APPENDICES

Appendix A

Department of Health and Human Services
FY 1997 and 1996 Prompt Payment Report Summary

Fiscal Year Ending September 30, 1997 and 1996

	1997	1996
I. Invoices paid subject to the Prompt Payment Act and OMB Circular A-125:		
A. Dollar value of invoices	$ 3,860,581,115	$ 3,059,343,624
B. Number	1,150,361	1,270,069
II. Invoices paid late:		
A. Dollar value	$ 406,770,836	$ 276,528,562
B. Number (sum of II.C.2, and II.F.I.b.)	117,955	140,025
C. Late payment interest penalties paid:		
1. Dollar amount	$ 806,195	$ 630,868
2. Number	50,603	47,965
3. Relative frequency (II.C.2./I.B.)	4.40%	3.78%
D. Additional penalties paid for failure to pay interest penalties:		
1. Dollar amount	$ -	$ -
2. Number	-	-
3. Relative frequency (II.D.2./I.B.)	0.00%	0.00%
F. Interest and other late payment penalties which were due but not paid:		
1. Total:		
a. Interest dollars	$ 49,728	$ 74,302
b. Number	67,352	92,060
2. Because payment less than $1.00		
a. Interest dollars	$ 49,528	$ 74,302
b. Number	67,315	92,060
III. Invoices paid 8 days or more before due date, except where cash discounts taken:		
A. Subject to a determination under section 4.1 of circular A-125:		
1. Dollar amount	$ 44,355,711	$ 13,481,096
2. Number	57,599	6,228
3. Relative frequency (II.A.2./I.B.)	5.01%	0.49%

Appendix B

HHS Office of the Inspector General
Summary of Semi-Annual Reports with Questioned Costs and Recommendations for Better Utilization of Funds
October 1, 1996 through September 30, 1997
(dollars in thousands)

	Reports with Questioned Costs			Recommendations for Better Utilization of Funds	
	Number	Questioned	Unsupported	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period	731	$ 507,321	$ 75,204	67	$ 180,574
B. Which were issued during the reporting period	301	$ 196,015	$ 13,773	38	$ 3,416,267
Subtotals (A + B)	1032	$ 703,336	$ 88,977	105	$ 3,596,841
Less:					
C. For which a management decision was made during the reporting period:					
(i) dollar value of disallowed costs		$ 125,161	$ 25,457		
(ii) dollar value of costs not disallowed		$ 21,727	$ 14,722		
Subtotal (i + ii)	374	$ 146,888	$ 40,179		
(iii) dollar value of recommendations that were agreed to by management					
(a) based on proposed management action				48	$ 3,424,053
(b) based on proposed legislative action				0	$ -
Subtotals (a+b)				48	$ 3,424,053
(iv) dollar value of recommendations that were not agreed to by management				1	$ 113
Subtotal (iii+iv)				49	$ 3,424,166
D. For which no management decision been made by the end of the reporting period	658	$ 556,448	$ 48,798	56	$ 172,675
E. For which no management decision was made within 6 months of issuance	371	$ 281,392	$ 39,707		

Source: ***Office of Inspector General Semi-Annual Reports for the U.S. Department of Health and Human Services*, October 1, 1996 - March 31, 1997 and April 1, 1997 - September 30, 1997, Tables I & II.**

Appendix C

Management Report On Final Action

April 1, 1997 - September 30, 1997

MANAGEMENT REPORT ON FINAL ACTION

April 1, 1997 - September 30, 1997

BACKGROUND

The Inspector General Act Amendments of 1988 (IGAA) require departments and agencies to report twice a year to Congress on the actions they have taken and the amount of funds recovered or saved in response to the IG's audit recommendations. This report gives the status of IG reports in the Department, and summarizes the results of actions taken to implement IG audit recommendations during the reporting period.

DEPARTMENTAL FINDINGS

For the six months covered by this report, the Department accomplished the following:

- **Initiated action to recover $62 million through collection, offset, or other means (see Table I on C-4);**
- **Completed action to recover $324 million through collection, offset, or other means (see Table I on C-4);**
- **Initiated action to put to better use $3,270 million (see Table II on C-17);**
- **Completed action that over time will put to better use $3,420 million (see Table II on C-17).**

At the end of this period there are 132 reports over a year old with uncollected balances or unimplemented monetary findings. The reasons these reports are still pending are found in the notes to the tables.

THE HHS PROCESS

There are three key elements to the HHS audit resolution and follow-up process:

- **The Operating Divisions (OPDIVs) have lead responsibility for implementing and follow-up on IG audit recommendations.**
- **The Assistant Secretary for Management and Budget (ASMB) establishes policy and monitors OPDIV compliance with audit follow-up requirements.**

MANAGEMENT REPORT ON FINAL ACTION (continued)

- **If necessary, the ASMB or the Deputy Secretary resolves conflicts between the OPDIVs and the IG.**

Departmental Conflict Resolution

In the event that OPDIV and IG staff cannot resolve differences on specific report recommendations, a conflict resolution mechanism is available.

The conflict resolution process escalates the disagreement through a series of steps designed to resolve the conflict within six months of the final audit report. If the OPDIV and the IG cannot resolve their disagreement within 135 days, the IG, OPDIV or the ASMB may request that the Audit Resolution Council (ARC) be convened. The Deputy Secretary, who chairs the ARC, makes the final decision for the Department.

STATUS OF AUDITS IN THE DEPARTMENT

In general, OPDIVs follow up on IG recommendations effectively and within regulatory time limits. The OPDIVs usually reach a management decision within the six-month period that is prescribed by PL 100-504 and OMB Circular A-50. For the most part, they also Complete their final actions on IG reports, including collecting disallowed costs and carrying out corrective action plans, within a reasonable amount of time. However, we continue to monitor this area to improve procedures and assure compliance with corrective action plans.

Report on Final Action Tables

The following tables summarize the Department's actions in collecting disallowed costs and implementing recommendations to put funds to better use. The tables are set up according to the requirements of section 106(b) of the IG Act Amendments of 1988 (PL 100-504).

TABLE I

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Management Action on Costs Disallowed in Inspector General Reports For Six Months Ending September 30, 1997
($ in thousands)

	Number	Disallowed Costs
A. Reports for which final action had not been taken by the commencement of the reporting period.[1]	333	646,062
B. Reports on which management decisions were made during the reporting period.[2]	185	62,407
Subtotal (A & B)	518	708,469
C. Reports for which final action was taken during the reporting period:		
(I The dollar value of disallowed costs that were recovered through collection, offset, property in lieu of cash, or otherwise.	213	323,884
(ii) The dollar value of disallowed costs that were written off by management.	4	8,707
Subtotal (i & ii)	217	332,591
D. Reports for which no final action has been taken by the end of the reporting period.[3]	301	375,878

[1] Includes adjustments of amended disallowances and disallowances excluded from the previous reporting period.

[2] This figure represents concurrences with recommendations. The Inspector General's Report Table I, Line C, includes both concurrences and nonconcurrences.

[3] Includes the following lists of 132 Audits over one year old with outstanding balances to be collected. It also includes 65 Audits under administrative or judicial appeal, under current collection schedule and legislatively uncollectible.

Audit Reports Over One Year Old
With Outstanding Balances To Be Collected
As of September 30, 1997

	Auditee	Date Issued	Amount	Explanations
01-87- 06670	NARRAGANSETT	10/87	154,821	PSC/DMB reviewing for write-off.
01-90-05013	NARRAGANSETT	10/90	28,515	At Dept. of Treasury for offset.
01-91-06601	SAN JUAN CENTER	03/94	224,099	At Dept. of Treasury for offset.
02-90-08393	LAW ENFORCM COMM.	06/90	3,083	At Dept. of Treasury for offset.
02-96-41380	PONCE/HS	08/96	250	PSC/DMB pursuing collection.
03-90-06158	DIST of COLUMBIA	06/92	24,526	PSC/DMB reviewing for write-off.
03-92-17167	NL COAL HISPANIC	06/92	1,555	At Dept. of Treasury for offset.
03-94-31968	DIST of COLUMBIA	01/95	2,735	ACF pursuing collection.
04-94-26346	PUTNAM-CLAY	09/94	86,292	At Dept. of Treasury for offset.
04-94-28234	NW GEORGIA	02/94	578,045	ACF pursuing collection.
04-94-31826	W. CENTRAL GEORGIA	12/94	141,505	ACF pursuing collection.
04-95-32922	PUTNAM-CLAY	01/96	178,320	PSC/DMB pursuing collection.
04-95-34132	CHILD CARE BRVD.	03/95	141,243	ACF pursuing collection.
04-95-36519	DEKALB COUNTY	03/95	11,342	ACF pursuing collection.
05-93-00025	OHIO	09/95	42,430	ACF pursuing collection.
05-95-33679	INDIANA	12/95	16,768	ACF pursuing collection.
06-90-00022	LA HOUSING	04/91	21,905	ACF reviewing for possible write-off.
06-95-34287	CADDO COMM.	06/95	10,044	ACF pursuing collection.
06-96-40858	CADDO/HS	06/95	43,339	Repayment plan being prepared.
07-90-06706	ECON OPPORT FDN	02/90	6,133	ACF reviewing for possible write-off.
08-35300	CROW CRK SIOUX	12/83	8,575	PSC/DMB reviewing for write-off.
08-91-15416	RAPID CITY AMER	02/92	30,257	At Dept. of Treasury for offset.

