordinate with other agencies because the initial costs of doing so were too high for their agencies; (5) 12 of the 19 special transportation studies GAO examined identified poor knowledge of program requirements as a barrier that hindered effective use of special transportation funds; (6) many agencies cannot manage their programs efficiently because they lack adequate basic program data; (7) substantial knowledge and experience in the operation of successful special transportation services exists among national experts and officials in some communities, but this information is either not readily available or its application is poorly understood in many communities; and (8) 17 of the 19 studies cited the need for information and technical assistance for state officials and local providers to reduce barriers to special transportation services.

## Open Recommendations to Agencies

**Recommendation:** To improve service coordination, reduce widespread confusion about program requirements, and help develop better transportation data by more effectively using mechanisms already in place, the Secretaries of Health and Human Services and Transportation should expand dissemination of information on service coordination, program requirements and data design and collection to state and local social service and transportation agencies through the Joint Department of Transportation (DOT)-Department of Health and Human Services (HHS) Coordinating Council, regional DOT and HHS offices, and initiatives, such as the Rural Transit Assistance Program and its HHS counterpart.
**Addressee:** Department of Transportation
**Status:** Action in process. DOT is publishing a handbook and distributing it to states, localities, and grantees to help implement Americans with Disabilities Act (ADA) paratransit.
**Addressee:** Department of Health and Human Services
**Status:** Action in process. HHS has funded the Community Transportation Assistance Program (CTAP) to disseminate information to services providers, including hotline, conferences, and workshops. CTAP is also to conduct 10 regional workshops on coordination and ADA requirements.

**Recommendation:** To improve service coordination, reduce widespread confusion about program requirements, and help develop better transportation data by more effectively using mechanisms already in place, the Secretaries of Health and Human Services and Transportation should provide more technical assistance in conference workshops and other in-person means to state and local agencies to help them apply this information to their own special transportation programs.
**Addressee:** Department of Transportation
**Status:** Action not yet initiated. DOT and other transit organizations are conducting workshops throughout the country to assist states and localities in meeting ADA regulations and requirements.
**Addressee:** Department of Health and Human Services
**Status:** Action in process. HHS has funded CTAP to offer technical assistance to service providers, including hotline, conferences, and workshops. CTAP is also to conduct 10 regional workshops on coordination and ADA requirements.

# Social Security Administration: Stable Leadership and Better Management Needed To Improve Effectiveness

HRD-87-39, 03/18/87 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

GAO reviewed management problems that the Social Security Administration (SSA) must address to ensure the continued delivery of high-quality service to social security recipients.

## Findings

GAO noted that SSA has serious management problems that: (1) are not evident to the public; (2) have contributed to crisis situations in the past; and (3) could interfere with SSA ability to effectively accomplish its mission in the future. GAO found that SSA: (1) has had seven commissioners or acting commissioners over the last 10 years, resulting in frequent changes in priorities, diminished accountability, and little long-term operational planning; (2) has made little progress in modernizing its computer system, particularly its software; (3) plans to spend over $600 million to modernize its computer system; (4) does not have a plan to systematically identify and develop future leaders and managers; and (5) cannot ensure that employees' wage records are accurate. GAO also found that SSA: (1) makes substantial benefit overpayments annually; (2) has been unable to correct its financial management problems because of fragmented responsibility and lack of leadership; (3) has allowed wide variations in efficiency among similar units because of its limited emphasis on efficiency; (4) has neither established nor used measurable, national benchmarks for service quality or timeliness for certain post-entitlement work loads; and (5) has many employees who are uncertain about the future of their jobs and are dissatisfied with many management actions.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Social Security should: (1) periodically evaluate whether the new process is reducing the time it takes to finalize regulations and implement further improvements if warranted; and (2) periodically survey operating personnel to determine the extent to which improvements in the Program Operations Manual System (POMS) have been effective.
**Status:** Action in process. SSA has an agency-wide effort under way to improve the policy development process. More user surveys are planned to determine the success of the project. A review is underway to determine the current status of all prior recommendations.

**Recommendation:** To help gain better managerial and technical control over SSA computer operations and modernization efforts, the Commissioner of Social Security should complete those aspects of a long-term operational plan that set forth how SSA will deliver services in the future, and revise the modernization strategy to be consistent with the service delivery needs. Managers should be held accountable for adhering to the modernization strategy unless changes are fully justified.
**Status:** Action in process. SSA has revised its long-range plan. A review is now underway to determine the status of all prior recommendations.

**Recommendation:** To help gain better managerial and technical control over SSA computer operations and modernization efforts, the Commissioner of Social Security should: (1) identify the number, type, and qualifications of automatic data processing (ADP) personnel needed to carry out the modernization program and maintain and improve the current systems; and (2) take steps to obtain the necessary skills.
**Status:** Action in process. A formal inventory of ADP staff resources has been completed and will be used to determine continued staff and training needs. A review is underway to determine the status of all prior recommendations.

**Recommendation:** Because SSA will be dependent on its inefficient existing systems for a longer time because of major delays in redesigning its new system, the Commissioner of Social Security should also reexamine the current allocation of resources and priorities established for maintaining and improving the existing system and redesigning the new one. This reexamination should focus on: (1) developing a clear picture of how the new system will be implemented, including how system components will be integrated, how SSA will make the transition from the existing system to the new system, and when major redesigned system components will be operational; and (2) assessing the effect that problems in the existing system,

such as the inefficient software and manual operations, are having on service to the public. Such an assessment should include an estimate of the resources and time that would be required to correct the problems in relation to when the redesigned system will be operational.
**Status:** Action in process. A systems baseline document has been prepared, but this is only the first step needed to accomplish the objectives proposed by GAO. Other action is still required. A review is underway to determine the status of all prior recommendations.

**Recommendation:** To help gain better management control over management information, the Commissioner of Social Security should: (1) develop a comprehensive management information policy commensurate with the agency long-range operational plan; (2) establish performance standards and measures that are based on the goals and objectives in the operational plan; (3) develop future management information requirements based on the modernized computer system; and (4) intensify efforts to improve SSA data bases and establish an SSA-wide focal point for overseeing and integrating SSA management information and data-base activities, including reviews and evaluations.
**Status:** Action in process. A management information plan has been developed with the agency long-range plan. No progress has been made in establishing standards beyond a contract to study them. Action is still ongoing to improve SSA data bases. A review is underway to determine the status of all prior recommendations.

**Recommendation:** The Commissioner of Social Security should take the following actions to enhance productivity, without diminishing the organization's strong commitment to providing high-quality service to the public: (1) improve SSA focus on productivity by establishing more specific expectations for efficiency in Senior Executive Service (SES) contracts and merit pay plans as a basis for gauging performance (regional and local variations can be recognized where justified); (2) require the use of work measurement data and periodic cost reports for all SSA cost centers, such as regional, area, and district offices, to identify targets of opportunity for improved efficiency and cost-effectiveness; (3) allocate staff resources to similar units, district/branch offices and program service centers, on the basis of performance expectations; and (4) develop and implement strategies for addressing external factors that could impede improved efficiency.
**Status:** Action in process. SES contracts now include productivity goals in degrees that vary depending on the position. Work measurement data are being disseminated to regions and will be sent to offices. Cost data are being developed. Staff allocation to similar units is not based on performance, but on work loads and management priorities. A review is underway to determine the status of all prior recommendations.

**Recommendation:** The Commissioner of Social Security should: (1) establish national performance standards and measures for important services, such as address changes and services to Medicare beneficiaries; (2) hold managers accountable for meeting performance standards; (3) consider what additional actions are necessary to improve notices sent to the public and SSA ability to respond to recipient questions, specifically expediting necessary computer system improvements, holding employees and supervisory personnel more accountable for notice quality, and determining the extent to which SSA field offices have sufficient information to explain notices to recipients; and (4) more systematically identify field office problems in serving Medicare beneficiaries and promptly develop resolutions. The Commissioner should seek assistance from the Secretary of Health and Human Services, if necessary.
**Status:** Action in process. Standards and measures for services have been established. A review is underway to determine the status of all prior recommendations.

**Recommendation:** The Commissioner of Social Security should: (1) reassess the emphasis given to initial claims statistics by managers to determine whether changes would be appropriate to achieve a more balanced approach to all important work loads and other objectives; (2) more clearly define and set objectives for the SSA goal of maintaining a favorable work climate, include such objectives in SES contracts and merit pay plans, and systematically measure progress; and (3) improve the effectiveness of employee recognition efforts by allocating a portion of award funds to all operational components on the basis of unit performance, and emphasizing to supervisors and managers, through training or other means, the importance of prompt recognition of employee contributions.
**Status:** Action in process. SSA now apportions award funds in part on the basis of unit performance. There has been little change in emphasis on initial claims. SSA included an objective to improve employee work climate in SES plans. A review is underway to determine the status of all prior recommendations.

# Social Security: Beneficiary Payment for Representative Payee Services

HRD-92-112, 06/29/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a legislative requirement, GAO reviewed the advantages and disadvantages of the fee that nonprofit organizations collect from Social Security beneficiaries for providing representative payee services.

## Findings

GAO found that the majority of the organizations participating in the representative payee program: (1) believed that the fee program would encourage organizations to become payees and existing payees to take more Social Security clients, but also might attract for-profit organizations; (2) had difficulty finding payees for certain beneficiaries, especially mentally ill, homeless, and substance-abusing persons; (3) were being reimbursed less than the maximum fee for their services because beneficiaries were unable to afford the fee; and (4) suggested that the cost reimbursement for services be paid by some source other than the beneficiaries and that the fee program should be permanent and open to less-established organizations.

## Open Recommendations to Agencies

**Recommendation:** Upon conclusion of the fee program in 1994, the Secretary of Health and Human Services should direct the Commissioner of Social Security to prepare a report for the Senate Committee on Finance and the House Committee on Ways and Means on the program's effectiveness.
**Status:** Action not yet initiated. The Department of Health and Human Services will submit a report on this to Congress in January 1993.

# Social Security: Many Administrative Law Judges Oppose Productivity Initiatives

HRD-90-15, 12/07/89 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed the operations of the Social Security Administration's (SSA) Office of Hearings and Appeals (OHA), focusing on: (1) the causes of recent conflicts between OHA management and administrative law judges (ALJ) who hear appeals on denied claims for social security benefits; and (2) whether reductions in staff, particularly judges, adversely affected the adjudicative process.

## Findings

GAO found that: (1) ALJ generally objected to OHA use of monthly case disposition goals and pooling of support staff; (2) about half of surveyed ALJ believed that the increased productivity resulting from the disposition goals negatively affected their work, 34 percent believed that the quality of their decisions had deteriorated, 29 percent believed that their quality of service to the public had worsened, and 9 percent believed that the goals positively affected their work; (3) OHA did not collect, analyze, or otherwise use the results of its routine reviews of ALJ decisions to monitor the general quality of decisions or assess the impact of disposition goals; (4) OHA planned to develop a data base of decision deficiencies identified during reviews by fiscal year 1990; (5) two-thirds of surveyed ALJ said that staff pooling negatively affected their work, while most OHA managers reported that pooling provided more flexibility in using staff and allowed a more balanced work load; (6) most of the 68 percent of surveyed ALJ who characterized staff morale as low or very low and 59 percent who characterized ALJ morale as low or very low cited the productivity

overemphasis as a primary contributor to low morale; and (7) although OHA has allowed ALJ and support staff to decline through attrition since 1983, when the number of hearings peaked, OHA has not increased staffing levels, although work loads have returned to higher levels.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Social Security should direct OHA to conduct a study to determine the appropriate number of cases that ALJ should be expected to decide. In its determination, OHA should give proper balance to the quality of decisions. The results of such a study should be used as a basis for establishing reasonable monthly production goals.
**Status:** Action in process. OHA piloted a new system for measuring office productivity. The system will be revised throughout fiscal year 1992. The development of monthly production goals will be evaluated after testing and revisions are completed.

# Social Security: Measure of Telephone Service Accuracy Can Be Improved

HRD-91-69, 08/30/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO evaluated the accuracy of information provided to the public through the Social Security Administration's (SSA) toll-free telephone service.

