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United States Senate

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June 7, 2018

The Honorable Roy Blunt
Chairman
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Patty Murray
Ranking Member
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Blunt and Ranking Member Murray:

As Congress continues its work on the fiscal year 2019 appropriations bills, I invite your attention to an important tool for identifying and eliminating waste and duplication across the government: the Government Accountability Office (GAO) report, *Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-18-371SP, issued in April 2018.

Since 2011, this annual report has introduced more than 700 action items across 275 issue areas for Congress and executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; and enhance revenue. Agencies and Congress have completely or partially addressed approximately 76 percent of these actions, which GAO estimates has produced approximately \$178 billion in savings and other financial benefits.

But more work remains. This year's report, which was the subject of a recent hearing of the Senate Committee on the Budget, identifies actions that have yet to be addressed – including new actions identified for the first time and those that are only partially addressed. GAO estimates that by fully implementing these open actions, tens of billions of dollars could be saved without adversely affecting services on which many Americans rely. There are a number of actions relevant to your subcommittee, which I have provided in the enclosure attached along with a copy of the full report.

By implementing the actions in GAO's report, Congress can improve government performance and stewardship of taxpayer dollars. This is a goal that I believe both parties share, and I ask for your careful consideration of these items as the fiscal year 2019 appropriations process moves forward.

Thank you in advance for your attention to this matter. If you have any questions, please contact me, or have your staff contact Alison McGuire on my Budget Committee staff at (202) 224-2887.

Sincerely,

A handwritten signature in black ink, reading "Michael B. Enzi". The signature is written in a cursive, slightly stylized font.

Michael B. Enzi
Chairman

Enclosure

Recommendations of the Government Accountability Office on “Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits”
GAO Report Number: GAO-18-371SP

Senate Committee on Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee

Open GAO Recommendations to Congress:

Labor

- To help verify claimants' reported income and help ensure the proper payment of benefits, Congress should consider granting the Department of Labor the additional authority to access wage data. (2014-09-02-C)
- To improve the Railroad Retirement Board's (the Board) ability to make accurate disability benefit eligibility determinations, Congress should consider granting the Board access to the Department of Health and Human Services' quarterly earnings information from the National Directory of New Hires database. (2018-23-01-C)

Health

- Congress could exempt from the budget neutrality requirement savings attributable to Medicare payment policies that reflect efficiencies occurring when services are furnished together. (2011-74-07-C)
- Congress should consider requiring the Administrator of the Centers for Medicare & Medicaid Services (CMS) to improve state reporting of non-Disproportionate Share Hospital (DSH) Medicaid supplemental payments, including requiring annual reporting of payments made to individual facilities and other information that the agency determines is necessary to oversee non-DSH supplemental payments. (2013-26-01-C)
- Congress should consider requiring the Administrator of CMS to clarify permissible methods of calculating non-DSH Medicaid supplemental payments. (2013-26-02-C)
- Congress should consider requiring the Administrator of CMS to require states to submit an annual independent certified audit verifying state compliance with permissible methods for calculating non-DSH Medicaid supplemental payments. (2013-26-03-C)
- Congress could consider requiring the HHS Secretary to improve the Medicaid demonstration review process, through steps such as improving the review criteria, better ensuring that valid methods are used to demonstrate budget neutrality, and documenting and making clear the basis for the approved limits. (2014-21-01-C)
- To help HHS better control Medicare spending and encourage efficient delivery of care, and to generate cost savings from any reductions in payments to cancer hospitals that are exempted from the prospective payment system (PPS), Congress should consider

requiring Medicare to pay cancer hospitals that are exempted from the PPS as it pays PPS teaching hospitals, or provide the HHS Secretary the authority to otherwise modify how Medicare pays PPS-exempt cancer hospitals, and provide that all forgone outpatient payment adjustment amounts be returned to the Supplementary Medical Insurance Trust Fund. (2015-19-01-C)

- Congress should consider directing the HHS Secretary to equalize Medicare payment rates between settings for evaluation and management office visits, and other services that the Secretary deems appropriate, and return the associated savings to the Medicare program. (2016-30-01-C)

Other

- Congress should consider passing legislation to require the Social Security Administration (SSA) to offset Disability Insurance (DI) benefits for any Unemployment Insurance benefits received in the same period. (2014-08-01-C)
- Congress should consider amending the Social Security Act to explicitly allow the SSA to share its full death file with the Department of the Treasury for use through the Do Not Pay working system. (2017-11-03-C)

Open GAO Recommendations to Executive Agencies:

Labor

- To enhance the Railroad Retirement Board's (the Board) ability to manage and oversee its Continuing Disability Review program (CDR) the Board should consider whether to reallocate resources used for high-risk CDRs to other CDR efforts that produce more effective outcomes. (2018-23-02-E)

Health

- CMS should establish uniform guidance for states that sets acceptable methods for calculating non-Disproportionate Share Hospital (DSH) Medicaid payment amounts, require facility specific reporting of non-DSH supplemental payments, and develop a strategy to ensure that all state supplemental payment arrangements have been reviewed by the agency. (2011-72-01-E)
- The HHS Secretary should direct the CMS Administrator to take steps to improve the accuracy of the adjustment made for differences in diagnostic coding practices between Medicare Advantage plans and traditional Medicare providers. (2012-45-01-E)
- The CMS Administrator should define any measurable financial benefits expected from the implementation of the Integrated Data Repository (IDR) and One Program Integrity (One PI) Medicare and Medicaid fraud detection systems. (2012-46-06-E)