	Auditee	Date Issued	Amount	Explanations
08-91-15417	RAPID CITY AMER	02/92	20,884	At Dept. of Treasury for offset.
08-91-15872	NORTHERN CHEYENNE	04/92	16,301	PCS/DMB pursuing collection.
08-92-00598	ANISHINAUBAG	08/93	26,360	At Dept. of Treasury for offset.
08-92-17549	RAPID CITY AMER	06/92	30,248	At Dept. of Treasury for offset.
09-65148	YAVAPAI APACHE	08/86	14,814	At Dept. of Treasury for offset.
09-87-05251	YAVAPIA APACHE	04/88	32,662	At Dept. of Treasury for offset.
09-92-20780	YAVAPIA APACHE	04/93	80,676	At Dept. of Treasury for offset.
09-93-21254	AATI	09/93	85,511	At Dept. of Treasury for offset.
09-93-21380	TABLE BLUFF RSV	01/94	1,866	At Dept. of Treasury for offset.
09-93-23668	CTR of EDUCATION	11/93	12,070	ACF pursing collection.
09-95-31383	COCOPAH/HS	05/96	76,861	PSC/DMB pursing collection.
15-95-50003	COMPUTER TECH. SERVICES, INC.	06/96	221,626	The FDA congnizant Contracting Officer issued a C.O. Final Decision concurring with $185,688 of the $221,626 questioned by OIG auditors. The Contractor appealed to the ASBCA. The FDA is waiting for the Board's decision.
01-91-00508	AETNA LIFE-PARTS A&B ADM.	01/92	223,655	Additional documentation from the contractor requests for review by OIG.
01-92-00517	BC of MA	04/93	160,122	HCFA is pursuing collection of the overpayment.
01-93-00512	BC/BS of MA - LAB TESTS	07/94	426,817	HCFA is pursing collection of the overpayment.
01-94-00510	BC/BS of MS - ADM COSTS	04/95	130,299	HCFA is pursuing collection of the overpayment.
01-95-00005	DHS, NH DHS	07/96	30,565	HCFA is pursuing collection of the overpayment.
01-95-00503	G/A & CAPITOL MCLEAN HO - ADM COSTS	08/95	186,190	HCFA is pursuing collection of the overpayment.

	Auditee	Date Issued	Amount	Explanations
01-96-00001	MASSACHUSETTS STATE DIVISION of MEDICAL ASSISTANCE	07/96	1,711,898	HCFA is pursuing collection of the overpayment.
02-86-62016	EMPIRE BC/BS	08/88	3,027,672	Contractor has signed the closing agreement. An amended OCD is being prepared.
02-91-01003	EMPIRE BC/BS - OVERPAYMENTS	07/91	829,551	The contractor is in the process of recouping overpayment.
02-91-01043	SSS - PART B/ESRD PATIENT	04/93	844,292	HCFA is in the process of collecting the overpayment.
02-91-01055	STATE of NY	01/95	215,356	HCFA and OIG are reviewing the Auditee's supporting documentation.
02-92-01004	NJ DHS - CREDIT BALANCES FOR EIGHT HOSPITALS	09/93	89,839	Recovering of the overpayment is in progress
02-92-01021	BCBSNJ - CREDIT BALANCES	06/95	14,900,000	HCFA is in the process of collecting the overpayment.
02-92-01023	BETH ISRAEL MED CTR - G&A	03/93	7,741	The contractor is in the process of removing the unallowable costs from the 1990 Cost Reports.
02-93-01005	EMPIRE BC/BS - PART B ADM	03/95	576,683	HCFA is pursuing collection of the overpayment.
02-93-01023	ISLAND PRO	10/94	155,540	Recovery of the overpayment is in progress.
02-94-01035	HOSPICE ELIGIBILITY IN PUERTO RICO	09/96	2,763,077	In July 1997, HCFA approved a supplemental budget request from the contractor to begin the process of hiring medical review staff so that they can begin reviewing the claims for which the OIG identified an overpayment.
03-92-00150	ELMIRA JEFFRIES MNH	01/94	164,188	The State is in the process of collecting the overpayment.
03-92-00201	COMMONWEALTH of VA - CRED	01/93	205,177	The State is in the process of making a final determination on the overpayment.
03-92-00602	PA DPW - UPPER LIMIT	09/94	230,520	HCFA is pursuing collection of the overpayment.
03-93-00013	OMEGA MEDICAL LAB	11/93	1,102	HCFA is pursuing collection of overpayment.

	Auditee	Date Issued	Amount	Explanations
03-93-00025	PBS - LAB FEE SCHEDULES	09/95	953,377	HCFA is in the process of collecting the overpayment.
03-95-38380	COMMONWEALTH of VA (OGM)	03/96	68,333	HCFA is currently pursuing collection of overpayment.
04-91-02004	HCFA RO IV (FL BS - MSP)	09/93	4,558,911	Contractor is pursuing collection of the remaining overpayment.
04-92-01022	NC DEPT. of HUMAN RESOURCES	11/92	645,340	HCFA initiated a verification process to determine the final disposition of the hospital credit balances. This verification stage is ongoing, and HCFA anticipates that the audit may be closed in the near future.
04-93-20876	STATE of NC (OGCFM LEAD)	07/93	27,617	HCFA is awaiting documentation from the State to verify that funds were returned.
04-94-01096	HUMANA MEDICAL PLANS, INC. – ESRD	04/95	624,048	HCFA is pursuing collection of the overpayment with the contractor.
04-94-02080	BC/BS of FL - MSP	11/95	40,733	Contractor is pursuing collection of the remaining overpayment.
04-94-33005	STATE of MS (OGM)	08/95	63,140	HCFA will review the State's supporting documentation to ensure that the payment adjustments have been made.
04-95-33088	STATE of NC (OGM)	09/95	11,098	The State is in the process of determining how much of the overpayment has already been returned to HCFA.
04-95-33156	COMMONWEALTH of KY (OGM)	10/95	1,560,493	HCFA has reviewed the requested information from the State agency and is preparing to notify the State agency of its decision regarding how to resolve the audit.
04-95-38310	STATE of MS (OGM)	03/96	9,069,408	The State is in the process of determining how much of the overpayment has already been returned to HCFA.
05-90-00013	BC/BS of MI - ADMIN	12/90	2,413,388	This audit must remain open pending resolution of the contractor's termination audit, any related termination agreement and pending lawsuits.
07-91-00471	BC/BS OF MI - SEG.	12/92	5,021,873	This audit must remain open pending resolution of the contractor's termination audit, any related termination agreement and pending lawsuits.

	Auditee	Date Issued	Amount	Explanations
07-91-00473	BC/BS of FLORIDA, INC PENSION SEGMENTATION	08/93	4,755,565	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension account.
07-92-00525	BC/BS of MI, INC. - PENSION	12/92	2,135,884	This audit must remain open pending resolution of the contractor's termination audit, any related termination agreement and pending lawsuits.
07-92-00608	BC/BS of MISSOURI - DENIED OUTPATIENT CLAIMS	06/93	960,615	HCFA will be verifying that corrective action has been completed by the fiscal intermediary.
07-93-00680	BC/BS of NC - UNFUNDED PENSION COSTS	10/94	293,629	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-93-00712	PA BS - PENSION	05/95	521,675	HCFA is in the process of collecting the overpayment.
07-93-00713	PA BS - PENSION	06/95	5,490,995	HCFA is in the process of collecting the overpayment.
07-94-00744	IASD HEALTH SERVICES CORP. - PENSION SEGMENTATION	09/94	3,079,484	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreement will subsume and close out the currently outstanding pension audits.
07-94-00745	IASD HEALTH SERVICES CORP. - UNFUNDED PENSION	05/94	574,804	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.

	Auditee	Date Issued	Amount	Explanations
07-94-00746	IASD HEALTH SERVICES CORP. - PENSION SEGMENTATION	05/94	842,979	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00747	IASD HEALTH SERVICES CORP. - UNFUNDED PENSION	05/94	10,331	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00768	BC/BS of SC - PENSION SEGMENTATION	09/94	840,493	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00769	BC/BS of SC - PENSION COSTS	09/94	329,001	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00770	BC/BS of SC - UNFUNDED PENSION	09/94	793,508	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00777	BC/BS of GA - PENSION COSTS	10/94	90,736	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.

	Auditee	Date Issued	Amount	Explanations
07-94-00778	BC/BS of GA - UNFUNDED PENSION	10/94	363,921	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-0079	BC/BS of GA – PENSION SEGMENTATION	10/94	113,256	HCFA is working with all MEDICARE contractors in obtaining signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00805	BC/BS of TN - PENSION SEGMENTATION	01/95	1,400,063	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00816	BC/BS of TN - UNFUNDED PENSION	01/95	352,026	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00817	BC/BS of AL - UNFUNDED PENSION	07/95	912,730	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-94-00818	BC/BS of AL - PENSION SEGMENTATION	07/95	951,281	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.