## Findings

GAO found that: (1) SSA telephone service study results were unreliable, since its study guidelines did not establish clear criteria for evaluating response accuracy and SSA did not record the telephone conversations sampled; (2) it disagreed with SSA ratings of response accuracy on 35 percent of the 260 issues evaluated during 188 jointly monitored phone calls; (3) in six different situations, SSA reviewers inconsistently rated the responses of their teleservice representatives; (4) SSA has redesigned its accuracy study to eliminate the confusion caused by assessing both accuracy and completeness and will require the reviewers to complete each assessment before monitoring the next call; (5) SSA has not fully disclosed to Congress the results of its nationwide accuracy study, and the data it has disclosed have been incomplete and misleading; and (6) SSA lacked a methodology for assessing the accuracy of phone service provided by local field offices, although Congress ordered it to publish local offices' phone numbers.

## Open Recommendations to Agencies

**Recommendation:** To strengthen the SSA methodology for measuring the accuracy of telephone responses, the Commissioner of Social Security should seek General Services Administration approval to record the phone calls it monitors for purposes of assessing the quality of its phone service and evaluating its assessment process. Such recording should take place under strict controls and procedures that protect the public's interest and include the following restrictions as a minimum: (1) recording should be limited to the minimum calls necessary to monitor the quality of service to the public; (2) the caller should be informed that his or her call may be recorded for service monitoring purposes and be given the option to hang up; (3) the recorded information should be properly safeguarded, with access limited to necessary persons; (4) any individual identifying information should be erased from the recording immediately after the assessment is complete; and (5) no written or other records should be kept that would identify the caller so that no records would exist that could be accessed by using individual identifying information.
**Status:** Recommendation valid/action not intended. SSA has not pursued, and does not plan to pursue, with GSA the possibility of recording phone calls with the public for monitoring purposes. It does not believe recording these calls is necessary.

**Recommendation:** The Commissioner of Social Security should fully disclose to Congress the results of SSA accuracy studies, including reporting on the extent of service errors as well as payment errors.
**Status:** Action in process. SSA is revising its method for computing and reporting payment errors to Congress. It also plans

to report the extent of service errors in its annual report to Congress. It has not yet done so.

**Recommendation:** The Commissioner of Social Security should develop a methodology for assessing the accuracy of phone service provided by local SSA field office personnel.
**Status:** Action in process. SSA is in the preliminary stage of exploring the feasibility of such a monitoring system but does not expect to implement such a system, if at all, before fiscal year 1994, because of technological and cost constraints.

# Social Security: Need for Better Coordination of Food Stamp Services for Social Security Clients

HRD-92-92, 09/25/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a legislative requirement, GAO determined whether: (1) taking food stamp applications for certain supplemental security income applicants at Social Security Administration (SSA) offices is working adequately; (2) Social Security program clients are being adequately informed of the availability of food stamps; (3) taking food stamp applications at SSA offices should be expanded to all Social Security program clients; and (4) developing a joint Supplemental Security Income and Food Stamp application form is feasible.

## Findings

GAO found that: (1) SSA has taken few applications in relation to the number of clients served due to the lack of a strong commitment by SSA management and staff to carry out tasks assigned under the Food Stamp Act and the joint application process; (2) the current Food Stamp program design results in duplication of effort, poor service to clients, and unnecessarily complex and lengthy food stamp applications; (3) SSA attempts to inform clients of food stamp availability by displaying posters and making brochures and applications available, but SSA efforts have been inadequate because many offices do not have such displays; (4) this approach ignores the millions of clients that apply by telephone; (5) the current role of taking applications should not be expanded to include all Social Security program clients, because the Supplemental Security Income and Food Stamp programs are needs-based but the Old Age, Survivors, and Disability Insurance program is not and does not collect information common to the other two programs; and (6) the development of a joint supplemental security income/food stamp application form is feasible, but combining a food-stamp-only application with the longer Supplemental Security Income application would provide little benefit.

## Open Recommendations to Congress

**Recommendation:** Congress should require the Secretaries of Health and Human Services and Agriculture to jointly develop, within a prescribed time frame, a plan for improving the coordination of food stamp services for SSA program clients. The plan should include implementation time frames and consideration of legislative changes and should be furnished to the House and Senate Agriculture Committees, Senate Committee on Finance, House Committee on Ways and Means, and the Senate Special Committee on Aging. In developing the plan, the Secretaries should solicit input states and client advocates, and consider: (1) addressing problems at the application-taking levels, including the possible need to better orient staff and hold them accountable for adhering to coordination requirements; (2) exploring options to the current joint application process, including eliminating the 1-working-day requirement for SSA field staff to complete the food stamp application; (3) developing a simple food stamp application for national use by SSA field office staff; (4) taking additional steps to ensure that applicants and recipients of SSA programs are adequately informed of food stamp availability; (5) strengthening the process for referring SSA clients to state offices to apply for food stamps; (6) developing methods to monitor how well SSA and states carry out their responsibilities.
**Status:** Action not yet initiated.

# Social Security: Racial Difference in Disability Decisions Warrants Further Investigation

HRD-92-56, 04/21/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on the lower allowance rate for black applicants, when compared to white applicants, under the Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) Programs, focusing on reasons for the racial differences in: (1) state agencies' initial disability decisions; and (2) administrative law judges (ALJ) appeals decisions.

## Findings

GAO found that: (1) despite a lower allowance rate among black applicants, within the general and severely impaired populations, blacks receive Social Security benefits at a rate higher than or equal to that of whites, primarily because they apply at a higher rate and because a larger proportion of blacks are severely impaired; (2) in 1988, within the general population of working-age adults, blacks were almost twice as likely as whites to receive DI benefits and four times as likely to receive SSI benefits; (3) under the DI Program in 1988, state disability determination services (DDS) allowed benefits to 36 percent of white applicants and 29 percent of black applicants, and under the SSI program, DDS allowed benefits to 37 percent of white applicants and 29 percent of black applicants; (4) for SSI applicants between the ages of 18 and 24, DDS allowed benefits to 47 percent of white applicants and 34 percent of black applicants; (5) such racial differences do not appear to be related to differences in education, sex, geographic location, percentage of urban population, or impairment type; (6) among all applicants, the racial difference in allowance rates among young SSI applicants is particularly large for mental and neurological/sensory disorders; (7) under the DI Program, ALJ at the appeals level allowed benefits to 66 percent of white appellants and 51 percent of black appellants; (8) under the SSI Program, ALJ allowed benefits to 60 percent of white appellants and 51 percent of black appellants; and (9) racial differences in allowance rates vary widely across Social Security Administration regions.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Social Security should investigate the reasons for the racial difference in allowance rates among young SSI applicants at the initial decision level and act to correct any unwarranted disparities.
**Status:** Action in process. The Public Health Service is reviewing SSA medical listings to ensure that they take into account impairments occurring more frequently among minorities and that the listings are not intentionally biased.

**Recommendation:** To maintain the integrity of the DI and SSI Programs, as even the appearance of discrimination is intolerable, the Commissioner of Social Security should further investigate the racial difference in allowance rates at the ALJ level and, if needed, take appropriate actions to correct and prevent any unwarranted disparities.
**Status:** Action in process. SSA has two reviews under way of allowance rates by ALJ; one looking at ALJ in regions with significantly lower allowance rates for blacks, and one of specific ALJ. SSA is developing a quality assurance system to review ALJ decisions and is developing training on recognizing bias. SSA also is redesigning its OHA management information systems.

**Recommendation:** In light of the particularly large racial difference in allowance rates associated with schizophrenia, as well as other mental, neurological/sensory, and respiratory categories of disorders, the Commissioner of Social Security should look into the criteria used in adjudicating such cases and the other circumstances that may explain the racial difference.
**Status:** Action in process. SSA has two reviews under way of allowance rates by ALJ, one looking at ALJ in regions with significantly lower allowance rates for blacks, and one of specific ALJ. SSA is developing a quality assurance system to review ALJ decisions and is developing training on recognizing bias. SSA also is redesigning its OHA management information systems.

# Social Security: Reconciliation Improved SSA Earnings Records, but Efforts Were Incomplete

HRD-92-81, 09/01/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed the efforts of the Social Security Administration (SSA) and the Internal Revenue Service (IRS) to correct accuracy problems in SSA earnings records, focusing on: (1) SSA and IRS actions under their memorandum of understanding (MOU) and their adequacy; (2) whether SSA and IRS have met their MOU commitments; (3) the outcome of the reconciliation efforts; and (4) possible improvements to the wage-crediting process.

## Findings

GAO found that: (1) after the implementation of a formal reconciliation process, SSA and IRS have made substantial progress in reducing the discrepancies between the wages reported to each agency by employers; (2) SSA cannot determine the actual amount of new wage data because it only broadly monitors the nature of employer responses; (3) IRS did not meet all of its MOU commitments, which reduced the potential success of the reconciliation process; (4) employers file inaccurate SSA wage reports because they often do not understand regulations on wages, reporting requirements, and the relationships among the various wage reports they must file; (5) further improvements in the reconciliation process and the prevention of employer wage-reporting errors could further reduce reported discrepancies; (6) the Treasury Department has credited and continues to credit billions of dollars to the social security trust funds that are not supported by SSA wage reports; and (7) a collection-based funding system for the social security trust funds would be consistent with the historic funding of the programs and would more accurately capture monies due the trust funds.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to consider amending section 201(a) of the Social Security Act to require that revenues credited to the social security trust funds are based on the amount of social security taxes collected each year, including interest and penalties, and have the Secretary of the Treasury certify to the amount of social security taxes collected.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** To improve the process for reconciling differences in wage reports and employer reporting accuracy, the Commissioner of Internal Revenue should comply with all agreed-upon provisions of the MOU. IRS should contact all employers in cases referred by SSA under the terms of the MOU, eliminate any penalty tolerance that is not in accord with the MOU, and take prompt action to issue regulations to mandate the filing of W-2s within 30 days after a business terminates operations.
**Status:** Action not yet initiated.

**Recommendation:** To improve the process for reconciling differences in wage reports and employer reporting accuracy, the Commissioners of Internal Revenue and Social Security should amend the MOU to ensure that reasonable efforts are made to contact employers whenever SSA does not have its reconciliation letters delivered.
**Addressee:** Social Security Administration
**Status:** Action not yet initiated.
**Addressee:** Internal Revenue Service
**Status:** Action not yet initiated.

**Recommendation:** To improve the process for reconciling differences in wage reports and employer reporting accuracy, the Commissioner of Social Security should place more emphasis on identifying and addressing causes of employer problems in reporting wages. SSA should examine the clarity of its wage-reporting instructions and consider how it can better respond to employer wage-reporting questions, such as by providing a single contact point for employers.
**Status:** Action not yet initiated.

# Social Security: Reporting and Processing of Death Information Should Be Improved

HRD-92-88, 09/04/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on the Social Security Administration's (SSA) process for obtaining information on deceased beneficiaries and terminating benefits payments, focusing on: (1) how long family members, states, and others take in reporting deaths to SSA; (2) the amount of time SSA takes to terminate payments once a death is reported; (3) whether delays in reporting and processing inhibit SSA from recovering erroneous payments made to deceased beneficiaries; and (4) opportunities to improve the timeliness of death information reported to SSA.

## Findings

GAO found that: (1) 90 percent of the reported deaths come from family members, friends, and funeral homes; (2) most beneficiary deaths are reported within 14 days and SSA terminates benefits within 2 days; (3) telephoned, rather than mailed, reporting of death speeds benefit termination; (4) 32 percent of erroneous payments result from state and Health Care Financing Administration (HCFA) reporting delays; (5) a lack of uniform state reporting requirements causes delays and erroneous payments; (6) HCFA reported 80 percent of its death reports to SSA within 2 months; (7) SSA requires an additional 2 to 3 months to process and terminate benefits after SSA receives HCFA and state death reports; (8) SSA verification of death creates delays and additional costs in obtaining death certificates; (9) less than 1 percent of shared SSA and state information is inaccurate, but 13 percent of HCFA information contains inaccuracies; (10) inadequate procedures and state information restrictions result in limited data sharing regarding non-SSA deaths; (11) delays in HCFA and state death reporting prevent SSA and the Treasury Department from initiating timely erroneous death payment recoveries; (12) Treasury and SSA have lost $5.8 million due to recovery time limitations; and (13) SSA lacks access to state automated information systems and has initiated and paid for new accessible information sharing systems.

## Open Recommendations to Agencies

**Recommendation:** To improve the timeliness and accuracy of SSA collection of death information, the Commissioner of Social Security should require field offices to adhere to established procedures for verifying beneficiary deaths reported by states and HCFA.
**Status:** Action not yet initiated.

**Recommendation:** To improve the timeliness and accuracy of SSA collection of death information, the Commissioner of Social Security should formally promulgate procedures to record all deaths for non-social-security beneficiaries in the data base of death information shared with other federal agencies and annotate the records to show that such reports are unverified.
**Status:** Action not yet initiated.

