

Office of Inspector General

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u> <u>+/- 2004</u>
Program Level \1.....	\$197	\$199	\$200	+\$1
FTE	1,582	1,549	1,502	-47

1/ The FY 2004 and FY 2005 levels assume \$160 million for Medicare and Medicaid related fraud and abuse activities, the maximum allowed under the Health Care Fraud and Abuse Control program.

For FY 2005, the Office of Inspector General (OIG) requests a discretionary appropriation of \$40 million, an increase of \$1 million over the FY 2004 discretionary level. OIG will also receive between \$150 and \$160 million in FY 2005 from the Health Care Fraud and Abuse Control (HCFAC) Account for Medicare and Medicaid related fraud and abuse activities. In the FY 2004 - FY 2005 period, OIG will use its discretionary funding to continue its work across the non-Medicare and non-Medicaid areas of HHS, which are public health, children and families, aging, and Department-wide activities.

The funding level of OIG for FY 2005 allows OIG to continue its efforts in:

- bioterrorism oversight, investigations, audits, and evaluations;
- grant oversight and reviews that cover internal controls, accounting controls, performance measurements, and program evaluation; and
- nationwide involvement with the ten Project Save Our Children (PSOC) Task Forces that identify, investigate, and prosecute individuals who willfully avoid the payment of their child support obligations.

In addition to this, OIG will continue its HCFAC activities to identify and prosecute health care fraud, prevent future fraud or abuse, protect HHS program beneficiaries, and ensure the solvency of the Medicare Trust Fund.

Bioterrorism

OIG has an important role in furthering the Department's bioterrorism efforts and ensuring the security of HHS programs, staff, facilities, and equipment. In FY 2005, OIG has a variety of activities planned. For example:

- Bioterrorism Investigations: after September 11, 2001, OIG received numerous requests for information and investigations relating to terrorist and bioterrorist activity. On December 12, 2002, HHS issued the interim final rule for Possession, Use, and Transfer of Select Agents and Toxins, 42 CFR Part 73. Based upon these new regulations, OIG will pursue violations of regulations concerning possession, use, and transfer of select agents and toxins through Civil Monetary Penalties.

- Follow-up on Departmental Laboratory Security: OIG will perform selected follow-up reviews at the National Institutes of Health (NIH), Centers for Disease Control and Prevention (CDC), and Food and Drug Administration (FDA) laboratories, focusing on whether these facilities have implemented the recommendations of OIG for bolstering physical security and determining if additional safeguards are necessary.

Grants Oversight

OIG plans to review Department grant programs to determine whether they are appropriately monitored and managed throughout the grant life cycle. OIG will assess mechanisms in place to ensure that proper procedures are used to award grants, fund them, account for expenditures, and verify that they are used only for authorized purposes. The work of OIG will include review of performance measures used to determine the nature and value of the product of the grants, as well as the methods used to evaluate the individual grants and grant programs as a whole. The reviews of OIG will cover internal controls, accounting controls, performance measurements, and program evaluation.

OIG anticipates conducting grant oversight activities that touch almost every Operating Division within HHS in the FY 2004 - FY 2005 period (NIH, CDC, the Health Resources and Services Administration, the Substance Abuse and Mental Health Services Administration, the Administration for Children and Families, and programs such as breast and cervical cancer detection, the Ryan White Care Act, and Head Start).

Child Support Enforcement Program

OIG will continue its coverage of all 50 States by its multi-agency task forces (PSOC Task Forces) that identify, investigate, and prosecute individuals who willfully avoid payment of their child support obligations under the Child Support Recovery Act. These task forces bring together State and local law enforcement and prosecutors, United States Attorneys' Offices, the OIG, U.S. Marshals Service personnel, the Federal Bureau of Investigation, State and county child support personnel, and all other interested parties. From 1998 to December 31, 2003, OIG opened 2,310 child support cases nationwide resulting in 815 Federal convictions and court-ordered restitution of \$37.5 million. The task forces have resulted in an additional 293 convictions at the State level and \$12.4 million in restitution.

Health Care Fraud and Abuse

Through the Health Insurance Portability and Accountability Act (HIPAA), OIG receives mandatory funding for its activities that focus on fraud, abuse, and efficiency improvements in the Medicare and Medicaid programs. The Act provides for minimum and maximum amounts of funding that are decided each year by the Secretary of HHS and the Attorney General. Starting in FY 2003, and each year thereafter, the maximum amount available to OIG for its HCFAC Program is capped at \$160 million. OIG works

with the Centers for Medicare & Medicaid Services (CMS), other HHS agencies, and the Department of Justice to ensure that funds due to the Medicare Trust Fund or CMS are recovered through audits and investigations, and provides recommendations for statutory, regulatory, and program changes that could strengthen program integrity.