	Auditee	Date Issued	Amount	Explanations
07--94-01107	BC/BS of FL - PENSION SEGMENTATION	04/96	813,122	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-95-01126	BC/BS of FL - UNFUNDED PENSION	04/96	4,049,889	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
07-95-01149	BC/BS of TEXAS - PENSION	04/96	874,111	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
08-94-00739	BC/BS of ND - PENSION SEGMENTATION	01/95	730,875	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
08-94-00740	BC/BS of ND -UNFUNDED PENSION	01/95	671,198	HCFA is working with all Medicare contractors to obtain signed advance agreements which set forth the terms and conditions of the amended Cost Accounting Standards (CAS 412). Implementation of the advance agreements will subsume and close out the currently outstanding pension audits.
09-89-00162	NATIONWIDE EMPLOYER PROJECT - MSP PAYER	03/95	2,218,824	Demand letters were sent to employers listed in the audit. D.C. Circuit Court's decision in the HIAA vs. Shalala case will result in few recoveries of funds from EGHPs, because of EGHP's timely filing limits. HCFA is attempting to fix the HIAA decision via new legislation.
01-06082	RURAL HEALTH CENTERS - MAINE	12/90	23,163	Demand letter sent on 2/26/97.

	Auditee	Date Issued	Amount	Explanations
01-16231	STATE of MAINE	11/92	6,125	Documents from Grantee sent to Program Office for review 9/25/97.
01-36087	STATE of MAINE	03/96	2,643	Demand letter sent 9/25/97.
02-06058	SETTLEMENT HEALTH MEDICAL	04/88	12,854	Received payment 7/28/97.
02-06275	NEWARK COMMUNITY HEALTH CENTERS	11/90	14,038	Demand letter sent on 9/30/97.
02-15053	NORTHWEST BUFFALO COMM.	12/91	9,281	Referred to DFO Claims 6/26/97.
02-16577	NEWARK COMMUNITY HEALTH CENTERS, INC.	11/92	31,708	Demand letter sent on 9/30/97.
03-03313	GREATER PHILADELPHIA HEALTH ACTION, INC.	06/93	39,577	Amended ACD 2/11/97; demand letter sent on 9/30/97.
03-18235	WESTERN PA HOSPITAL of NURSING	10/92	15,940	Demand letter sent on 9/30/97.
03-21785	D.C. DEPARTMENT of HUMAN SERVICES	03/94	7,726	Demand letter sent 1/18/96.
04-23435	GOSHEN MEDICAL CENTER, INC.	10/93	691	Demand letter sent on 2/26/97.
04-24751	VICKSBURG-WARREN COMMUNITY HEALTH CENTER	12/93	590	Demand letter sent on 2/16/97.
04-28316	RURAL HEALTH SERVICES, INC.	10/94	3,318	Demand letter sent and inquiry to program referencing appeal 9/30/97.
08-15850	MONTANA MIGRANT AND SEASONAL FARMWORKERS COUNCIL	04/92	44	Demand letter sent on 2/26/97.
09-05217	COMMUNITY HEALTH CENTERS of SOUTHERN NEVADA, INC.	11/91	5,892	Demand letter sent on 2/26/97.
09-05218	COMMUNITY HEALTH CENTERS of SOUTHERN NEVADA, INC.	10/91	68	Demand letter sent on 2/26/97.

	Auditee	Date Issued	Amount	Explanations
09-06282	COMMUNITY HLTH. CTRS. of SOUTHERN NEVADA, INC.	11/92	303	Demand letter sent on 2/26/97.
09-22308	COMM. HLTH. FOUNDATION of LOS ANGELES, CA, INC.	09/93	36,968	Demand letter sent on 1/29/96.
09-06503	TRUST TERRITORY of THE PACIFIC ISLAND	04/90	1,489	Demand letter sent on 2/26/97.
09-06754	WEST CONTRA COSTA COMMUNITY HEALTH	07/93	50,956	Bankruptcy, Chapter 7, filed.
06-91-00089	CREEK NATION of OK	04/92	445,890	We received a notification this matter has been resolved. The amended OCD will be forwarded shortly.
06-92-00017	MUSCOGEE CREEK NATION of OK	05/92	468,217	This audit is currently under litigation; no further action will be taken until a court decision is rendered.
03-95-03313	QUALITY RESOURCE SYSTEMS, INC.	03/95	28,387	Management has decided to uphold these findings; the vendor has relocated and has not been notified.
09-26171	TOHONO O'ODHAM NATION	08/93	57,090	Pursuing collection.
09-32948	REPUBLIC of PALAU	12/94	918	Pursuing collection.
02-95-33649	PUERTO RICO	10/95	14,563	Awaiting copy of canceled check from grantee.
02-95-37708	VI ADVOCACY	10/95	9,453	Write-off pending.
03-90-00453	WEST VIRGINIA	03/91	12,850,856	At District court - Collection suspended on 3/12/97.
08-87-05251	DEVIL LAKE	03/87	50,333	Transferred to the Treasury Offset Program (TOP) for offset.
09-96-39220	PUBLIC SCHOOL	04/96	4,396	Transferred to the TOP for offset.
10-89-06591	NISQUALLY	06/90	6,173	Transferred to the TOP for offset.
10-93-22826	NOOKSACK	11/93	3,323	Transferred to the TOP for offset.
09-92-00116	CALIFORNIA	02/95	140,880,675	At the Department of Justice - Collection suspended 12/30/96.

	Auditee	Date Issued	Amount	Explanations
09-93-24906	**CALIFORNIA**	**04/95**	**56,756**	**Transferred to the TOP for offset.**
04-04183	**COLUMBUS COUNTY SERVICES**	**07/94**	**35,167**	**Pursuing collection.**
09-38218	**DAY ONE**	**09/95**	**17,600**	**Pursuing collection.**

Audit Reports Over One Year Old

OPDIV	Number of Reports	Amount to Be Collected
Administration for Children and Families	33	2,154,035
Administration on Aging	0	0
Centers for Disease Control and Prevention	0	0
Food and Drug Administration	1	221,626
Health Care Financing Administration	61	92,946,205
Health Resources and Services Administration	21	284,127
Indian Health Services	3	942,494
Office of the Secretary	9	12,997,105
Program Support Center	2	140,937,431
Substance Abuse and Mental Health	2	292,362
TOTAL	132	250,775,385

TABLE II

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Management Action on OIG Reports With Recommendations That Funds Be Put to Better Use
As of September 30, 1997

	Number	Disallowed Cost
A. Reports for which final action has not been taken by the commencement of the reporting period.	12	861,463,873
B. Reports on which management decisions were made during the reporting period.	19	3,269,749,165
Subtotal (A & B)	31	4,131,213,038
C. Reports for which final action was taken during the reporting period:		
(I) The dollar value of recommendations that were actually completed: -- based on management action: -- based on legislative action:	17	3,419,914,738
(ii) The dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed.	2	155,000,000
Subtotal (I & ii)	19	3,574,914,738
D. Reports for which no final action has been taken by the end of the reporting period. [1]	12	556,298,300

[1] Includes the following list of 3 reports with recommendations that put funds to better use pending over one year. These reports involve major policy questions as well as legislative remedies that are difficult and time consuming to resolve. A conflict resolution mechanism is in place to achieve a decision on these questions.

Reports Containing Recommendations To Put Funds To Better Use Pending More Than One Year As of September 30, 1997

Audit No	Auditee	Date Issued	Amount	Explanations
01-91-00531	MEDICAL NECESSITY FOR AMBULANCE SERVICES	09/93	12,760,000	The original OCD was prepared on 9/93. The audit is pending approval of regulation. The proposed regulation was published in the Federal Register 6/97.
04-94-01080	STATE of NORTH CAROLINA	02/95	12,289,692	The State of North Carolina is continuing to seek collection of the disputed drug rebates.
06-92-00043	BC/BS of TEXAS, INC. - GME COSTS	03/94	4,078,960	Corrective action cannot be implemented pending the resolution of an objection lodged by the providers legal counsel with the OIG, OGC.

OPDIV: Health Care Financing Administration

Total Number of Reports: 3

Total Amount for Better Use: $29,128,652

Appendix D

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Statistical Summary of FMFIA Material Weaknesses and Non-Conformances

Management Control

	Number of Material Weaknesses		
	Number reported for the first time in:	For that year, number that have been corrected:	For that year, number still pending:
Prior Years	344	336	7
1995 Report	0	0	0
1996 Report	0	0	0
1997 Report	3	1	2
Total	347	337	9[1]

Of the total number corrected, how many were corrected in 1997? 4

Financial Management Systems

	Number of Material Non-Conformances		
	Number reported for the first time in:	For that year, number that have been corrected:	For that year, number still pending:
Prior Years	11	8	0
1995 Report	0	0	0
1996 Report	0	0	0
1997 Report	0	0	0
Total	11	8	0[2]

Of the total number corrected, how many were corrected in 1997? 0

[1] The number of corrected and pending material weaknesses do not add to the total reported because this number excludes one pending material weakness formerly reported by HHS for the Social Security Administration (SSA). SSA now reports on the status of that material weakness in their accountability report.

[2] The number of corrected and pending material non-conformances do not add to the total reported because this number excludes three pending material non-conformances formerly reported by HHS for the Social Security Administration. SSA now reports on the status of those material non-conformances in their accountability report.