# Social Security: Selective Face-to-Face Interviews With Disability Claimants Could Reduce Appeals

HRD-89-22, 04/20/89 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

In response to a congressional request, GAO provided information on certain aspects of the Social Security Administration's (SSA) appeals process, including: (1) the reasons for administrative law judges' (ALJ) high reversal rates for state disability determination services' (DDS) decisions; and (2) suggestions for improving the SSA appeal process.

## Findings

GAO reviewed state DDS decisions for 1986, and found that: (1) ALJ reversed over 60 percent of DDS denials of benefits; (2) ALJ questioned benefit claimants extensively during hearings and determined that their functional capacity was more limited than DDS had determined; (3) most claimants appealed DDS decisions, and were often represented by attorneys on a contingency-fee basis; (4) ALJ generally requested medical advisers' and vocational experts' opinions and often sent claimants to independent physicians for medical examination; (5) ALJ usually reversed DDS determinations in cases involving older claimants; and (6) ALJ less frequently reversed determinations in cases where state DDS conducted personal interviews with claimants at the reconsideration stage of the appeal procedure.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Commissioner of Social Security to initiate a demonstration project that would include interviewing selected categories of claimants at the reconsideration stage. Such a project would differ from ongoing demonstration projects by focusing on those categories of claimants most likely to be approved by ALJ. By interviewing specific categories of claimants at the reconsideration stage, the number of such interviews could be kept manageable. Through quality assurance reviews of the resulting decisions at the reconsideration stage, SSA could determine whether the interviews were resulting in unwarranted benefit awards.

**Status:** Action in process. SSA believes that its comprehensive pilot project on the initial adjudicative process, including face-to-face interviews, removes the need for the recommended separate demonstration project. The pilot study is not expected to be implemented in selected states before February 1993 at the earliest.

# Social Security: Status and Evaluation of Agency Management Improvement Initiatives

HRD-89-42, 07/24/89 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

GAO assessed the Social Security Administration's (SSA) progress in implementing GAO recommendations for improving SSA management, focusing on: (1) the status and effectiveness of SSA corrective actions; (2) the reasonableness, timeliness, and completeness of actions in progress; and (3) how SSA planned to sustain the actions and ensure their continued progress and effectiveness.

## Findings

GAO found that: (1) SSA made a number of organizational changes, appointed a senior executive officer, developed offices for financial management and strategic planning, and developed an agency-wide long-range plan for budget, planning, and decisionmaking processes; (2) SSA initiatives provided a framework for improved effectiveness and accountability, but were not sufficiently mature to evaluate properly; (3) the SSA Commissioner did not appoint a full-time information resources manager to integrate, coordinate and support long-range automatic data processing (ADP) efforts; (4) although SSA restructured so that top management could better understand and control ADP issues, no one below the Commissioner was accountable for information systems planning and integration; (5) SSA did not develop recommended performance standards and measures or establish a focal point for coordinating review and evaluation efforts; (6) SSA increased its focus on productivity, but lacked an institutionalized, systematic approach to productivity management; (7) SSA did not develop the necessary work standards to establish its staffing needs; (8) although SSA improved communications between employees and managers, concerns remained over the effects of continued staff cuts on work pressure and promotions; and (9) efforts to disseminate retirement information and develop future managers were ineffective.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner of Social Security should develop a process to systematically compare planned with actual program results at the end of each planning and budget cycle and use

these evaluations in formulating the next year's plans and budgets.
**Status:** Action in process. The Commissioner has announced initiatives to create an integrated planning, budgeting, and control process. A specific follow-up is underway to address all prior recommendations.

**Recommendation:** To ensure that the many information systems issues still needing attention are adequately addressed, the Commissioner of Social Security should designate a senior official with full-time responsibility and accountability for information resources management (IRM) reporting directly to the Commissioner.
**Status:** Action taken not fully responsive. While the Commissioner designated the Chief Financial Officer (CFO) as the focal point for IRM, this did not meet the intent of the recommendation: that such an individual have the expertise to fully understand the functions of that role. Also, assigning this role to the CFO diminishes the effectiveness of his role as CFO. An assignment is underway to follow up on SSA actions.

# SSA Computers: Long-Range Vision Needed to Guide Future Systems Modernization Efforts

IMTEC-91-44, 09/24/91 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO reviewed the Social Security Administration's (SSA) systems modernization initiatives, focusing on the extent to which SSA information systems are prepared to meet current and future challenges.

## Findings

GAO found that: (1) after nearly 10 years of modernization activity, SSA has achieved successes, but has yet to establish a clear long-range vision to guide its use of information technology; (2) while SSA has achieved some immediate benefits by automating existing practices in a piecemeal fashion, it needs to explore more fundamental improvements in its work processes if it is to meet the enormous challenges that the next century holds; (3) without a clear long-range plan, SSA risks being overwhelmed by huge increases in beneficiaries; (4) a lack of management continuity has impeded SSA progress in modernizing its information systems; (5) because SSA failed to upgrade its backup and recovery system during its recent modernization, it backs up only 20 percent of its current work load, down from nearly total backup coverage in 1985, leaving itself open to unacceptable risks of data loss that could dramatically disrupt the daily performance of agencywide data processing and telecommunications; and (6) such a data loss could lead to impaired service and hundreds of millions of dollars in unnecessary or excessive payments to ineligible beneficiaries and delayed payments to newly eligible beneficiaries.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct SSA to provide the continuity needed to achieve the modernization by: (1) creating a shared vision with its congressional oversight and appropriations committees, the Department of Health and Human Services (HHS), the Office of Management and Budget, and the General Services Administration; and (2) continue, with a permanent panel of acknowledged experts, to provide the Department of Health and Human Services and SSA with continuing advice, guidance, and direction over the course of the modernization.
**Status:** Action in process. SSA plans to extend the contract with NAS, which expired in May 1992. SSA anticipates the contract will be in place by October 1992. SSA is also conducting briefings with appropriate congressional oversight and appropriations committee staffs, HHS, and the Office of Management and Budget.

**Recommendation:** The Secretary of Health and Human Services should direct SSA to take immediate steps to provide for enhanced backup and recovery of National Computer Center computers to ensure continued operation of on-line terminals and the effectiveness of the SSA customer service telephone system. Those steps should include: (1) contracting for short-term backup and recovery as soon as possible; and (2) developing a long-term solution to SSA backup and recovery needs within a

year. At the end of this period, SSA should report on its progress in resolving this critical issue to its congressional oversight committee. Until this issue is resolved, SSA should also report backup and recovery as a material weakness in its Federal Managers' Financial Integrity Act reports.
**Status:** Action in process. SSA completed a cost-benefit analysis of backup and recovery alternatives. SSA is developing an agency procurement request and expects to award a contract for expanded backup and recovery in late 1992. HHS did not report backup and recovery as a material control weakness in its 1991 Federal Managers' Financial Integrity Act report on SSA.

# Urban Poor: Tenant Income Misreporting Deprives Other Families of HUD-Subsidized Housing

HRD-92-60, 07/17/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on the Department of Housing and Urban Development's (HUD) internal controls to ensure proper reporting of subsidized households' income, focusing on: (1) a one-time computer match of subsidized household records with federal tax records to determine household income reporting accuracy; and (2) the extent of federal tax data used to verify household income.

## Findings

GAO found that: (1) HUD lacks sufficient information to ensure that federally subsidized housing units are occupied by needy low-income families and the rent HUD charges is correct; (2) public housing and management agencies lack effective verification of subsidized households' income; (3) 21 percent of the 175,000 households that GAO matched by computer using 1989 federal tax data understated their income by $138 million, resulting in $41 million in excess rent subsidies; and (4) a centralized household income and eligibility verification system with access to federal tax information would ensure proper income verification, rents and access to subsidized housing.

## Open Recommendations to Congress

**Recommendation:** After HUD fully implements its Multifamily Tenant Characteristics System for the Public Housing Program, Congress should amend the Internal Revenue Code to allow HUD temporary access to federal tax data so that it can validate the costs and benefits of using such data to identify household income reporting errors. If HUD subsequently demonstrates that its use of tax data is indeed cost-beneficial, Congress should further amend the Internal Revenue Code to broaden and make permanent HUD access to federal tax data, including its use in the Section 8 program when that program's centralized management information system becomes fully operational.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** To attain better reporting of household income information and facilitate future computer matching with federal tax data bases, the Secretary of Housing and Urban Development should ensure that HUD assisted housing information systems containing centralized household data, now under development, adequately meet Internal Revenue Service safeguards against unauthorized disclosure of federal tax data.
**Status:** Action not yet initiated.

**Recommendation:** To attain better reporting of household income information and facilitate future computer matching with federal tax data bases, the Secretary of Housing and Urban Development should standardize the classification of income sources for all assisted housing programs to parallel sources of income derived from federal tax data bases.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Housing and Urban Development should conduct a cost-benefit analysis of using tax data to identify misreporting of income by subsidized households, and report the results to Congress.
**Status:** Action not yet initiated.

# VA Benefits: Law Allows Compensation for Disabilities Unrelated to Military Service

HRD-89-60, 7/31/89—GAO Contact: Joseph F. Delfico, (202) 512-7215

## Background

GAO analyzed a random sample of 400 cases of veterans receiving disability compensation from the Department of Veterans Affairs (VA) during August 1986, focusing on the origin of the disabling disease or injury.

## Findings

GAO found that: (1) about 17 percent of disabled veterans had disease-related disabilities that military service caused or aggravated, 19 percent had disease-related disabilities that probably were not service-connected, and 13 percent had disease-related disabilities of undetermined origin; (2) non-service-connected disease-related disabilities typically resulted from such hereditary or life style diseases as diabetes, chronic obstructive pulmonary diseases, osteoarthritis, arteriosclerotic heart disease, or multiple sclerosis; (3) during 1986, VA paid about $1.7 billion in disability compensation to veterans with non-service-connected disease-related disabilities; (4) 19 percent of veterans receiving compensation for injury-related disabilities were injured during combat, 6 percent were injured while off-base and not performing a military task, and 7 percent were injured under other circumstances; and (5) regulations did not require VA to determine whether military service contributed to disease- or injury-related disabilities, but only required that the veteran manifest the disease or sustain the injury during or within a prescribed period after military service.

## Open Recommendations to Congress

**Recommendation:** Congress may wish to reconsider whether diseases that were probably neither caused nor aggravated by military service should be compensated as service-connected disabilities. GAO suggested that any changes be prospective in order not to affect veterans already receiving compensation benefits.
**Status:** Action not yet initiated.

# VA Life Insurance: Administrative Costs for Three Programs Should Be Paid From Excess Funds

HRD-92-42, 03/10/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO examined the feasibility of the Department of Veterans Affairs (VA) using a portion of dividends paid to policyholders in three of its life insurance programs to pay for the programs' administrative costs.

## Findings

GAO found that: (1) VA investments purchased from the three life insurance programs will average about 9-percent interest annually for the next 7 or 8 years; (2) those earnings and a lower-than-average mortality rate for many of the insured have caused the programs' annual income to accumulate above the solvency levels that VA actuarially determined were necessary; (3) VA expects the three life insurance programs to accrue substantial excess income for the foreseeable future; (4) VA has previously reduced the annual excess reserves by paying dividends to policyholders, and paid over $1 billion in dividends to policyholders in 1990; (5) VA used $27 million in appropriations to pay the three programs' administrative costs for 1990; (6) if VA had used the 1990 excess income to fund the programs' administrative costs, it would have returned $1 billion instead of $1.3 billion to policyholders, decreasing the average individual policyholder return by about $10; (7) veterans' groups opposed the use of excess income to pay administrative costs, since they believed

that the government agreed to pay the costs and that veterans had a vested right to the excess income; and (8) neither the insurance contracts, VA regulations, nor the relevant statutes expressly guarantee those benefits, and the insurance policies state that the applicable statutes are subject to amendment. GAO believes that it would be neither illegal nor unfair to policyholders for VA to recover the programs' administrative costs from excess income.

## Open Recommendations to Congress

**Recommendation:** Congress should amend 38 U.S.C. 1982 to require that the three VA insurance programs pay administrative costs from excess interest income. This could be accomplished by changing the period following "Secretary" to a semicolon and adding: "provided, however, that to the extent excess revenues (the balance of funds remaining at the end of each fiscal year, beginning with the fiscal year ending before the date of enactment of this proviso, after claims have been paid and reserves have been appropriately funded) for the programs authorized under sections 1901, 1923, and 1940 are available, the cost of administration shall be paid from such excess."
**Status:** Action not yet initiated.