Appendix E

Department of Health and Human Services
1997 Pending Material Weakness Under FMFIA Reporting

No.	Title and Identification Code	Year First Reported	Target Date for Correction in 1996 FMFIA Report	Current Target Date for Correction
	ADMINISTRATION FOR CHILDREN AND FAMILIES			
1.	Need to Increase Efforts to Promote Improvements in State Controls over Child Support Collections (ACF-90-05)	1990	1999	1999
2.	Inadequate System of Funds Controls in the Office of Community Services (ACF-97-01)	1997	N/A	1997
	FOOD AND DRUG ADMINISTRATION			
3.	FDA - Weak Enforcement in the Import Food Inspection Program (FDA-89-02)	1989	To Be Determined	1998
	HEALTH CARE FINANCING ADMINISTRATION			
4.	Medicare Secondary Payer (HCFA-89-01)	1989	1994	To Be Determined
5.	Development of a Substantive Testing Process for Estimating a National Error Rate for Improper Medicare (Fee-for-service) Payments (HCFA 97-01)	1997	N/A	FY 1999
6.	Improved Financial Reporting to Properly Account for Medicare Accounts Receivable and Other Financial Information (HCFA 97-02)	1997	N/A	FY 1999
	NATIONAL INSTITUTES OF HEALTH			
7.	NIH-Deficiencies in Technology Transfer Activities (PHS-93-02)	1993	To Be Determined	1998

NOTE: The number of material weaknesses reported on in this section is not the same as the number shown in Appendix D. HHS has determined that three HCFA deficiencies, formerly reported as material weaknesses in the annual FMFIA report, no longer requires reporting outside the agency. Nevertheless, we will not classify those deficiencies as corrected until HCFA determines that corrective action is completed.

Appendix F

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (ACF-90-05)

Title and Description of Material Weakness: Increase OCSE Internal Control Efforts to Promote Improvements in State Financial Controls Over Child Support Collections and Expenditures - ACF-90-05. Increased federal stewardship is needed to promote adequate internal controls and cash management practices states establish to guarantee that child support collections are safeguarded and distributed properly, that unidentified collections are reconciled, and that interest on collections is offset against program expenditures.

Pace of Corrective Action **Year Identified:** 1990 **Original Targeted Correction Date:** FY 1999 **Correction Date In Last Year's Report:** FY 1999 **Current Correction Date:** FY 1999 **Reason for Change in Dates:**	**Name of Responsible Program Manager:** David Ross **Source of Discovery:** Management assessment report dated August 1990; and recent management reviews by OCSE Audit Division **Appropriation/Account #:** 75XI501

Validation **Process Used:** Upon request, managers will be held accountable for providing appropriate documentation to the Agency or Department to validate the correction of the material weakness.

Results Indicators:

1. Staffs in both the ACF Regional Offices and the States should be trained in the area of internal controls and cash collection responsibilities.
2. Potentially inappropriate financial reporting of Child Support Collections and interest earned on these collections should be identified in a more timely manner.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (ACF-90-05)

Title of Material Weakness: Need to Increase OCSE Internal Control Efforts to Promote Improvements in State Financial Controls Over Child Support Collections and Expenditures

Major Milestones	Milestone Dates		
(a) Completed actions/events:	**Original Plan**	**Revised Plan**	**Actual Date**
1. Discuss Child Support Collections issues at Federal, State, and local child support meetings and conferences	Ongoing	Ongoing	Ongoing
Planned actions/events (longer term):			
1. During the course of regular PR/PM audits, expand the scope of the internal controls and cash management areas reviewed. In March 1995, we resumed the PR/PM audits because of delays in passage of Welfare Reform legislation. Areas of concern under this FMFIA issue continue to be routinely reviewed as time permits during our on-going audits, as well as our reviews of selected states' undistributed collections balances. In August 1996, Congress passed and the President signed into law a comprehensive Welfare Reform program which created a new role for the Child Support audit function. This new role audit focuses on many aspects of the issues identified under this material weakness. Considerable audit effort and attention is being redirected to this issue.	12/92	Ongoing	Ongoing
2. Verify at time of certification that all newly developed automated state child support systems contain the necessary management control elements to reduce the risk of misappropriation of collections. With the passage of the Welfare Reform legislation this target date or system certification has been moved back two years to October 1, 1997. All of our efforts in this area will continue, but will incorporate the changes brought about by the new legislation. In FY 1997, the information provided above continued to reflect accurately the status of the areas identified. We continue to work with states to improve the accuracy, completeness and reliability of their program and financial data reporting systems. Even though the deadline for the certification of the automated systems has passed, with only a limited number of state's systems being successfully certified, the effort for getting the remainder of the state's systems up and operational continues in earnest. OCSE is an active participant in this process and will continue to be in future periods.	1/96	FY 1999	

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (ACF-97-01)

Title and Description of Material Weakness: Inadequate system of funds controls in the Office of Community Services (OCS) - (ACF-97-01). Late in FY 1996, several violations of the Antideficiency Act occurred in OCS. Two violations of the Antideficiency Act occurred in the Administration for Children and Families' (ACF) Child and Family Services Programs appropriation, 7561536. Two additional violations occurred in the Low-Income Home Energy Assistance Program (LIHEAP) appropriation 7561502. Two of the antideficiency violations occurred when an apportionment was over-obligated, and an allotment was over-obligated. A third violation occurred when a legislative limit was exceeded, and a fourth violation occurred when an amendment to a contract to perform work in FY 1997 was charged to a FY 1996 appropriation. As required by OMB Circular A-34, the Antideficiency violations were reported to the President and Congress.

Pace of Corrective Action **Year Identified:** FY 1997 (FY 1996 Funds) **Original Targeted Correction Date:** FY 1997 **Correction Date In Last Year's Report:** N/A **Current Correction Date:** FY 1997 **Reason for Change in Dates:**	**Name of Responsible Program Manager:** Donald Sykes **Source of Discovery:** Core Accounting System and CFO review **Appropriation/Account #:** 7561536 and 7561502

Validation Process Used: Upon request, managers will be held accountable for providing appropriate documentation to the Agency or Department to validate the correction of the material weakness.

Results Indicators:

1) Funds are carefully tracked and monitored on a daily basis.
2) Funds availability is assured prior to making any obligations.
3) Future Antideficiency Act violations are prevented.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (ACF-97-01)

Title of Material Weakness: Inadequate system of funds controls in the Office of Community Services (OCS)

Major Milestones	Milestone Dates		
(a) Completed actions/events:	**Original Plan**	**Revised Plan**	**Actual Date**
1. Immediate actions were taken by ACF to correct each of the violations and deobligate funds so that no deficiency appropriation was required. No loss of funds occurred.	FY 1997		FY 1997
2. As of September 30, 1997, CORE reports show that there were no FY 1997 violations of the Antideficiency Act in OCS.	FY 1997		10/97
3. ACF has tightened requirements for certification of funds availability and is requiring hard copy documentation that commitments of funds from program accounts have been entered into the automated funds control and accounting system.	FY 1997		FY 1997
4. ACF has begun phasing in the new Grants Administration Tracking and Evaluation System (GATES) that is moving ACF towards new levels of funds control capabilities.	FY 1997		Ongoing
5. OCS has made the following improvements to their system of funds control:	FY 1997		FY 1997
a) A four-person funds control team has been organized to replace the previous two-person team.	FY 1997		FY 1997
b) The funds control team is designing, developing and implementing several procedures to improve the funds control process in OCS.	FY 1997		Ongoing
c) A study of the flow of grant documents during the process of discretionary grant actions has been initiated in OCS to discover and eliminate unforseen difficulties and problems.	FY 1997		Ongoing
d) There is increased coordination, collaboration and consultation between OCS, the Office of Program Support (OPS), and the Office of Legislation and Budget (OLAB) to improve the accuracy and efficiency of funds control activities.	FY 1997		Ongoing
e) The OCS funds control team leader and members are being trained to use GATES.	FY 1997		Ongoing
f) The OCS funds control team have received funds control training given by OPS. The training covered responsibilities under the Antideficiency Act, budget execution requirements, and an overview of the systems manage funds.	FY 1997		FY 1997

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (FDA-89-02)

Title and Description of Material Weakness: Weakness in the Enforcement Program for Imported Foods in the Food and Drug Administration (FDA) - (FDA-89-02). The Office of Inspector General reported that FDA did not inspect a large enough sample of imported foods to ensure the safety of the public health.

Pace of Corrective Action **Year Identified:** 1989 **Original Targeted Correction Date:** 1990 **Correction Date in Last Year's Report:** 1998 **Current Correction Date:** 1998 **Reason for Change in Dates:**	**Name of Responsible Program Manager:** Ronald G. Chesemore **Source of Discovery:** OIG (Report A-15-90-00001) and internal FDA management reviews. **Appropriation/Account #** 7520600

Validation Process Used: A corrective action review will be completed following correction of the material weakness.