# VA Life Insurance: Premiums and Program Reserves Need More Timely Adjustments

HRD-92-71, 07/20/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed the Department of Veterans Affairs' (VA) Servicemen's Group Life Insurance Program, focusing on the: (1) adequacy of program reserves; and (2) extent of the government's liability for claims under the program.

## Findings

GAO found that: (1) the Program's operating reserves are inadequate, but the Program's contingency reserve is excessive; (2) between 1982 and 1991, VA overcharged military personnel for insurance, resulting in an excess in the revolving fund; (3) VA has not appropriately set insurance premiums under the Program; (4) the Program contract does not state whether VA or the contractor pays claims in certain peacetime situations; and (5) VA and the contractor reached an agreement on claims liability, but VA has not amended the contract.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should reduce the contingency reserve held by Prudential to $25 million and use the excess funds, if necessary, in lieu of transfers from the revolving fund to provide a portion of the additional operating reserves.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should compute each year the true premiums to be paid by Program participants and adjust premiums, as appropriate. The Secretary should consider excess funds in the contingency reserve as a program resource when making this computation.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should negotiate with Prudential to amend the contract to explicitly state which party is responsible for paying peacetime claims in scenarios that were the subject of discussions between VA and the contractor during 1990.
**Status:** Action not yet initiated.

# Veterans Affairs IRM: Stronger Role Needed for Chief Information Resources Officer

IMTEC-91-51BR, 07/24/91 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO: (1) reviewed the status of the Department of Veterans Affairs' (VA) plan for reorganizing its Office of Information Resources Management (IRM); (2) determined the effects of the reorganization on automatic data processing (ADP) acquisition skills; (3) evaluated whether the reorganization was consistent with legal guidelines; and (4) evaluated the involvement of the chief information resources officer (CIRO) in IRM planning, budgeting, and ADP acquisition activities.

## Findings

GAO found that: (1) the reorganization has left VA with a fragmented IRM planning and budgeting process which does not give CIRO the authority to manage the development of VA-wide information technology and relies on each component to formulate its own IRM plans and budgets; (2) CIRO lacked adequate internal controls over the VA acquisition approval process for information resources, resulting in IRM acquisitions over $50,000 not being submitted for approval and the acquisition of duplicate ADP systems; (3) the reorganization did not provide a solid foundation for IRM, resulting in less responsibilities for the IRM office and a weakened CIRO; (4) since major VA components continue to operate autonomously, its information exchange and system integration deficiencies between the components remained largely unresolved; and (5) since VA reorganization efforts failed to unify IRM, VA actions may not meet the legal guidelines which provide for CIRO management of information resources.

## Open Recommendations to Agencies

**Recommendation:** To provide for using strong VA-wide management of information technology, the Secretary of Veterans Affairs should develop a departmentwide IRM strategy linked to department goals and objectives. This strategy should address the full spectrum of IRM activities identified in the Paperwork Reduction Act and the Department of Veterans Affairs Act. As a part of this strategy, the Secretary should expand the role of CIRO to include responsibility and authority for these IRM activities.
**Status:** Action taken not fully responsive. VA believes its April 1991 reorganization holds promise to implement a VA-wide management information technology strategy. A recent GAO review of the Veterans Benefit Administration indicates that the CIRO role has not been sufficiently strengthened.

**Recommendation:** The Secretary of Veterans Affairs should report inadequate control over ADP acquisitions as a material internal control weakness under the Federal Managers' Financial Integrity Act.
**Status:** Action taken not fully responsive. VA did not report its ADP acquisition as a weakness under the Federal Managers' Financial Integrity Act. VA plans to redesign its ADP acquisition process and will then determine if a weakness still exists.

# Veterans' Benefits: Improved Management Needed to Reduce Waiting Time for Appeal Decisions

HRD-90-62, 05/25/90 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

In response to a congressional request, GAO evaluated the Department of Veterans Affairs' (VA) appeals process for disability compensation and pension decisions, to determine whether VA could improve the timeliness of its appeals process without detriment to quality.

## Findings

GAO found that VA did not: (1) effectively manage appeals, since it lacked adequate data to identify systemic problems; (2) accurately report on the time the appeals process took, and lacked adequate time standards; (3) ensure timely resolution of processing and reporting problems, which often involved multiple organizational units; (4) provide adequate guidance and oversight for regional offices; or (5) ensure that regional offices were complying with procedures. GAO also found that: (1) despite the appeals process being the same for all regions, the average time varied widely among VA regional offices; (2) delays in regional offices were due to slow case statement processing, and delays in requesting or using appeals medical information and forwarding appeals to the Board of Veterans Appeals (BVA); and (3) VA developed an automated Veterans Appeals Records Management System to provide BVA with appeals data for reporting and control purposes, but the system had never provided accurate data. In addition, GAO found that: (1) the reported average processing time did not accurately reflect the time VA took to provide final decisions on appeals, because it did not account for regional office time spent on remanded decisions, and VA double-counted cases remanded to BVA; and (2) VA management, Congress, and others did not have a complete picture of how long veterans waited for appeal decisions.

## Open Recommendations to Agencies

**Recommendation:** To improve the processing of veterans' appeals, the Secretary of Veterans Affairs should analyze the regional and BVA appeals process in detail to identify when and where delays occur and take steps to reduce the time for the appeals process.
**Status:** Action in process. VA is installing extensive changes to its automated tracking systems. These changes will enable VA to analyze regional office and BVA appeals processing for unnecessary delays and take action to reduce those delays.

**Recommendation:** To improve the processing of veterans' appeals, the Secretary of Veterans Affairs should improve the guidance and oversight of the regional offices. At a minimum, VA should: (1) develop time standards for processing appeals; (2) provide the regional offices more definitive criteria on how recent medical examinations need to be for cases sent to BVA and which staff should accept veterans' notices of disagreement; and (3) enforce regional office compliance with VA procedures.
**Status:** Action in process. The VA Timeliness Review Study Panel completed its analysis of 4 months of data compiled in the central office and three regional offices. The panel proposed timeliness standards for appeals processing, which will be incorporated into Manual 21-4.

**Recommendation:** To improve the processing of veterans' appeals, the Secretary of Veterans Affairs should designate a focal point with the responsibility to lead efforts to improve the management and timeliness of the appeals process. Initially, emphasis should be placed on resolving the problems related to: (1) redesigning the Veterans Appeals Records Management System; (2) the eligibility criteria for hearing loss; and (3) obtaining timely medical examinations from VA medical facilities.
**Status:** Action in process. A VA task force is reviewing systematic analyses of all VA central office organizations. VA is replacing the Veterans Appeals Records Management System with a new tracking system. VA published eligibility criteria for hearing loss in the Federal Register on April 3, 1990. VA medical facilities submit all medical examinations to regional offices electronically.

**Recommendation:** To improve the processing of veterans' appeals, the Secretary of Veterans Affairs should modify data collection methods to account for all the time spent on appeals, thereby providing more

complete data for management and Congress.

**Status:** Action in process. VA action to track claims will provide comprehensive data on appeals, specifically time spent in remand status, for management and for reporting to Congress.

# Veterans' Benefits: Savings From Reducing VA Pensions to Medicaid-Supported Nursing Home Residents

HRD-92-32, 12/27/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO reviewed the Department of Veterans Affairs' (VA) administration of its veterans' and survivors' pension program, focusing on: (1) reductions to pensions paid to veterans without dependents who receive Medicaid-supported nursing home care, expected to result from provisions of the Omnibus Budget Reconciliation Act (OBRA) of 1990; (2) estimates of additional reductions if OBRA is amended to include survivors; and (3) VA implementation of OBRA.

## Findings

GAO found that: (1) OBRA 1990 could enable VA to reduce pensions by about $174 million annually for veterans receiving Medicaid-supported nursing home care and could reduce pensions by an additional $296 million if Congress enacts pending legislative proposal to treat veterans and survivors equally in OBRA; (2) VA plans to transfer the combined $470 million cost savings to the Department of Health and Human Services and the states under the Medicaid program, which could result in an annual net federal savings of about $202 million; (3) VA has not fully implemented the OBRA 1990 legislation; (4) VA has not timely reduced pensions for all affected veterans, given veterans clear and informative payment reduction notices, and adequately controlled its case review process; and (5) VA is planning to initiate changes aimed at identifying veterans' cases where pensions should be reduced.

## Open Recommendations to Agencies

**Recommendation:** To improve the implementation of pension reduction legislation for survivors if their pensions are reduced, the Secretary of Veterans Affairs should provide VA regional offices with a control listing of cases to be reviewed for pension reduction and require the regional offices to use the listing to record the results of the review of each case.

**Status:** Action not yet initiated. Legislation reducing survivors' pensions is still pending. VA stated that it will provide regional offices with a control listing of cases to be reviewed in an upcoming review of surviving spouses if their pensions are reduced.

**Recommendation:** To improve the implementation of pension reduction legislation for survivors if their pensions are reduced, the Secretary of Veterans Affairs should prepare and send notification letters that will clearly explain the impact of the pension reduction.

**Status:** Action not yet initiated. Legislation reducing survivors' pensions is still pending. VA stated that it will pursue, through coordination with the Medicaid Bureau, adding language to the Medicaid notification letters to more clearly explain the impact of pension reduction.

# Veterans' Benefits: VA Needs to Verify Medical Expenses Claimed by Pension Beneficiaries

HRD-91-94, 07/29/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO determined the: (1) amount of unreimbursed medical expenses that beneficiaries report to the Department of Veterans Affairs (VA) for use in computing VA pension benefits; and (2) VA procedures for verifying such expenses.

## Findings

GAO found that: (1) VA is unable to determine whether the claimed medical expenses are valid or not because it does not systematically verify or request proof of payment for these expenses, there is little incentive for voluntary compliance, and there is no deterrent to overreporting; (2) of the $1.6 billion in medical expenses that beneficiaries claimed, $1.25 billion were for recurring expenses and $350 million were for nonrecurring expenses; (3) of the recurring expenses, about $1.2 billion involved beneficiaries who were using their pensions to help pay for nursing home care; and (4) based on data that the Internal Revenue Service compiled, there is reasonable expectation that a substantial number of medical expenses claimed by pension beneficiaries could be overstated.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should establish procedures for systematically verifying the accuracy of medical expenses claimed by pension beneficiaries.
**Status:** Action in process. VA has drafted new procedures requiring verification before allowing medical expenses for pension beneficiaries.

# Vocational Rehabilitation: Better VA Management Needed to Help Disabled Veterans Find Jobs

HRD-92-100, 09/04/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO assessed the Department of Veterans Affairs' (VA) vocational rehabilitation program, focusing on: (1) the program's effectiveness in helping disabled veterans obtain and maintain employment; (2) reasons for the high drop-out rate of veterans who apply for the program; and (3) VA standards for measuring program success and for providing timely services.

## Findings

GAO found that VA: (1) focuses its program on training, although legislation requires that it also provide job placement services; (2) arrangements with other agencies that offer job search activities has produced only limited job search assistance; (3) does not know why 71 percent of the 202,000 veterans accepted into the rehabilitation program dropped out before obtaining suitable employment; (4) does not collect sufficient data or document drop-out reasons and has not made any special efforts to identify key reasons why veterans drop out of the rehabilitation program; and (5) has instituted a systematic approach to monitoring and assessing the program, but it is not very helpful, since it uses previous actual performance as the standard for the following year's performance does not consider all program participants in measuring program effectiveness and has not established standards in all necessary areas.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should implement the requirements of the 1980 amendments related to finding and maintaining suitable employment for disabled veterans.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should take the lead in developing more effective working arrangements with the Department of Labor, state rehabilitation agencies, and private contractors for providing job placement services to disabled veterans.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should determine why so many disabled veterans drop out before successfully completing the vocational rehabilitation program.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should take action aimed at reducing the number of dropouts and increasing the number who are successfully rehabilitated.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should review the performance standards established for the vocational rehabilitation program and determine whether services to the veterans can be improved by establishing a realistic performance measurement system, such as benchmarking, that clearly focuses on the program's objectives and continually measures progress toward achieving them.
**Status:** Action not yet initiated.

# Vocational Rehabilitation: VA Needs to Emphasize Serving Veterans With Serious Employment Handicaps

HRD-92-133, 09/28/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on the Department of Veterans Affairs' (VA) vocational rehabilitation program, focusing on: (1) VA ability to provide required services; and (2) whether employee productivity standards include these special services.

## Findings

GAO found that: (1) VA field offices failed to make additional personal contacts with seriously disabled veterans, as VA procedures require; (2) seriously disabled veterans receive the same mailed outreach information package as all disabled veterans; (3) physicians believe that rehabilitation programs benefit seriously disabled veterans and are a successful complement to overall rehabilitation; (4) reasons for the lack of personal contact include long waiting periods, the perception that the VA program is for training rather than placement, the use of other state services, increased demands by current program participants, and unwillingness to prioritize based on veterans' disability ratings; (5) seriously handicapped veterans' appointments are handled on a first-come, first-serve basis, and many veterans fail to receive required priority initial counseling and evaluation appointments; (6) VA field offices believe priority scheduling should not be based on higher disability ratings; (7) VA measures productivity by the number of cases employees process, regardless of employment handicap; and (8) because productivity standards do not differentiate between case complexities, and severely handicapped individuals require more complex rehabilitation strategies, field offices may be reluctant to adequately service severely disabled veterans.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Veterans Affairs should reemphasize to VA field offices that disabled veterans with serious employment handicaps are to be: (1) provided special outreach services; and (2) given priority when scheduling initial counseling and evaluation appointments.
**Status:** Action not yet initiated.

**Recommendation:** The Secretary of Veterans Affairs should recognize the additional time required to provide services to these veterans in the employee productivity standards.
**Status:** Action not yet initiated.

# Welfare Benefits: States Need Social Security's Death Data to Avoid Payment Error or Fraud

HRD-91-73, 04/02/91 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

GAO reviewed the feasibility of computer matching Social Security Administration (SSA) death data with benefit payment files for Maryland, Pennsylvania, and District of Columbia benefit programs to determine whether states paid welfare benefits to deceased recipients.

## Findings

GAO found that: (1) between January 1986 and December 1987, the 3 states continued benefit payments at least 2 months after SSA files recorded the eligible recipients' death in 2,950 cases; (2) states' follow-up analysis of 229 of those cases confirmed the recipient's death in 86 cases, concluded that 85 recipients were actually alive, and could not determine the recipient's status in 58 cases; (3) states provided weak or inconclusive evidence to support their conclusions that some recipients were alive; (4) state welfare officials generally believed that receiving SSA death data would assist them in identifying false claims made under deceased recipients' social security numbers; (5) SSA expressed concern that states and agencies also independently verify reported deaths and provide advance notice before adjusting benefits, since its data were not always accurate; and (6) SSA believed that its Enumeration Verification System would require only minimal inexpensive changes to include reporting death information to states.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should direct the Commissioner of Social Security to modify the current social security number verification systems to routinely provide death information to states for their use in processing welfare benefit claims and payments.
**Status:** Action in process. SSA is seeking support for modifications to contracts with states that provide restricted death data to allow for redisclosure. If states are willing to permit redisclosure, SSA will make the required systems changes to make the data available and will then provide to the states, as recommended, the appropriate instructions for access and use of the data.

**Recommendation:** The Secretary of Health and Human Services should direct the Commissioner of Social Security to publish and make available to the states appropriate instructions on accessing and using this information, including the need to verify SSA-provided death information and to give people advance notice before initiating actions to stop, deny, or adjust payments.
**Status:** Action in process. SSA is seeking support for modifications to contracts with states that provide restricted death data to allow for redisclosure. If states are willing to permit redisclosure, SSA will make the required systems changes to make the data available, and will then provide to the states, as recommended, the appropriate instructions for access and use of the data.

# Welfare Eligibility: Programs Treat Indian Tribal Trust Fund Payments Inconsistently

HRD-88-38, 05/20/88 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a legislative requirement, GAO provided information on: (1) the extent, size, nature, and frequency of payments Indian tribes and organizations received from certain tribal trust funds; (2) how various federal welfare programs treated the payments in determining program

eligibility; and (3) the reasons for legislated special exclusions of such payments.

## Findings

GAO found that: (1) from 1984 through 1986, members of 55 Indian tribes received payments from tribal trust funds that totalled about $247 million; (2) members of 21 tribes received recurring, periodic payments that totalled about $157 million, while members of 35 tribes received sporadic or one-time payments of about $90 million; (3) 9,800 Indians received sporadic payments exceeding $2,000; and (4) annual payments varied from $12.61 to $9,000 per person. GAO also found that: (1) federal welfare program regulations and policies varied regarding the legislative exclusion of $2,000 from all tribal trust fund payments for non-Social Security program eligibility determinations; and (2) it could not determine the reasons for the legislative exclusion.

## Open Recommendations to Congress

**Recommendation:** Congress should further amend the Judgment Funds Distribution Act to clarify how the $2,000 exclusion should be applied by specifying whether it should be limited to single, annual, cumulative, or other time-phased payments. Congress may wish to consider whether it is appropriate to require excluding all tribal trust-fund distributions and related purchases in determining eligibility for Social Security Act welfare programs, while specifying a $2,000 exclusion for non-Social Security Act programs. Congress may also wish to consider the impact on Indians in conjunction with the equity of treatment of other individuals in need of federal welfare assistance.
**Status:** Action in process. Congress has introduced two bills (S. 754 and H.R. 2737) that exempt $4,000 (increased from $2,000) of annual income derived from trust or restricted land held by an individual Indian from being considered as a resource or income in determining eligibility for assistance under any federal or federally assisted program. S. 754 was reported out of committee and passed on the Senate floor. It was then forwarded to the House of Representatives for consideration. Both bills are currently with the House Committee on Ways and Means.

## Open Recommendations to Agencies

**Recommendation:** The Secretaries of Agriculture, Housing and Urban Development, and the Interior, and the Administrator of Veterans Affairs should clarify program regulations, policies, and other guidance so that tribal trust fund distributions and related purchases are treated consistently within the respective programs.
**Status:** Action in process. The Department of the Interior Bureau of Indian Affairs (BIA) revised its social services manual to ensure uniformity of treatment and revised its procedures manual to reflect BIA policy. Final regulations are pending the lifting of the President's moratorium on new regulations.

**Recommendation:** The Secretaries of Agriculture, Housing and Urban Development, the Interior, and Health and Human Services, and the Administrator of Veterans Affairs should establish procedures to ensure that local programs comply with federal program regulations and policies.
**Status:** Action in process. The Department of the Interior's interim regulations have been revised again. Final regulations are expected to go to OMB in late 1992 for approval. Issuance of final regulations will be pending until the Presidential moratorium of new regulations is lifted.

# Welfare Programs: Ineffective Federal Oversight Permits Costly Automated System Problems

IMTEC-92-29, 05/27/92 GAO Contact: Frank Reilly, (202)512-6408

## Background

Pursuant to a congressional request, GAO assessed the effectiveness of the Department of Health and Human Services' (HHS) and Agriculture's (USDA) oversight of states' efforts to automate eligibility determinations for the Aid to Families with Dependent Children (AFDC), Medicaid, and Food Stamp programs.

## Findings

GAO found that: (1) Congress authorized HHS and USDA to pay most of states' costs to acquire and operate automated eligibility determination systems to help them reduce errors and process applications faster; (2) the federal government has provided more than $950 million to states to develop and operate these systems; (3) although numerous federal laws and regulations require HHS and USDA to monitor states' development of automated eligibility systems, neither agency has effectively monitored the states' systems; (4) the agencies have conducted only limited reviews of states' initial or updated system plans, have rarely conducted on-site reviews, and have not assessed key system development documents; (5) inadequate monitoring has allowed several states to develop costly integrated systems that did not work or did not meet the requirements; (6) although both HHS and USDA recognize that their monitoring needs improvement, the agencies cite their belief that they should not have a dominant oversight role and insufficient staffing as barriers to better monitoring; (7) HHS and USDA do not consider the assessment of states' operational systems a high priority, even though the agencies do not know whether state systems are providing the projected benefits; and (8) neither agency knew whether states' upgrades of automated systems produced the expected results.

## Open Recommendations to Agencies

**Recommendation:** The Secretaries of Health and Human Services and Agriculture should direct the administering agencies for AFDC, Medicaid, and Food Stamps to develop an interagency agreement that calls for effective, complete, and coordinated monitoring of each state's system under development for each phase of the system development process, including: (1) progress assessments; (2) evaluations of key system development documents; (3) on-site inspections; and (4) determinations of whether full federal funding is warranted on the basis of program and financial risk assessments.
**Addressee:** Department of Health and Human Services
**Status:** Action taken not fully responsive. The Department generally disagreed with this recommendation because it believed that it had taken recent actions to improve monitoring of states' systems. However, HHS did agree that improved coordination would contribute to effective utilization of limited staff and travel resources, and therefore stated that it and USDA would reestablish an interagency task force to address this.
**Addressee:** Department of Agriculture
**Status:** Action not yet initiated.

**Recommendation:** The Secretaries of Health and Human Services and Agriculture should direct the administering agencies for AFDC, Medicaid, and Food Stamps to develop an interagency agreement that calls for evaluating whether predicted benefits have been realized for states' operational automated systems. In those instances where the actual benefits achieved are significantly less than originally projected and lower than total project costs, a reduction of further federal funding of the state's operational system should be considered until the state demonstrates how its system is cost-beneficial.
**Addressee:** Department of Health and Human Services
**Status:** Recommendation valid/action not intended. HHS disagreed with this recommendation, stating that, for those systems failing to achieve projected cost-benefit ratios by a significant margin, it would continue working with the state to overcome obstacles to the efficient and effective use of automation. Despite HHS disagreement, GAO will continue working with agency officials to convince them to take more assertive actions.
**Addressee:** Department of Agriculture
**Status:** Action not yet initiated.

**Recommendation:** To implement the interagency agreement efficiently and effectively, the Secretaries of Health and Human Services and Agriculture should establish a joint program office to provide leadership and management of the oversight of state automated welfare systems. Such an office, to be jointly funded by HHS and USDA, would have the responsibility, authority, and accountability for overseeing the development and implementation of states' welfare systems and determining whether such systems are providing anticipated benefits. Further, to help ensure that these responsibilities be effectively accomplished, the joint office should be given the authority to hire or contract for the technical expertise necessary to monitor the development and operation of automated welfare systems.
**Addressee:** Department of Health and Human Services
**Status:** Action taken not fully responsive. The Department generally disagreed with the recommendation. HHS stated that implementation of the recommendation would create further inefficiencies in the system review process. However, HHS did state that it would reestablish an interagency task force with USDA to improve coordination.
**Addressee:** Department of Agriculture
**Status:** Action not yet initiated.

# Welfare to Work: Implementation and Evaluation of Transitional Benefits Need HHS Action

HRD-92-118, 09/29/92 GAO Contact: Joseph F. Delfico, (202)512-7215

## Background

Pursuant to a congressional request, GAO provided information on state implementation of transitional benefits, focusing on: (1) the proportion of eligible families receiving the benefit of transitional child care (TCC) and the reasons for possible variation in use among states; (2) the proportion of eligible families receiving transitional Medicaid (TM), and how long they receive the benefits; (3) state efforts to track the rates at which families return to the Aid to Families with Dependent Children (AFDC) program when their transitional benefits expire; (4) the Department of Health and Human Services' (HHS) efforts to evaluate and report on the effectiveness of TM and TCC benefits; (5) the characteristics of state programs, such as outreach efforts, application processes and copayments for tax and medical coverage plan options; and (6) the extent to which Family Support Act child care funds are made available to AFDC recipients who are involved in certain training programs.

## Findings

GAO found that: (1) most states lack readily available data to evaluate the success of their efforts to deliver transitional benefits; (2) state TCC and TM case loads increased during the first 15 months after the benefits became available; (3) not all states comply with legislative and regulatory requirements to inform families about TM or TCC; (4) not all states comply with HHS regulations that allow families to request TCC and begin receiving it after their AFDC benefits are terminated; and (5) mandated HHS evaluations of transitional benefits have not progressed beyond initial design work that HHS began in early 1990.

## Open Recommendations to Congress

**Recommendation:** Congress should require the Secretary of Health and Human Services to submit a detailed plan for conducting, and a schedule for completing, the evaluations of both transitional benefits to the appropriate authorizing congressional committees by April 1993.

**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should review the notification and application policies of the states identified in this report as being noncompliant and act to ensure that such states conform with federal requirements.