Results Indicators:

FDA determined that a 20 percent minimum inspection rate to assure the safety of the imported foods was unrealistic. As a result, a revised strategy for how the Agency will deal with imported foods has been prepared. FDA's new approach will focus on products and problems which present a high risk to the American public, or firms and countries of origin which have a history of noncompliance.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (FDA-89-02)

Title and Description of Material Weakness: Weakness in the Enforcement Program for Imported Foods in the Food and Drug Administration (FDA)

Major Milestones	Milestone Dates		
(a) Completed actions/events:	**Original Plan**	**Revised Plan**	**Actual Date**
FDA uses a structural and selective sampling method, based on both the entry level and product intelligence to provide an effective level of examination coverage. This assessment is supported by historical data covering the period of 1972-1992.			1992/93
FDA developed a Revised Imports Strategy which embodies intelligence based sampling of imports to provide an effective level of coverage, and includes performance indicators. With this new approach, FDA focuses its import activities on products and problems presenting a high health risk to the American public, or firms and countries of origin which has a history of non-compliance. Electronic screening, improved strategic alliances and improved premarket and postmarket surveillance are key components of the revised strategy.			1994
FDA has expanded the use of an electronic entry processing system (EEPS) for imports using the Custom's Automated Commercial System. EEPS enables FDA to screen import entries and electronically make "May Proceed" decisions on products of low risk and high compliance rates. At this time, EEPS has been implemented at all major ports where electronic entry of imports is available.			1995
FDA plans to maintain its pre-market surveillance through a vigorous foreign inspection program designed to identify problems at their source. FDA completed 866 foreign inspections during FY 1995. This represents an increase of 16.7% from FY 1994 accomplishments. This total includes inspection of 65 food firms.			
DIOP has recently received approval from CDER to expand ACS screening criteria for drug products. This should increase the "May Proceed" level from the current rate of 60%. FDA completed 829 foreign inspections during FY 1996. This represents a decrease of 4.3% from FY 1995 accomplishments.			1996

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (FDA-89-02)

Title and Description of Material Weakness: Weakness in the Enforcement Program for Imported Foods in the Food and Drug Administration (FDA)

Major Milestones	**Milestone Dates**		
(b) Planned actions/events long term:	**Original Plan**	**Revised Plan**	**Actual Date**
The number of foreign inspections planned for FY 1998 is 976.	1998		
Complete the full roll-out of OASIS version 2 to all district offices.	1998		
The target level of EEPS performance is an annual increase in the percentage of automated "May Proceed" decisions for FDA regulated products from the approximately 60% level in 1995 to approximately 70% in 1998.	1998		
FDA continue to develop and evaluate agreements with foreign governments whose requirements and regulatory infrastructure are equivalent to FDA's. As these agreements are developed and finalized, surveillance resources can be targeted toward countries whose internal requirements supply less assurance of compliance with U.S. requirements.	1998		
FDA's target for postmarket surveillance of imported products is the maintenance of the current examination rate, while fully recognizing the expected increase in the number of entries offered. The result is an increase in the expected level of physical examinations from 166,300 in FY 1994 to 192,500 in FY 1998.	1998		
All facets of the Revised Imports Strategy will continue to be implemented and evaluated.	1998		

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-89-01)

Title and Description of Material Weakness: Medicare Secondary Payer (MSP)

MSP is the term used by Medicare when Medicare is not responsible for paying first. For example, Medicare beneficiaries aged 65 or over who work, or their spouses of any age who work and have a group health plan covered through their employer, are considered "worked aged" and Medicare becomes a secondary payor to a group health plan. Over the last several years, HCFA has pursued many initiatives, including legal actions, negotiated settlements with MSP debtors, data matches and voluntary reporting of MSP information to improve the MSP program. Annual savings have exceed $3 billion with an ROI exceeding 30 to 1. Adverse court decisions will make continued savings at these levels difficult. Despite those efforts, the Medicare program is estimated to make approximately $1 billion annually in mistaken Medicare primary payments in MSP situations.

Pace of Corrective Action **Year Identified:** 1989 **Original Targeted Correction Date:** 1991 **Correction Date in Last Report:** 1994 **Current Correction Date:** To Be Determined	**Name of Responsible Program Manager:** Lisa Vriezen, Manager MSPOP, OBI, BPO, HCFA **Source of Discovery:** HCFA awareness confirmed by OIG reviews. **Appropriation/Account #:** Bureau of Program Operations, HCFA

For Corrected Items Only
Validation Process Used:

Results Indicators:

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-89-01)

Title and Description of Material Weakness: Medicare Secondary Payer (MSP)

FY 1997 MW Update

Brief Description of the FY 1997 corrective action plan (CAP) #1: As HCFA transitions to a new contractor environment and implements the Medicare Integrity Program, new specialty contractors will assume benefit integrity functions. One such contractor will be a Coordination of Benefits (COB) Contractor -- a single entity that will determine Medicare secondary and Medicare primary for current claims. The COB contractor will be responsible for (1) Medicare's role in maintaining and updating the national registry of health plans and employers (PAYERID), (2) negotiating data exchange agreements with other insurers, (3) conducting beneficiary and employer surveys to determine correct payors, and (4) maintaining a comprehensive insurance profile on all Medicare beneficiaries. The profile will be used by Medicare contractors (via the Common Working File) to determine the correct processing of claims received for payment. This CAP focuses on implementing the COB. This should improve proper processing of Medicare claims by accurately identifying the correct insurers and determining to whom the claim should be routed for correct payment. The COB contract will be let for 1 year with 4 option years.

CAP Milestones for FY 97-98	Scheduled Due Date
A. Milestone: HCFA release of RFP for COB contractor.	12/08/97

Milestone Status: A Sources Sought Notice to identify interested offerors was published in the Federal Register on September 20, 1996. The RFP scope of work was projected to be completed by July 31, 1997. A pre-solicitation conference with entities interested in bidding on the specialty contract was scheduled to be held on 10/15/97. The purpose of this conference is to share the draft RFP and respond to participant questions. These projected dates have not been met. (See below.)

B. Milestone: Award contract	12/01/98
C. Milestone: Implementation of COB contractor	07/01/99

Overall Status of Material Weakness at the Close of FY 1997 (global progress towards correcting/improving this weakness over this fiscal year):

Although the idea for a COB contractor was first raised in the context of MTS, the benefits of such a contractor would be realized with or without MTS implementation. The timing of implementing a COB contractor must be revisited, however, due to the contracting requirements contained in the Balanced Budget Act (BBA) of 1997. (Several BBA requirements will result in contracting action. All contracting activities will be prioritized and, if the BBA actions are scheduled to be implemented before the COB contractor, the COB contractor implementation schedule will likely change). Therefore, although work continues on the draft SOW, the dates noted above may be subject to change. The implementation of a COB contractor should continue so that HCFA can realize anticipated efficiencies. Pending contracting resource prioritization, the CAP does not warrant tracking at the Secretarial level.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-89-01)

Title and Description of Material Weakness: Medicare Secondary Payer (MSP)

FY 1997 MW Update (Continued)

Brief Description of the FY 1997 corrective action plan (CAP) #2: HCFA is creating a unique numerical identifier to properly route health insurance claims (PAYERID). At the present time, payers are not uniquely identified in one national database. This contributes to misidentification of payers resulting in Medicare paying the Part A or B claim because it cannot identify the responsible payer. For example, Blue Cross of Maryland may have as many as 800 name variations (e.g., Maryland Blue Cross, BC of Maryland, BC MD, etc.). Implementation of the payer identification for all payers will replace the various alpha numeric names and addresses, thus facilitating the correct identification of the primary payer. Additionally, the unique PAYERID will improve HCFA's ability to retrieve claims by insurer for recovery of mistaken Medicare primary payments.

CAP Milestones for FY 97-98	Scheduled Due Date
A. Milestone: Published NPRM in Federal Register for public comments on the proposal to adopt PAYERID as the national standard identifier for health plans. Publication of the NPRM will facilitate implementation of the PAYERID in Medicare. BPO has projected Medicare implementation by 7/98; this date has been moved to 1/99.	07/97

Milestone Status: The passage, on 8/21/96, of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 requires the use of the formal rulemaking process to adopt national standard identifiers. This process has included extensive consultation with the OGC and others to come to consensus on the interpretation of the law. Although this, coupled with HIPAA-required consultation with industry partners, has lengthened our time frames for this activity, the time taken to ensure clarity now will likely decrease the number of comments received on the NPRM and will ease implementation. Consequently the scheduled due date of 2/97 was revised to 7/97. This date was further revised to 12/97 due to HCFA's decision to use certain standard language in all HIPAA regulations. The completion date of this regulation was moved to accommodate the completion of this language. All of the scheduled due dates listed below have also been moved accordingly.

B. Milestone: Publish final regulation in Federal Register, announcing PAYERID as the national identifier for health plans.	12/97

Milestone Status: This milestone is dependent on the issuance of the NPRM addressed in Milestone A. The scheduled due date had been revised from 7/97 to be consistent with the revised NPRM publication date. The scheduled due date is now 5/98 per the explanation provided in Milestone A above.

C. Milestone: Implement required use of PAYERID by providers when completing and transmitting Medicare claims.	07/98

Milestone Status: This milestone is also dependent on the issuance of the NPRM addressed in Milestone A. The scheduled due date had been revised from 1/98 to be consistent with the revised NPRM publication date. The scheduled due date is now 1/99, per the explanation provided in Milestone A above.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-89-01)

Title and Description of Material Weakness: Medicare Secondary Payer (MSP)

FY 1997 MW Update (Continued)

CAP #2 (continued)	Scheduled Due Date
D. Milestone: Implement required use of PAYERID by all segments of the national health care industry (insurance companies, billing companies). Small health plans (those with fewer than 50 participants) had until December 2000 to comply under the original time frames. They now will have until May 2001 to comply.	12/99

Milestone Status: This milestone is dependent on the issuance of the Final Rule addressed in Milestone B. The scheduled due date had been revised from 7/99 to be consistent with the revised Final Rule publication date. The scheduled due date is now 5/2000, per the explanation provided in Milestones above.