**Status:** Action not yet initiated.

# Intergovernmental Relations

(Budget Functions 850, 920)

# Intergovernmental Relations

## Issue Area Summary

### Impact of GAO's Work

The increasing budgetary constraints at the federal, state, and local levels, coupled with increasing demands for services, has generated increased interest in the intergovernmental mechanisms to meet human services needs and management issues. Our work has examined the changing patterns in state and local finances. We have addressed the changing relationships between federal, state, and local governments and their impact on the delivery of human services for children, youth, and families; the elderly; and low-income persons.

### Delivery of Human Services

Much of our work addresses the way human services are delivered to children, youth, and families and stresses the need to give greater emphasis to preventing health and social-service problems. We have explored the efficacy of different approaches to integrating the delivery of human services; this has included outlining the necessary components for developing new strategies and identifying the problems state and local officials have faced in implementing these initiatives.

Our report on integrating human services focused on efforts to eliminate the fragmentation of human-service delivery programs. Efforts to change the way agencies plan and fund programs, as well as approaches to eliminate conflicting eligibility, data collection, and reporting requirements, faced many problems and met with limited success. In contrast, less ambitious efforts to link at-risk families to existing programs were better able to improve families' access to health and social services.

We reported that child abuse prevention programs had been shown to be effective and that federal financial incentives were needed to encourage states to plan, evaluate, and implement effective child abuse prevention programs. Another report emphasized that federal investments in early intervention programs, such as the Special Supplemental Food Program for Women, Infants, and Children (WIC), which provides nutritious food and medical service referrals to pregnant women, could have significant economic impacts. We demonstrated that every dollar invested in this program had saved $2.89 in other federal, state, local, and private program funds in an infant's first year of life.

During the year, we also testified on federal efforts to reduce youth violence and stressed that a multifaceted, coordinated set of strategies was needed to deal with this problem and that early intervention was a critical first step.

On the basis of our work, the Department of Health and Human Services (HHS) incorporated home visiting program design elements into its grant guidance for new home visiting programs funded and some of our suggestions were incorporated into final legislation for home visiting grants (Public Law 102-321). Within HHS, the Centers for Disease Control is implementing our recommendation to estimate current cost savings of immunization programs.

## Intergovernmental Relations

Fiscal issues in intergovernmental relations remain an important focus. We examined the changing patterns in state-local finances, examined the role and the allocation of funds pertaining to the Local Partnership Act of 1992, and identified the increasing number of set-asides and cost-ceiling provisions added to 11 block grants since 1982.

## Puerto Rico

We continue to be involved in issues affecting Puerto Rico. We issued a report on grant funds awarded to three major political parties and are reviewing allegations of improper governmental activities during the plebiscite on Puerto Rico's relationship with the U.S. government.

## Management of Federal Agencies

Our work in reviewing the management of the federal agencies resulted in changed management practices. The Department of Education initiated a number of specific actions to improve leadership, management, and operations in response to our recommendations. The Department of Veterans Affairs uses the strategic management process we recommended as a "road map" for guiding the execution of the Department's planning processes.

## Key Open Recommendations

Regarding child abuse, we recommended that the Congress authorize the Secretary of Health and Human Services to reimburse states, at foster care matching rates, for the cost of implementing child abuse prevention programs that had been demonstrated to pay for themselves through reductions in the incidence of child abuse and the related foster care placements. In addition, HHS should be authorized to direct future increases in the National Center on Child Abuse and Neglect's challenge grants to states that are putting comprehensive child abuse plans in place. We also recommended that HHS provide funding incentives to encourage states to establish and evaluate child abuse programs with the potential for statewide implementation and promote statewide adoption of strategies that had demonstrated effectiveness and cost benefits. (GAO/HRD-92-99, see p. 687.)

In a report on WIC, we recommended that the Congress amend the Child Nutrition Act of 1966 to make all pregnant women with family incomes up to 185 percent of the federal poverty level eligible for WIC and appropriate sufficient funds to ensure that such women receive services. In addition, we recommended that the Congress, when legislating new early intervention programs, require the administering department to identify and collect standard outcome, participant, and cost data to enable the department to estimate potential program cost savings. We also recommended that HHS advise the Congress on whether WIC eligibility levels for pregnant women should be raised. Recommendations to the Secretary of Agriculture covered revising the formula for allocating WIC funding to state agencies and determining whether any cost savings were associated with providing WIC benefits to infants, children, and postpartum women. (GAO/HRD-92-18, see p. 688.)

Regarding the Maternal and Child Health block grant formula, we also recommended that the Congress adopt a new formula that improved the distribution of funds for those states with the greatest need, as well as those states with the least resources. (GAO/HRD-92-18, see p. 688.)

## Products With Open Recommendations: Intergovernmental Relations



## Related Products With Open Recommendations Under Other Issue Areas

# Child Abuse: Prevention Programs Need Greater Emphasis

HRD-92-99, 08/03/92 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO reviewed a variety of child abuse programs, focusing on: (1) the extent to which child abuse prevention strategies have been evaluated and shown to be effective; (2) obstacles inhibiting program implementation and alternative approaches to overcome these obstacles; and (3) the types of programs providing services to prevent child abuse in families, and how those programs are coordinated at the federal and state levels.

## Findings

GAO found that: (1) studies show that child abuse prevention programs are effective, but future evaluations need to focus on what program works best under what circumstances; (2) prevention programs may pay for themselves by lowering the social costs resulting from child abuse; (3) it could not determine the amount of total federal funding for prevention programs because funds are scattered among many agencies and are not labelled as targeted to child abuse prevention; (4) federal child abuse prevention funding appears relatively low compared to federal expenditures for assistance to victims of abuse; (5) prevention programs have difficulty meeting their funding needs because grants are short-term and come from multiple sources, which increases the programs' administrative costs; (6) efforts toward statewide coordination of prevention programs are hampered by a lack of resources; and (7) only one state has begun implementation of a statewide program, and another has developed plans to do so.

## Open Recommendations to Congress

**Recommendation:** To provide incentives to states to implement and sustain child abuse prevention programs, Congress should amend Title IV of the Social Security Act to give the Secretary of Health and Human Services authority to reimburse states, at foster care matching rates, for the costs of implementing prevention programs. The reimbursements would be provided to states where prevention programs have been demonstrated, through sound evaluations, to pay for themselves through reductions in the incidence of child abuse and the related foster care placements.
**Status:** Action not yet initiated.

**Recommendation:** To encourage states to develop and implement state prevention plans based on comprehensive needs assessments, Congress should give the Secretary of Health and Human Services the authority to direct any future increases in National Center on Child Abuse and Neglect (NCCAN) Challenge Grants to states that are putting such plans in place.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Health and Human Services should provide funding incentives, such as through NCCAN, to encourage states to establish and rigorously evaluate programs with the potential for statewide implementation, and promote statewide adoption of strategies that have demonstrated effectiveness and cost benefits.
**Status:** Action not yet initiated.

# Early Intervention: Federal Investments Like WIC Can Produce Savings

HRD-92-18, 04/07/92 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO: (1) developed a framework to estimate the cost-savings potential of early intervention programs, such as the Special Supplemental Food Program for Women, Infants, and Children (WIC); and (2) estimated the extent to which such programs can reduce the costs of other federally funded programs, such as Medicaid.

## Findings

GAO used a framework that it developed to assess the costs and benefits of early intervention programs and found that: (1) providing WIC benefits to pregnant women pays for itself within a year; (2) prenatal WIC benefits have reduced the rate of low birthweight births by 25 percent and very low birthweight by 44 percent; (3) 1990 prenatal WIC benefits cost the federal government $296 million, but avoided over $472 million in expected first-year federal and state Medicaid expenditures; (4) over an 18-year period, an estimated $1 billion in federal, state, local, and private-payer expenditures could be averted as a result of WIC; (5) because of high initial medical costs, over three-fourths of the estimated savings due to WIC resulted from avoiding medical costs in the first year; (6) the formula used to distribute WIC funds to the states does not adequately consider the number of eligible persons in states and, as a result, some states cannot enroll all eligible pregnant women, while other states can only enroll lower priority applicants; (7) WIC only served an estimated 75 percent of all income-eligible pregnant women who would have given birth in 1990; and (8) providing WIC benefits to all income-eligible pregnant women who would have given birth in 1990 would have cost $407 million, or $111 million more than was spent, but would have returned more than $1.3 billion in avoided expenditures over the next 18 years.

## Open Recommendations to Congress

**Recommendation:** In view of the cost savings that can be attributed to WIC, Congress should consider amending the Child Nutrition Act of 1966 to make all pregnant women with family incomes up to 185 percent of the federal poverty level eligible for WIC, irrespective of their level of nutritional risk, and to appropriate sufficient funds to ensure that such women receive WIC services.
**Status:** Action not yet initiated.

**Recommendation:** When legislating new early intervention programs, Congress should require the administering department to identify and collect standard outcome, participant, and cost data to enable the department, where appropriate, to estimate potential program cost savings.
**Status:** Action not yet initiated.

## Open Recommendations to Agencies

**Recommendation:** The Secretaries of Health and Human Services and Education should assess ongoing early intervention programs for children, such as Head Start, the Childhood Immunization Program, and special education programs, and identify data needed to estimate cost savings, using our framework or a similar one; and, where appropriate, develop needed evaluation data and estimate the extent to which those programs provide cost savings to the federal and state governments or other beneficiaries.
**Status:** Action not yet initiated by the Department of Education.

**Recommendation:** The Secretary of Health and Human Services should examine current birth outcomes by income level, insurance status, and other characteristics he deems significant and advise Congress on whether WIC eligibility levels for pregnant women should be raised above the present income eligibility level for any specific type of low-income woman.
**Status:** Action not yet initiated. The Department of Health and Human Services concurred, but has not yet begun or planned such a study.

**Recommendation:** The Secretary of Agriculture should also more fully examine the effect of WIC on infants, children, and postpartum women, and any associated cost savings.
**Status:** Action in process. The conference report on the fiscal year 1993 appropriations bill stated that no funding is to be used for the WIC child impact study and any carryover funds for the study should be applied to other program purposes. However, the Department of Agriculture has contracted for follow-up studies of infant

mortality and WIC effect on the very-low-birth-weight rate among prenatal Medicaid recipients and plans to do further studies.

# Federal Formula Programs: Outdated Population Data Used to Allocate Most Funds

HRD-90-145, 09/27/90 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO identified federal formula programs that used outdated population data to distribute funds to state and local governments, focusing on: (1) formula programs that used Census Bureau population data to distribute funds; (2) what population data and data sources federal agencies used and were required to use to distribute funds; and (3) whether the Census Bureau provided or could provide more current population data from the decennial census.

## Findings

GAO found that: (1) in fiscal year 1989, 93 federal formula programs used Census Bureau population data to determine eligibility for or distribute $27.5 billion in funds to state and local governments; (2) of those 93 programs, 48 programs used current population estimates to distribute $10.1 billion, and 45 programs used 1980 decennial census population data to distribute $17.4 billion; (3) 33 programs used the most currently available decennial population data to distribute $16.7 billion, primarily involving urban and rural area populations and populations below the poverty level; (4) 12 programs used state population data from the decennial census to distribute $641.6 million, even though the Census Bureau had more current state population data; (5) the Census Bureau believed that it could develop and provide intercensal poverty data by using statistical modelling procedures, but could not provide intercensal data on urban and rural area populations; and (6) proposed legislation would require agencies to use the most recent population data for distributing federal formula funds, but this legislation would only affect six programs, since the remaining programs already used the latest available data or were required by statute to use the decennial census.

## Open Recommendations to Congress

**Recommendation:** In its deliberations on how best to distribute federal funds to the states, Congress may wish to consider directing: (1) affected program agencies to study the effects of using incorporated or metropolitan area data rather than urban data to allocate formula funds; and (2) the Census Bureau to study the feasibility of estimating the low-income population data on a more current basis. Depending on the outcome of those efforts, Congress could then consider whether it should amend authorizing statutes to remove requirements that federal agencies use urban and rural population or low-income data from the decennial census to allocate funds and instead require that the funds be distributed using some other basis and data.
**Status:** Action not yet initiated. Congress plans to introduce legislation: (1) amending 18 program statutes to delete references to the decennial census; and (2) requiring the Census Bureau to produce current estimates.

# Home Visiting: A Promising Early Intervention Strategy for At-Risk Families

HRD-90-83, 07/11/90 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO reviewed home visiting, focusing on: (1) the nature and scope of home-visiting programs in the United States and Europe; (2) its effectiveness; (3) strategies critical to the design of programs that use home visiting; and (4) federal options in using home visiting.

## Findings

GAO found that: (1) some programs using home visiting improved the health and well-being of families and children; (2) home visiting reduced the need for more costly services, but minimal research has compared its cost-effectiveness to other early intervention strategies; (3) some programs using home visiting failed to meet their objectives, primarily due to fundamental program design and operation problems; (4) successful programs usually combined home visiting with center-based and other community services adapted to their target group's needs; (5) the Department of Health and Human Services (HHS) and the Department of Education support home visiting through both one-time demonstration projects and ongoing funding sources, but are not coordinating and focusing their efforts; (6) Congress focused its home-visiting interest on maternal and child health initiatives, and considered legislation amending Medicaid to explicitly service pregnant women and infants, but did not pass the proposed legislation; (7) the legislation would have caused additional Medicaid costs, ranging from $95 million for optional home-visiting services to $625 million for mandatory services from fiscal years 1990 through 1994; and (8) the federal government could strengthen program design and operation for home visiting by communicating the knowledge developed at the federal, state, and local levels.

## Open Recommendations to Congress

**Recommendation:** Congress has expressed its interest in home visiting as a strategy for bolstering at-risk families. In view of the demonstrated benefits and cost savings associated with home visiting, Congress should consider establishing a new optional Medicaid benefit: as prescribed by a physician or other Medicaid-qualified provider, prenatal and postpartum home-visiting services for high-risk women, and home-visiting services for high-risk infants at least up to age 1. Making home visiting an explicitly covered Medicaid service to improve birth outcomes will encourage states to provide ongoing funding for prenatal and postpartum home visiting. **Status:** Action in process. Pre-existing legislation, S. 2198 and H.R. 3931, was introduced with a provision to make home visiting an optional covered Medicaid service for high-risk women and infants. Since then, H.R. 290, H.R. 1391, and S. 902 have been introduced with the same provisions. S. 4 and H.R. 1244 include home-visiting provisions. A new home visiting program was passed as part of P.L. 102-321.

# Legislative Mandates: State Experiences Offer Insights for Federal Action

HRD-88-75, 09/27/88 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

In response to a congressional request, GAO reviewed state and federal attempts to deal with legislative mandates imposed on lower levels of government, focusing on: (1) their processes for estimating the mandates' cost impacts; and (2) states' reimbursement practices for such costs.

## Findings

GAO found that: (1) although the cost estimates improved congressional understanding of state and local costs, they had little effect on five of eight bills it reviewed because legislators were more concerned with programs and policy issues than with state and local costs; (2) at the state level, cost estimates had a significant impact if the states prepared them early in the legislative process; (3) 14 states reimbursed local governments for state-mandated costs; (4) four of seven of those states deterred legislators from passing unfunded mandates through reimbursement requirements; (5) in three states, reimbursement requirements had little impact on legislative mandates; and (6) only one state had appropriated sufficient funding to defray local costs. GAO believes that the federal government could focus attention on the impact of federal legislation on state and local costs by providing estimates for key bills prior to full committee reports and biennial reports to increase legislators' awareness of mandated costs.

## Open Recommendations to Agencies

**Recommendation:** The Advisory Commission on Intergovernmental Relations should prepare a biennial report on the total estimated state and local costs of new mandates contained in legislation passed by each Congress.
**Status:** Action in process. In February 1992, the Commission initiated a project to develop a methodology for estimating the cost of intergovernmental mandates. The Commission believed such a methodology was needed before a report such as GAO had suggested could be considered. No completion date has been set, but this is expected to be a long-term project.

# The Older Americans Act: Access to and Utilization of the Ombudsman Program

PEMD-92-21, 05/06/92 GAO Contact: Robert L. York, (202)275-5885

## Background

Pursuant to a congressional request, GAO provided information about the Administration on Aging's (AOA) state-administered long-term care ombudsman program, focusing on: (1) program objectives; (2) program impact and measurement of that impact; (3) program utilization by nursing home and board and care facility residents; and (4) difficulties ombudsmen experience in gaining access to nursing home and board and care facility residents.

## Findings

GAO found that: (1) the ombudsman program's objective is to remove impediments to residents' well-being, safety, welfare, and rights; (2) to achieve that objective, the program must increase residents' program awareness, foster open communication and access between residents and ombudsmen, and resolve a high percentage of complaints; (3) AOA is not collecting appropriate data to measure the program's impact and needs to develop a standard definition of what constitutes complaint resolution; (4) the extent to which eligible residents use the program varies across states; and (5) although legal barriers to access to nursing home and board and care facility residents have greatly diminished since 1987, some state laws do not provide ombudsmen with access to such facilities' administrative records. GAO also appended a testimony it presented in June 1991 regarding the utilization and impact of the AOA ombudsman program.

## Open Recommendations to Agencies

**Recommendation:** The Commissioner, AOA, should modify the annual data collection instrument to allow measurement of utilization rates for the ombudsman program across states. This would require collecting information on the total number of: (1) complaints received, by type of facility—nursing home or board and care; and (2) nursing home and board and care residents or, at a minimum, beds.
**Status:** Action in process. The Department of Health and Human Services is developing a system to collect this information.

# Regulatory Flexibility Act: Inherent Weaknesses May Limit Its Usefulness for Small Governments

HRD-91-16, 01/11/91 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

Pursuant to a congressional request, GAO reviewed weaknesses in the Regulatory Flexibility Act of 1980, intended to limit regulatory burdens on small governments.

## Findings

GAO found that: (1) due to weaknesses in the act, federal agencies conducted few analyses of their proposed regulations' potential burdens on small governments; (2) the Small Business Administration (SBA) lacked staff with expertise in small-government issues to monitor agency compliance with the act; (3) the act failed to provide a mechanism to ensure that federal rulemaking agencies complied with the act; (4) neither the act nor SBA provided sufficiently specific criteria or definitions to guide rulemaking agencies in assessing the impact of proposed regulations on small governments; (5) the lack of regulatory impact data on small governments did not limit agencies' ability to make decisions on whether to conduct analyses; and (6) legislation proposed in 1989, intended to improve the act's implementation, did not address the lack of specific criteria or enforcement authority.

## Open Recommendations to Congress

**Recommendation:** If Congress wishes to strengthen the implementation of the Regulatory Flexibility Act, it should consider amending the act to require that, in consultation with the Office of Management and Budget (OMB), SBA develop criteria as to whether and how federal agencies should conduct Regulatory Flexibility Act analyses for small governments. Also, Congress should consider expanding SBA existing authority to review and comment on proposed agency regulations affecting small governments. This expansion should direct SBA to work with OMB to ensure agency compliance with the act's provisions.

**Status:** Action not yet initiated. On the basis of this report, the Committee did not act on the previous 1990 proposals. Proposals to strengthen the legislation will not be considered in this session.

## Open Recommendations to Agencies

**Recommendation:** The Administrator, SBA, should enhance SBA ability to monitor proposed regulations affecting small governments by developing small-government expertise within the Office of the Chief Counsel for Advocacy.

**Status:** Action not yet initiated.

# Unemployment Insurance: Opportunities to Strengthen the Tax Collection Process

HRD-89-5, 06/08/89 GAO Contact: Gregory J. McDonald, (202)512-7225

## Background

GAO reviewed the Department of Labor's (DOL) guidance and oversight of state unemployment insurance (UI) programs.

## Findings

GAO found that: (1) the DOL UI Quality Appraisal Program does not provide specific, meaningful state performance goals; (2) DOL plans to implement a UI Quality Control Program to ensure that state systems for collecting UI taxes from employers are effectively implemented; (3) DOL has reduced its control over state UI administrative expenses and its reporting and administrative requirements; (4) some states have active collection procedures for UI taxes, while some states have more passive systems that signal

employers that UI tax nonpayment will be tolerated; (5) DOL has sponsored a number of pilot projects to improve state UI tax collection techniques, but most states are not implementing improved techniques; (6) most states were receptive to improving their collection procedures, but might be reluctant to implement improvements because any resulting administrative cost savings would accrue to the federal UI Fund, not the states responsible for the savings; and (7) DOL has relied excessively on states' Single Audit Act audits for program oversight.

## Open Recommendations to Agencies

**Recommendation:** The Secretary of Labor should direct the Assistant Secretary for Employment and Training to replace the DOL Quality Appraisal Program goals for state UI tax collections with more meaningful performance expectations that focus on ways to maximize collections, rather than numbers of actions accomplished.
**Status:** Action in process. Estimated completion date: 04/93. DOL has completed its review of adequacy of quality measures under the Revenue Quality Control and Performance Measurement Review Projects. Cooperative agreements with six states to pilot test the system should have been signed by late 1992. Evaluation of the pilot test should be completed by early 1993. DOL will field test data for 1 full year.

**Recommendation:** The Secretary of Labor should direct the Assistant Secretary for Employment and Training to: (1) use DOL oversight systems, when improved, as the principal means for determining whether state UI programs are being managed effectively; and (2) augment these systems with state single-audit results.
**Status:** Action in process. Estimated completion date: 04/93. DOL completed the Revenue Quality Control and Performance Measurement Review Projects. DOL plans to allow states to voluntarily participate in the system beginning in January 1993. A pilot test in five states is expected to be completed in July 1993. Participation will be mandatory for all states by October 1, 1993.

# Committees of Jurisdiction

This index includes GAO products with open recommendations that were addressed to congressional and federal entities. The index is organized by congressional committees having primary interest or jurisdiction. The product titles are listed alphabetically.

Sample Entry

Congressional Committee — **Joint Committee on Taxation**
Title — Collecting Back Taxes: IRS Phone Operations Must Do Better
Product Number — (IMTEC-91-39)
Page Number — 818