Overall Status of Material Weakness at the Close of FY 1997 (global progress towards correcting/improving this weakness over this fiscal year):

HCFA is continuing to work with the National Technical Information Service (Department of Commerce) to create the PAYERID system, with a view toward the adoption of PAYERID as the national standard, as required by HIPAA 1996, for enumerating health care plans. As HIPAA requires, a standard for this enumeration must be adopted by the Secretary of DHHS by February 1998. The formal rulemaking process, as required by HIPAA 1996, has extended the projected PAYERID implementation date, as referenced in the above milestones. Progress on the NPRM continues and publication is expected in 12/97. With the publication of the NPRM, the groundwork will be laid for the use of the PAYERID on Medicare claims and other transactions (e.g., coordination of benefits data, premium payments) by 1/99.

The Secretary must receive a recommendation for the national standard health plan enumerator from the National Committee on Vital and Health Statistics (NCVHS) before such a standard may be adopted. On September 9, 1997, NCVHS formally recommended PAYERID as the national standard. Since the approval of PAYERID as the national standard appears imminent, and the OIG no longer considers the CAP as a material weakness, this CAP should not be considered a material weakness for tracking at the Secretarial level.

Brief Description of the FY 1997 corrective action plan (CAP) #3: The Chief Financial Officers Act (CFO) mandates that federal agencies and its agents (contractors) properly account for and report MSP-based accounts receivable. This includes reporting current receivables, aged receivables (over 30 days) and interest accrued thereon. Contractors have had difficulty complying with CFO requirements for MSP-based debts due to incomplete audit trains and internal controls.

HCFA will develop and test an audit protocol for use by Part A and B contractors which focus on MSP Receivables Management. The audit protocol will focus on contractor internal controls and their audit trail from source documents to report MSP receivables that can be audited to source documents will more accurately determine Part A and B MSP debts.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-89-01)

Title and Description of Material Weakness: Medicare Secondary Payer (MSP)

FY 1997 MW Update (Continued)

CAP #3 (continued) — Scheduled Due Date

CAP Milestones for FY 97-98

A. Milestone: Complete final protocol approved by Director, MSPOS. — 03/31/97

Milestone Status: Protocol finalized 4/30/97. Additional time was needed to review and consider comments.

B. Milestone: Complete testing of audit protocol at a total of four Part A and B contractor sites. — 10/31/97

Milestone Status: Significant MSP litigation has recently arisen that requires additional staff and resources to compile documents, and work with Office of General Counsel and the Department of Justice. Therefore, staff and resources were diverted that caused a delay in achieving the milestone date. The scheduled due date is now 2/28/98.

C. Milestone: Analysis and assessment of test protocol results completed by HCFA. — 07/15/98

D. Milestone: Recommend to Director, OBI, whether to implement protocol on a nationwide basis. — 11/20/98

Overall Status of Material Weakness at the Close of FY 1997 (global progress towards correcting/improving this weakness over this fiscal year):

Test site selections and testing plans are being developed and the expectation is that the CAP will be met. This corrective action addresses proper accounting procedures more than it addresses MSP receivables. As the systemic causes for this issue are addressed in the Fiscal Year 1998 Corrective Action Plan ##2 -- Improved Financial Reporting to Properly Account for Medicare Accounts Receivable and Other Financial Information, this CAP should not be considered a material weakness for tracking at the Secretarial level. We will continue to develop, test and implement the MSP audit protocol.

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-97-01)

Title and Description of Material Weakness: Development of a substance testing process for estimating a national error rate for improper Medicare (fee-for-service) payments.

The Chief Financial Officers Act (CFO) of 1990 (Public Law 101-576) requires the Health Care Financing Administration (HCFA) to prepare financial statements that fully disclose its financial position and the results of its operation. The primary objectives of this segment of the audit are to determine whether Medicare benefit payments are made in accordance with Title XVIII of the Social Security Act and implementing regulations. Specifically, whether services were: (1) furnished by certified Medicare providers to eligible beneficiaries; (2) reimbursed by Medicare contractors in accordance with prescribed Medicare laws and regulations; and (3) medically necessary, accurately coded, and sufficiently documented in the beneficiaries' medical records.

This audit includes two distinct phases. Phase I includes a review of Medicare claims through audits which test the beneficiary and provider eligibility, MSP, fee schedules, pricer/grouper, CWF, etc. Phase 2 includes a "look-behind" review of the medical documentation/records which supports the sampled claims.

HCFA does not currently have an audit process in place to measure the national claims error rate of fee-for-service claims. However, as agreed to in the 1997 Inter-Agency agreement between the Office of the Inspector General (OIG) and HCFA, the OIG will perform the audit for FY 1997, and 1998. Beginning in FY 1999, HCFA will have a process in place to measure the national claims error rate (a.k.a. "Substantive Testing"), and this process will be audited by the OIG. This CAP focuses on producing a national error rate for claims processed during fiscal year 1999.

Pace of Corrective Action **Year Identified:** FY 1997 **Original Targeted Correction Date:** FY 1999 **Correction Date in Last Report:** N/A **Current Correction Date:** FY 1999	**Name of Responsible Program Manager:** Marjorie Kanof, M.D. **Source of Discovery:** **Appropriation/Account #:**
For Corrected Items Only **Validation Process Used:** **Results Indicators:**	

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-97-01)

Title and Description of Material Weakness: Development of a substantive testing process for estimating a national error rate for improper Medicare (fee-for-service) payments.

Brief Description of the corrective action plan (CAP): Pursuant to the Inter-Agency agreement, HCFA assumes full responsibility for the fee-for-service claims review for FY 1999 and all future years. During FY 1998 HCFA staff will work closely to gain the necessary knowledge and experience to replicate the IG's methodology, as used in the FY 1996, 1997 and 1998 claims review. HCFA staff will be partnering with the applicable IG staff to understand and be in a position to replicate the (1) sampling methodology for the selected contractors and beneficiaries; (2) review processes and reporting procedures for the selected claims: (3) database management for the audit results; and (4) the statistical processes for the extrapolation of actual errors found in the sample, to calculate a national error rate.

CAP Milestones for FY 98-99	Scheduled Due Date
A. Milestone: Formulate sampling plan for FY 1999 based on the information from the IG, includes: allocate resources, formulate budget, identify additional personnel needs; identify any needed Systems modifications. Test the sampling methodology replicating the IG's audit.	06/98
B. Milestone: Evaluate processes; make any necessary adaptations.	09/98
C. Milestone: Implement HCFA's plan for Substantive testing for fiscal year 1999.	10/98
D. Milestone: Select contractors to be audited for FY'99 based on FY '98 contractor expenditures.	12/98
E. Milestone: Notify contractors selected for FY 1999 audit.	01/99
F. Milestone: Begin the testing of contractors' claims for claims paid during the 1st quarter of FY '99 (October - December 98).	06/99
G. Milestone: The statistician returns the names of the 50 beneficiaries selected to the audit staff. They in turn give the list to the contractor. The contractor pulls information regarding all claims for each of the 50 beneficiaries selected from each provider's paid history files and the CWF. Contractors identify the provider name and mailing address and send letters to the applicable providers requesting supporting documentation for each claim.	06/99

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA 97-01)

Title and Description of Material Weakness: Development of a substantive testing process for estimating a national error rate for improper Medicare (Fee-for-service) payments.

CAP Milestones for FY 98-99 (continued)	Scheduled Due Date
H. Milestone: Phase I Testing for the 1st Quarter '98 claims data: HCFA and/or contractor staff perform the internal testing of claims procedures.	06/99
I. Milestone: Phase II Testing	06/99
J. Milestone: Capture audit results for sample of claims paid during 1st quarter 1999 (October - December 1998). The results of the findings for Phase I and Phase II are sent to the database manager.	06/99
K. Milestone: Statistician uses the results of the "substantive testing of claims: to project the findings to the universe of claims to produce a national error rate. HCFA provides audit results to the OIG.	02/2000
L. Milestone: Draft of the audit report for fiscal year 1999 provided by the OIG to HCFA.	02/2000

Overall Status of Material Weakness at the Close of FY 1998 (global progress towards correcting/improving this weakness over this fiscal year)

The timeline detailed in this document represents a schedule which is based upon the sequential order of the completed quarters for fiscal year 1999. This timeline represents earliest possible dates that could be met based upon the quarterly reporting of claims processing data. Further, the timeline operates under the assumption that all quarterly reports and contractor accounting processes are completed within 30 days after the end of the fiscal quarter. The testing can begin if the following activities have occurred: (1) The contractors begin the process of reconciling their 1522 financial reports for October - December 1998; and (2) After the reconciliation, the contractor tapes are spun down to get the HIC #s, and the dollar value of claims. This information is sent to the statistician and 50 beneficiaries per contractor/per quarter are selected. Phase I test work includes: Beneficiary eligibility, provider eligibility, timeliness of filing, MSP, duplicate payment, pricing and fee schedules. Upon receipt of all of the information requested from the provider, the MR (HCFA contractors) and PRO staffs (for inpatient hospital claims) perform the external "look behind" review of the documentation purporting to support each claim. If the information received is inadequate or if the information is not received after 60 days then the claim is considered to be an error due to lack of documentation or insufficient documentation. The process for Phases I and II is repeated for quarters 2 (January - March 1999), 3 (April - June 1999), and 4 (July - September 1999).

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-97-02)

Title and Description of Material Weakness: Improved financial reporting to properly account for Medicare Accounts Receivable and other financial information.

The Office of Inspector General (OIG) has not been able to satisfy themselves as to the reasonableness and accuracy of the Medicare accounts receivable (A/R) due to lack of documentation to support 9/30/96 A/R activity reported by the Medicare contractors. The Medicare contractors could not support amounts reported to HCFA and inconsistently applied HCFA accounting policies. They also are limited overall in their reporting by the capabilities of the financial systems that provide the financial data resulting from their Medicare business functions, e.g., lack of general ledgers that incorporate double-entry bookkeeping. As a result, the OIG is recommending that HCFA establish an integrated financial management system to promote consistency and reliability in recording and reporting A/R information.

Pace of Corrective Action **Year Identified:** FY 1997 **Original Targeted Correction Date:** FY 1999 **Correction Date in Last Report:** N/A **Current Correction Date:** FY 1999	**Name of Responsible Program Manager:** Ruth Wickham **Source of Discovery:** **Appropriation/Account #:**

For Corrected Items Only
Validation Process Used:

Results Indicators:

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-97-02)

Title and Description of Material Weakness: Improve financial reporting to properly account for Medicare Accounts Receivable and other financial information.

Brief Description of the corrective action plan (CAP): The purpose of the CAP is to implement a plan within HCFA to develop strategies to improve internal controls and financial reporting by the Medicare contractors and to provide an integrated financial management system to record and report consistent, reliable financial data from the Medicare claims processing/financial systems. This plan will include adequate documentation necessary for the OIG to audit Medicare financial data.

The interim strategy includes increased emphasis on good financial reporting through educational activities as well as internal audits and self assessments to improve internal controls. The longer term strategy involves development of an integrated financial management system. The latter strategy will begin with a review of the current selected Medicare claims processing/financial systems resulting in the identification of (1) changes needed to current financial reporting from those systems and (2) financial data not incorporated in the current selected systems. Approved changes and new reporting requirements will be prioritized and funded, then programmed into each of the three selected systems i.e., the intermediary, carrier, and DMERC systems, to create CFO - complaint reporting systems.

CAP Milestones for FY 98	Scheduled Due Date
A. Milestone: Complete analysis of the selected Intermediary, Carrier, and DMERC financial systems to document the current financial reporting process.	10/97
B. Milestone: As part of the interim strategy we will visit contractors to monitor the effectiveness of the SAS-70 audits and self assessments of internal controls by contractors.	12/97
C. Milestone: Identify changes necessary for CFO compliance to begin initial meeting/ discussion with maintainers/ programmers of each of the selected systems.	12/97
D. Milestone: Present a prioritized list of options to the Financial Management and investment Board (FMIB) and the Change Control Board (CCB) for final discussion and funding.	04/98
E. Milestone: Receive approved and funded enhancements or changes from FMIB and and CCB to begin programming efforts in each of the selected systems.	06/98
F. Milestone: Work with maintainers/programmers/HCFA staff to convert identified systems enhancements into actual system change requests for programming and development of CFO complaint, integrated accounting systems with the three selected systems.	03/99

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (HCFA-97-02)

Title and Description of Material Weakness: Improve financial reporting to properly account for Medicare Accounts Receivable and other financial information.

CAP Milestones for FY 98 (continued)	Scheduled Due Date
G. Milestone: Program approved and funded enhancements or changes into the exiting selected systems.	06/99
H. Milestone: Test programmed enhancements or changes to the three selected systems.	09/99
I. Milestone: Begin production of the enhancements or changes within the selected systems which will modify the systems to be integrated financial management systems to record and report consistent, reliable financial data.	10/99

1997 FMFIA MATERIAL WEAKNESSES: SCHEDULE OF CORRECTIVE ACTIONS (PHS-93-02)

Title and Description of Material Weakness: Deficiencies in the Public Health Service Technology Transfer Activities

Deficiencies were noted in the PHS technology transfer activities. The technology transfer deficiencies include: (1) the management information systems are inadequate; (2) the processes to ensure that royalties and other payments are received are inadequate; and (3) many internal operating program policies and procedures have not been developed. In a recent review of OTT it was determined that deficiencies still exist; therefore a new CAP is being developed.

Pace of Corrective Action **Year Identified:** 1993 **Original Targeted Correction Date:** 1994 **Correction Date in Last Year's Report:** To be Determined **Current Correction Date:** 10/1/98 **Reason for Change in Dates:** New MIS system being developed	**Name of Responsible Program Manager:** Dr. Maria Freire **Source of Discovery:** NIH Alternative Management Control Review **Appropriation/Account #:** 7530846

Validation Process Used: NIH management will be required to demonstrate to the Office of the Secretary (OS) management and the Management Oversight Council, OS, that corrective actions have been completed. This will be followed by a Corrective Action Review within one year to demonstrate that corrective actions taken remain effective.

Results Indicators: Existence of policies, procedures,, and information system.

1997 FMFIA MATERIAL WEAKNESS: SCHEDULE OF CORRECTIVE ACTIONS (PHS-93-02)

Title of Material Weakness: Deficiencies in the Public Health Service Technology Transfer Activities

Major Milestones	Milestone Dates		
	Original Plan	**Revised Plan**	**Actual Date**
OTT will improve its information systems so its staff can more easily determine what costs have been incurred, billed and collected.	Oct. 98		Oct. 98
OTT will revise the current model license agreements used by NIH to include standard language on auditing; develop criteria for use in determining whether or not an audit should be requested by NIH; and obtain ICD approval to enter into contracts to conduct audits as required.	Oct. 98		Oct. 98
OTT will improve its information systems, so it can accurately document the status of each patent application.	Oct. 98		Oct. 98
OTT will develop an integrated management information system that will effectively track and report on CRADAs, inventions, patent prosecution status and costs, licensing, and receipt of royalty payments for domestic and foreign filed cases.	Oct. 98		Oct. 98
OTT will update the Technology Transfer Policy Manual, Chapter 206, and establish clear internal procedures on the processing and content of infringement log items.	March 98		March 98
Information from the infringement log will be migrated to the new data system where it will be maintained in the future.	Oct. 98		Oct. 98
OTT will review how the new process for announcing the availability of technologies is working after it has been in effect for one year.	June 98		June 98
OTT will make further adjustments, as necessary, to reduce the amount of time between the filing of a patent application and publication of the abstract in the Federal Register.	Nov. 98		Nov. 98
OTT will provide assistance and guidance, as necessary, in preparing technology training, and will provide oversight to ensure the training provided by the ICDs is conducted properly.	Oct. 98		Oct. 98

Appendix G

HHS OPDIV Outlays (net)
(In Millions)

HHS Agency	FY 1997	% FY 1997	FY 1996	FY 1995	FY 1994	FY 1993	FY 1992	FY 1991	FY 1990	FY 1989	FY 1988	FY 1987
Food and Drug Administration	873	0.3%	865	858	801	733	752	648	553	510	463	422
Health Resources and Services Administrati	3,526	1.0%	3,960	2,612	2,695	2,467	2,333	1,763	1,594	1,471	1,554	1,499
Indian Health Service	2,139	0.6%	1,997	1,975	1,771	1,699	1,522	1,275	1,091	1,028	931	846
Centers for Disease Control & Prevention	2,248	0.7%	2,166	1,785	1,570	1,410	1,198	1,127	1,035	824	614	466
National Institutes of Health	11,171	3.3%	10,209	10,875	10,148	9,532	8,374	7,666	7,492	6,991	6,333	5,222
Substance Abuse and Mental Health Svs Ad	1,622	0.5%	2,084	2,444	2,371	2,667						
Agency for Health Care Policy Research	110	0.0%	81	133	111	84	113	12				
Health Care Financing Administration	285,523	84.1%	266,164	248,920	225,967	205,687	186,743	157,140	139,275	119,657	109,313	102,642
Administration for Children & Families	31,023	9.1%	31,023	31,993	31,354	27,545	26,703					
Office of the Secretary	206	0.1%	195	275	221	223	165	159	162	146	117	148
Administration on Aging	828	0.2%	818	951	859	820	544					
Program Support Center	224	0.1%	240									
HHS SUBTOTAL	339,493	100.0%	319,802	302,821	277,868	252,867	228,447	169,790	151,202	130,627	119,325	111,245
"Old" HHS agencies that no longer exist as separate agencies in HHS:												
OASH 1/				254	233	227	248	219	214	209	256	211
SSA 2/					346,617	328,028	307,819	285,826	263,143	247,073	233,209	219,901
ADAMHA 3/							2,865	2,601	2,002	1,195	1,237	1,200
FSA 4/								17,407	15,236	13,819	13,256	13,310
OHDS 4/								8,093	6,877	6,850	5,886	5,448
HHS TOTAL	339,493		319,802	303,075	624,718	581,122	539,379	483,936	438,674	399,773	373,169	351,315

1/ OASH accounts were merged into OS and PSC in FY 1996.
2/ SSA separated from HHS at end of FY 1994.
3/ Three components of ADAMHA were transferred to NIH and rest of ADAMHA became SAMHSA.
4/ AoA separated from OHDS when OHDS and FSA combined to become ACF.