## Joint Committees

### Joint Committee on the Library



### Joint Committee on Printing



### Joint Committee on Taxation

## Joint Economic Committee



# House Committees

## House Committee on Agriculture

### Conservation, Credit and Rural Development Subcommittee



### Department Operations, Research and Foreign Agriculture Subcommittee



### Forests, Family Farms and Energy Subcommittee



### Livestock, Dairy and Poultry Subcommittee



## House Committee on Appropriations

## Agriculture, Rural Development, Food and Drug Administration and Related Agencies Subcommittee

## Commerce, Justice, State, the Judiciary and Related Agencies Subcommittee

## Defense Subcommittee

## District of Columbia Subcommittee



## Energy and Water Development Subcommittee

## Foreign Operations, Export Financing and Related Programs Subcommittee



## Interior Subcommittee

## Labor, Health and Human Services and Education Subcommittee

## Legislative Subcommittee



## Transportation Subcommittee

## Treasury — Postal Service and General Government Subcommittee

## VA, HUD and Independent Agencies Subcommittee

## House Committee on Armed Services

### Defense Policy Panel



### Investigations Subcommittee



### Military Installations and Facilities Subcommittee



### Military Personnel and Compensation Subcommittee



### Readiness Subcommittee



### Seapower and Strategic and Critical Materials Subcommittee



## House Committee on Banking, Finance and Urban Affairs

## Consumer Affairs and Coinage Subcommittee



## Financial Institutions Supervision, Regulation and Insurance Subcommittee



## Housing and Community Development Subcommittee

### International Development, Finance, Trade and Monetary Policy Subcommittee



### Policy Research and Insurance Subcommittee



## House Committee on the Budget



## House Committee on the District of Columbia



## House Committee on Education and Labor

### Elementary, Secondary and Vocational Education Subcommittee



### Employment Opportunities Subcommittee



### Health and Safety Subcommittee



### Human Resources Subcommittee



### Labor Standards Subcommittee



### Labor-Management Relations Subcommittee

### Postsecondary Education Subcommittee



### Select Education Subcommittee



## House Committee on Energy and Commerce

## Commerce, Consumer Protection and Competitiveness Subcommittee



## Energy and Power Subcommittee



## Health and the Environment Subcommittee

## Oversight and Investigations Subcommittee



## Telecommunications and Finance Subcommittee

### Transportation and Hazardous Materials Subcommittee



## House Committee on Foreign Affairs



### International Economic Policy and Trade Subcommittee



### International Operations Subcommittee



### Western Hemisphere Affairs Subcommittee

## House Committee on Government Operations

## Commerce, Consumer and Monetary Affairs Subcommittee

## Employment and Housing Subcommittee



## Environment, Energy and Natural Resources Subcommittee

## Government Activities and Transportation Subcommittee



## Government Information, Justice and Agriculture Subcommittee

### Human Resources and Intergovernmental Relations Subcommittee



### Legislation and National Security Subcommittee



## House Committee on House Administration

### Elections Subcommittee



### Libraries and Memorials Subcommittee

## House Committee on Interior and Insular Affairs

### Energy and the Environment Subcommittee



### Insular and International Affairs Subcommittee



### Mining and Natural Resources Subcommittee



### National Parks and Public Lands Subcommittee



### Water, Power and Offshore Energy Resources Subcommittee



## House Committee on the Judiciary

### Crime and Criminal Justice Subcommittee



### Intellectual Property and Judicial Administration Subcommittee



### International Law, Immigration, and Refugees Subcommittee



## House Committee on Merchant Marine and Fisheries



### Coast Guard and Navigation Subcommittee

### Fisheries and Wildlife Conservation and the Environment Subcommittee



## House Committee on Post Office and Civil Service



### Census and Population Subcommittee



### Civil Service Subcommittee



### Compensation and Employee Benefits Subcommittee



### Postal Operations and Services Subcommittee



## House Committee on Public Works and Transportation

## Aviation Subcommittee

### Investigations and Oversight Subcommittee



### Public Buildings and Grounds Subcommittee



### Surface Transportation Subcommittee



### Water Resources Subcommittee



## House Committee on Rules



## House Committee on Science, Space, and Technology

### Energy Subcommittee



### Environment Subcommittee



### Investigations and Oversight Subcommittee



### Science Subcommittee



### Space Subcommittee



## House Committee on Small Business

### Antitrust, Impact of Deregulation and Ecology Subcommittee



### Environment and Employment Subcommittee



### Regulation, Business Opportunities and Energy Subcommittee



## House Committee on Veterans' Affairs

### Compensation, Pension and Insurance Subcommittee



### Education, Training and Employment Subcommittee



## House Committee on Ways and Means

## Health Subcommittee

## Human Resources Subcommittee



## Oversight Subcommittee



## Select Revenue Measures Subcommittee



## Social Security Subcommittee

### Trade Subcommittee



## House Select Committee on Aging



### Health and Long-Term Care Subcommittee



### Housing and Consumer Interests Subcommittee



### Human Services Subcommittee



## House Select Committee on Children, Youth, and Families



## House Select Committee on Hunger



## House Select Committee on Narcotics Abuse and Control

# Senate Committees

## Senate Committee on Agriculture, Nutrition and Forestry

### Agricultural Credit Subcommittee



### Conservation and Forestry Subcommittee



### Domestic and Foreign Marketing and Product Promotion Subcommittee



## Senate Committee on Appropriations

## Agriculture, Rural Development and Related Agencies Subcommittee

## Commerce, Justice, State and Judiciary Subcommittee

## Defense Subcommittee

## District of Columbia Subcommittee



## Energy and Water Development Subcommittee

## Foreign Operations Subcommittee



## Interior and Related Agencies Subcommittee

## Labor, Health and Human Services and Education Subcommittee

## Legislative Branch Subcommittee



## Transportation Subcommittee

## Treasury, Postal Service and General Government Subcommittee

## VA, HUD and Independent Agencies Subcommittee

## Senate Committee on Armed Services

### Manpower and Personnel Subcommittee



### Readiness, Sustainability and Support Subcommittee



### Strategic Forces and Nuclear Deterrence Subcommittee



## Senate Committee on Banking, Housing and Urban Affairs

## Consumer and Regulatory Affairs Subcommittee

Senate Committee on Banking, Housing and Urban Affairs
Senate Committee on the Budget
Senate Committee on Commerce, Science and Transportation

### Housing and Urban Affairs Subcommittee



### HUD Investigations Subcommittee



### Securities Subcommittee



## Senate Committee on the Budget



## Senate Committee on Commerce, Science and Transportation

## Aviation Subcommittee

### Communications Subcommittee



### Consumer Subcommittee



### Foreign Commerce and Tourism Subcommittee



### Merchant Marine Subcommittee



### Science, Technology and Space Subcommittee



### Surface Transportation Subcommittee



## Senate Committee on Energy and Natural Resources

### Energy Research and Development Subcommittee



### Mineral Resources Development and Production Subcommittee



### Water and Power Subcommittee



## Senate Committee on Environment and Public Works

## Environmental Protection Subcommittee



## Nuclear Regulation Subcommittee



## Superfund, Ocean and Water Protection Subcommittee



## Toxic Substances, Environmental Oversight, Research and Development Subcommittee

### Water Resources, Transportation and Infrastructure Subcommittee



## Senate Committee on Finance

### Health for Families and the Uninsured Subcommittee



### International Trade Subcommittee



### Medicare and Long-term Care Subcommittee



### Private Retirement Plans and Oversight of the Internal Revenue Service Subcommittee



### Social Security and Family Policy Subcommittee



## Senate Committee on Foreign Relations

### Terrorism, Narcotics and International Operations Subcommittee



### Western Hemisphere and Peace Corps Affairs Subcommittee



## Senate Committee on Governmental Affairs

## Federal Services, Post Office and Civil Service Subcommittee



## Government Information and Regulation Subcommittee



## Oversight of Government Management Subcommittee

### Permanent Subcommittee on Investigations



## Senate Committee on the Judiciary



### Antitrust, Monopolies and Business Rights Subcommittee



### Courts and Administrative Practice Subcommittee



### Immigration and Refugee Affairs Subcommittee



## Senate Committee on Labor and Human Resources

## Aging Subcommittee

### Children, Family, Drugs and Alcoholism Subcommittee



### Education, Arts and the Humanities Subcommittee



### Employment and Productivity Subcommittee



### Labor Subcommittee



## Senate Committee on Rules and Administration



## Senate Committee on Small Business

## Senate Committee on Veterans' Affairs



## Senate Select Committee on Indian Affairs

## Senate Special Committee on Aging

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This index includes GAO products with open recommendations that were addressed to congressional and federal entities. The index is organized alphabetically by department within branch of government. The product titles are listed alphabetically.

Sample Entry

Agency/Organization — **Department of Agriculture**
Title — Crop Insurance: Inaccurate FCIC Price Forecasts Increase Program Costs
Product Number — (PEMD-92-4)
Page Number — 390

## Legislative Branch

### Congress

## Government Printing Office



## House Committees

### House Committee on Appropriations



### House Committee on Armed Services



### House Committee on Banking, Finance and Urban Affairs



### House Committee on Energy and Commerce



*Health and the Environment Subcommittee*



### House Committee on Post Office and Civil Service



*Compensation and Employee Benefits Subcommittee*



### House Committee on Veterans' Affairs

*Compensation, Pension and Insurance Subcommittee*



*Education, Training, and Employment Subcommittee*



### House Committee on Ways and Means



*Health Subcommittee*



## Joint Committees

### Joint Committee on Printing

## Library of Congress



## Senate Committees

### Senate Committee on Appropriations



### Senate Committee on Armed Services



### Senate Committee on Banking, Housing and Urban Affairs



### Senate Committee on Finance



### Senate Committee on Governmental Affairs



# Executive Branch

## Department of Agriculture

## Agricultural Stabilization and Conservation Service



## Farmers Home Administration

### Federal Crop Insurance Corp.



### Forest Service



### National Agricultural Statistics Service



### Office of the Assistant Secretary for Administration



### Soil Conservation Service



### World Agricultural Outlook Board



## Department of Commerce



## Department of Defense

## Defense Logistics Agency



## Defense Security Assistance Agency



## Department of the Air Force



### *Air Force Logistics Command*

## Department of the Army

### Department of the Navy



### Joint Chiefs of Staff



### Office of Inspector General



## Department of Education



### Office of the Inspector General

## Department of Energy

### Federal Energy Regulatory Commission



## Department of Health and Human Services

## Administration for Children and Families



## Administration on Aging

## Food and Drug Administration



## Health Care Financing Administration



## National Institutes of Health



## Office of Child Support Enforcement



## Public Health Service

*Centers for Disease Control*



## Social Security Administration

## Department of Housing and Urban Development



## Department of the Interior

### United States Fish and Wildlife Service



## Department of Justice



### Drug Enforcement Administration



### Immigration and Naturalization Service



## Department of Labor

### Occupational Safety and Health Administration



## Department of State



### Bureau of Politico-Military Affairs



### Office of the Inspector General



## Department of Transportation

## Federal Aviation Administration



## Federal Transit Administration



## Maritime Administration



## Research and Special Programs Administration



## United States Coast Guard

## Department of the Treasury



### Internal Revenue Service

### Office of Thrift Supervision



### United States Customs Service



### United States Mint



## Department of Veterans Affairs

## Executive Office of the President

### Office of Federal Procurement Policy



### Office of Management and Budget

Debt Management: More Aggressive Actions Needed to Reduce Billions in Overpayments (HRD-91-46)
647

Energy Management: Using DOE Employees Can Reduce Costs for Some Support Services (RCED-91-186)
226

Federal Lobbying: Lobbying the Executive Branch (T-GGD-91-70)
791

Federal Research: System for Reimbursing Universities' Indirect Costs Should Be Reevaluated (RCED-92-203)
231

Financial Management: Additional Actions Needed to Improve Federal Financial Management Systems (AFMD-90-14)
917

Government Civilian Aircraft: Central Management Reforms Are Encouraging but Require Extensive Oversight (GGD-89-86)
800

Government Contractors: Are Service Contractors Performing Inherently Governmental Functions? (GGD-92-11)
883

Laboratory Accreditation: Requirements Vary Throughout the Federal Government (RCED-89-102)
803

OMB's High Risk Program: Benefits Found but Greater Oversight Needed (AFMD-92-63)
925

Single Audit Act: Single Audit Quality Has Improved but Some Implementation Problems Remain (AFMD-89-72)
977

Tax Administration: Federal Agencies Should Report Service Payments Made to Corporations (GGD-92-130)
834

# Independent Agencies

## Advisory Commission on Intergovernmental Relations

Legislative Mandates: State Experiences Offer Insights for Federal Action (HRD-88-75)
690

## American Samoa

American Samoa: Inadequate Management and Oversight Contribute to Financial Problems (NSIAD-92-64)
139

## Commodity Futures Trading Commission

Employee Financial Disclosure: CFTC System Affords Reasonable Protection Against Conflicts of Interest (GGD-91-3)
867

Futures Markets: Strengthening Sales Practice Oversight (GGD-91-41)
755

## Consumer Product Safety Commission

Reproductive and Developmental Toxicants: Regulatory Actions Provide Uncertain Protection (PEMD-92-3)
600

## Environmental Protection Agency

Air Pollution: EPA Not Adequately Ensuring Vehicles Comply With Emission Standards (RCED-90-128)
276

Air Pollution: EPA's Ambient Air Policy Results in Additional Pollution (RCED-89-144)
276

Asbestos Removal and Disposal: EPA Needs to Improve Compliance With Its Regulations (RCED-92-83)
278

Asbestos: EPA's Asbestos Accreditation Program Requirements Need Strengthening (RCED-91-86)
277

Biotechnology: Managing the Risks of Field Testing Genetically Engineered Organisms (RCED-88-27)
589

Disinfectants: EPA Lacks Assurance They Work (RCED-90-139)
279

Drinking Water: Consumers Often Not Well-Informed of Potentially Serious Violations (RCED-92-135)
281

Drinking Water: Inadequate Regulation of Home Treatment Units Leaves Consumers at Risk (RCED-92-34)
282

Drinking Water: Safeguards Are Not Preventing Contamination From Injected Oil and Gas Wastes (RCED-89-97)
283

Environmental Enforcement: EPA Needs a Better Strategy to Manage Its Cross-Media Information (IMTEC-92-14)
284

Environmental Enforcement: Penalties May Not Recover Economic Benefits Gained by Violators (RCED-91-166)
285

Environmental Protection Agency: Protecting Human Health and the Environment Through Improved Management (RCED-88-101)
286

## Equal Employment Opportunity Commission



## Export-Import Bank of the United States



## Federal Communications Commission



## Federal Deposit Insurance Corporation



## Federal Emergency Management Agency



## Federal Home Loan Mortgage Corporation



## Federal Reserve System



### Board of Governors



## General Services Administration

## Information Security Oversight Office



## Merit Systems Protection Board



## National Aeronautics and Space Administration

### Office of the Inspector General



## Peace Corps



## Pension Benefit Guaranty Corporation



## Resolution Trust Corporation



## Securities and Exchange Commission

## Small Business Administration



## Smithsonian Institution



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## United States International Development Cooperation Agency

### Agency for International Development

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