Appendix H

References

1997 Annual Report of the Board of Trustees of the Federal Hospital Insurance (HI) Trust Fund

1997 Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance (SMI) Trust Fund

1997 Trends in the Well-Being of America's Children and Youth

Administration for Children and Families FY 1997 Audited Financial Statements

Administration on Aging FY 1997 Financial Statements

Agency for Health Care Policy and Research FY 1997 Financial Statements

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Indian Health Service FY 1997 Audited Financial Statements

National Institutes of Health FY 1997 Audited Financial Statements

Office of Management and Budget's and U.S. CFO Council's Federal Financial Management Status Report and Five Year Plan, June 1997

Performance Improvement 1997: Evaluation Activities of the U.S. Department of Health and Human Services

Substance Abuse and Mental Health Services Administration FY 1997 Audited Financial Statements

Appendix I

1997 HHS ANNUAL ACCOUNTABILITY REPORT ACRONYM LIST

A/R	Accounts Receivable
ACCESS	Access to Community Care and Effective Services and Supports
ACF	Administration for Children and Families
AFA	Annual Funding Agreements
AFDC	Aid to Families with Dependent Children
AHCPR	Agency for Health Care Policy and Research
AIDS	Acquired Immunodeficiency Syndrome
AoA	Administration on Aging
AOS	Administrative Operations Service
ARC	Audit Resolution Council
ASC	Administrative Services Center
ASH	Assistant Secretary for Health
ASL	Assistant Secretary for Legislation
ASMB	Assistant Secretary for Management and Budget
ASPA	Assistant Secretary for Public Affairs
ASPE	Assistant Secretary for Planning and Evaluation
ATSDR	Agency for Toxic Substances and Disease Registry
BBA	Balanced Budget Act
CAP	Corrective Action Plan
CARE	Comprehensive AIDS Resources Emergency Act Programs
CCB	Change Control Board
CDC	Centers for Disease Control & Prevention
CEA	Council of Economic Advisors
CFO	Chief Financial Officer
CHIP	Children's Health Insurance Program
CIO	Chief Information Officer
CMHS	Comprehensive Mental Health Services
CMP	Civil Monetary Penalties
COB	Coordination of Benefits
COIN	Computer Ordering & Information Network
CPA	Certified Public Accountant
CRADA	Cooperative Research and Development Agreement
DCIA	Debt Collection Improvement Act
DCFO	Deputy Chief Financial Officer
DOA	Department of Agriculture
DOI	Department of Interior
DOT	Department of Transportation
EBT	Electronic Benefits Transfer
EC	Electronic Commerce
EDI	Electronic DataInterchange
EDP	Electronic Data Processing
EEPS	Electronic Entry Processing System
EFT	Electronic Funds Transfers
EPA	Environmental Protection Agency
FACNET	Federal Acquisition Computer Network
FASAB	Federal Accounting Standards Advisory Board
FDA	Food and Drug Administration
FICA	Federal Insurance Contributions Act
FFMIA	Federal Financial Managers Improvement Act
FIRS	Financial Information Reporting System
FMFIA	Federal Managers Financial Integrity Act
FMIB	Financial Management and Investment Board
FMS	Financial Management Service
FOH	Federal Occupational Health
FOIA	Freedom of Information Act

FPG	Financial Policies Group
FTE	Full Time Equivalent
FWC	Future Workers' Compensation
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	General Accounting Office
GATES	Grants Administration Tracking & Evaluation System
GMRA	Government Management Reform Act
GPD	Grants Policy Directive
GSA	General Services Administration
GPRA	Government Performance and Results Act
HCFA	Health Care Financing Administration
HCSCA	Health Care Systems, Cost, and Access
HCOO	Health Care Outcomes and Quality
HHS	Department of Health and Human Services
HI	Hospital Insurance
HIPAA	Health Insurance Portability and Accountability Act
HIV	Human Immunodeficiency Virus
HP2000	Healthy People 2000
HPP	Health Passport Program
HCQO	Health Costs, Quality and Outcomes
HRS	Human Resources Service
HRSA	Health Resources and Services Administration
HUD	Housing and Urban Development
I/T/Us	HIS, Tribal and Urban Indian Programs
IBNR	Incurred But not Reported
ICD	Institutes, Centers and Divisions (NIH)
IGA	Office of Intergovernmental Affairs
IGAA	Inspector General Act Amendments
IHDT	Indian Health Design Team
IHS	Indian Health Service
IIMC	Internet Information Management Council
IOS	Immediate Office of the Secretary
IRS	Internal Revenue Service
ITMRA	Information Technology Management Reform Act
JFMIP	Joint Financial Management Improvement Program
KD&A	Knowledge Development and Application
MEPS	Medical Expenditures Panel Survey
MIT	Medicare Information Technology
MOU	Memorandum of Understanding
MTS	Medicare Transaction System
MSP	Medicare Secondary Payer
MW	Material Weakness
NAIC	National Aging Information Center
NAPIS	National Aging Program Information System
NCHS	National Center for Health Statistics
NIH	National Institutes of Health
NORA	National Occupational Research Agenda
NTIES	National Treatment Improvement Evaluation Study
NHSDA	National Household Survey on Drug Abuse
NASA	National Aeronautics and Space Administration
NASIRE	National Association of State Information Resource Executives
NPRM	Notice of Proposed Rulemaking
NCVHS	National Committee on Vital and Health Statistics
OCR	Office for Civil Rights
OCS	Office of Community Service

OCSE	**Office of Child Support Enforcement**
OF	**Office of Finance**
OGC	**Office of General Counsel**
OIG	**Office of Inspector General**
OIRM	**Office of Information Resource Management**
OLAB	**Office of Legislation and Budget**
OMB	**Office of Management and Budget**
OPDIV	**Operating Division**
OPHS	**Office of Public Health and Science**
OPS	**Office of Program Support**
ORT	**Operation Restore Trust**
OS	**Office of the Secretary**
OSTP	**Office of Science and Technology Policy**
OTT	**Office of Technology Transfer**
PDUFA	**Prescription Drug User Fee Act**
PEP	**Personal Energy Plan**
PSC	**Program Support Center**
PRWORA	**Personal Responsibility and Work Opportunity Reconciliation Act**
QWB	**Quality Well-Being**
RDs	**Regional Directors**
REGO II	**Reinventing Government II**
RFP	**Request for Proposal**
SAMHSA	**Substance Abuse and Mental Health Services Administration**
SECA	**Self Employment Contributions Act**
SESS	**Starting Early Starting Smart**
SMI	**Supplementary Medical Insurance**
SSA	**Social Security Administration**
TAGGS	**Tracking Accountability in Government Grants System**
TANF	**Temporary Assistance for Needy Families**
TIN	**Taxpayer Identification Number**
TOP	**Treasury Offset Program**
USDA/FCS	**Department of Agriculture's Food and Consumer Service**
VA	**Department of Veterans Affairs**
WGA	**Western Governor's Association**
WIC	**Woman, Infants and Children**
Y2K	**Year 2000**
YSAPI	**Youth Substance Abuse Prevention Initiative**

Key HHS Financial Management Officials

George Strader
Deputy Chief Financial Officer

Shirl Ruffin
Director, Office of Financial Policy

Sue Mundstuk
Director, Division of Accounting and Fiscal Policy

Tom Doherty
Director, Division of Financial Systems

Ed Martin
Director, Division of Budget Execution

For additional information on the following, please call or e-mail:

Accountability Report
Linda Hoogeveen App
(202) 690-5509
Lapp@os.dhhs.gov

Departmental Accounting Manual
Alan M. Levit
(202) 690-6212
alevit@os.dhhs.gov

Financial Statement Preparation
Damon Sutton
(202) 690-6199
dsutton@os.dhhs.gov

or

Frank Abruzzino
(301) 443-1223
fabruzzino@psc.dhhs.gov

Financial Accounting Systems
Marty Sievert
(202) 690-6688
msievert@os.dhhs.gov

Debt Management
Paul Reed
(202) 690-6487
preed@os.dhhs.gov

or

Joe Hribar
(202) 690-6190
jhribar@os.dhhs.gov

Prompt Payment
Richard Carlson
(202) 690-6995
rcarlson@os.dhhs.gov

Electronic Commerce
Charles Worthy
(202) 690-6490
cworthy@os.dhhs.gov

Travel Policy
Donald Bolden
(202) 690-6359
dbolden@os.dhhs.gov

FMFIA
Frank Burns
(202) 690-6100
fburns@os.dhhs.gov

Performance Measures
Carol Pitts
(202) 205-2099
cpitts@os.dhhs.gov

U.S. Department of Health & Human Services
Assistant Secretary for Management and Budget
200 Independence Avenue, SW
Washington, DC 20201

The HHS Accountability Report: FY 1997
is available on the Internet at:
http://www.hhs.gov/progorg/fin/report97.html