- HHS should consolidate disparate Minority AIDS Initiative funding streams, along with other provisions of law, as necessary, addressing HIV/AIDS. (2014-07-01-E and 2014-07-02-E)
- The HHS Secretary should reconsider spending limits for state demonstrations and make appropriate adjustments to spending limits for the remaining years of the demonstrations. (2014-21-02-E)
- The CMS Administrator should monitor the Recovery Audit Data Warehouse to ensure that all post-payment review contractors are submitting required data and that the data are accurate and complete. (2015-07-01-E)
- The CMS Administrator should develop a data collection strategy to ensure that states report accurate and complete data on all sources of funds used to finance the nonfederal share of Medicaid payments. (2015-20-01-E)
- The CMS Administrator should issue written guidance clarifying its policy that requires a link between the distribution of supplemental payments and the provision of Medicaid-covered services. (2016-25-01-E)
- The CMS Administrator should issue written guidance clarifying that Medicaid supplemental payments be linked to the provision of Medicaid-covered services and that such payments should not be made contingent on the availability of local funding for the nonfederal share of program expenditures (2016-25-02-E)
- The HHS Secretary should issue criteria for assessing whether Medicaid demonstration spending is likely to promote the program's objectives and ensure the application of such criteria is documented in all department approvals of section 1115 demonstrations. (2016-27-01-E, 2016-27-02-E)
- The CMS Administrator should conduct reviews of federal Medicaid eligibility determinations to ascertain the accuracy of these determinations and institute corrective action plans where necessary. (2016-28-01-E)
- The CMS Administrator should ensure that states report accurate provider-specific payment data for all Medicaid payments to institutional providers, establish criteria to determine when provider-specific payments are economical and efficient, and analyze and review payments to individual providers to determine if such payments meet the established criteria. (2016-29-01-E, 2016-29-02-E, 2016-29-03-E)
- The CMS Administrator should account for Medicaid payments a hospital has received that offset uncompensated care costs when determining hospital uncompensated care costs for the purposes of making Medicare Uncompensated Care payments to individual hospitals. (2017-25-02-E)
- CMS should establish standard reporting guidance for Medicaid personal care service claims so that data reported by states are complete and consistent, data collected from

states through CMS-managed data systems comply with reporting requirements, and then develop a plan for using the data for program management and oversight. (2017-26-01-E, 2017-26-02-E, 2017-26-03-E)

- The CMS Administrator should reduce improper payments by improving processes for auditing payments to Medicare Advantage organizations. (2017-27-01-E, 2017-27-02-E, 2017-27-03-E, 2017-27-04-E, 2017-27-05-E)
- The Department of Health and Human Services should strengthen enrollment controls and better manage fraud risk for health insurance coverage provided under the Patient Protection and Affordable Care Act. (2017-28-01-E, 2017-28-02-E, 2017-28-03-E, 2017-28-04-E, 2017-28-05-E, 2017-28-06-E, 2017-28-07-E, 2017-28-08-E)
- The Secretary of HHS should coordinate with federal agencies that fund graduate medical education (GME) to identify information needed to evaluate program performance and identify opportunities to improve the quality and consistency of information collected. (2018-05-01-E and 2018-05-02-E)
- The CDC's director of the Select Agent Program should work with APHIS to develop a joint workforce plan for high containment laboratories. (2018-12-01-E)
- The HHS Secretary should direct the CMS Administrator to design and implement procedures for verifying compliance with applicable tax filing requirements necessary for individuals to continue to be eligible for advance Premium Tax Credits. (2018-20-01-E, 2018-20-02-E, 2018-20-03-E, 2018-20-04-E, 2018-20-05-E, 2018-20-06-E, 2018-20-07-E, 2018-20-08-E)
- The Administrator of the Centers for Medicare & Medicaid Services (CMS) should issue written guidance clarifying its policy that requires a link between the distribution of supplemental payments and the provision of Medicaid-covered services. (2016-25-01-E)
- The Administrator of the Centers for Medicare & Medicaid Services (CMS) should develop a policy establishing criteria to determine when provider-specific payments are economical and efficient. (2016-29-02-E)

Education

- The Secretary of Education should take advantage of opportunities presented by recent and anticipated substantive program changes to sponsor and conduct evaluative research into the effectiveness of Title IV programs and higher education tax expenditures at improving student outcomes. (2013-16-05-E)
- The leadership of the Committee on STEM Education should review performance assessments of federal STEM education programs and then take appropriate steps to enhance effectiveness of the portfolio. (2018-13-01-E, 2018-13-02-E, 2018-13-03-E)

- The Director of the Office of Science and Technology Policy should report the outcomes of STEM programs' performance assessments completed in the previous year in its annual report. (2018-13-04-E)

Other

- The Commissioner of Social Security should assess the costs and feasibility of establishing a mechanism to detect potentially disqualifying earnings during all months of the waiting period for DI, and implement this mechanism, to the extent that an analysis determines it is cost-effective and feasible. (2014-22-01-E)
- The SSA should continue to finalize the workflow process for obtaining proof of federal workers' compensation benefits to prevent overpayments to DI beneficiaries. (2016-31-02-E)
- The SSA should compare the costs and benefits of alternative approaches for reducing overpayments to individuals receiving both federal workers' compensation benefits and DI benefits. (2016-31-03-E)
- The SSA should follow through with its plans to finalize a new data sharing agreement with the Department of Labor in order to better identify and prevent potential overpayments to individuals receiving both DI and federal workers' compensation benefits. (2016-31-04-E)
- The SSA should monitor alerts generated from non-electronic wage reporting or make related enhancements to systems or guidance to ensure that this information is reflected in both the DI and Supplemental Security Income (SSI) systems. (2016-32-01-E)
- To further ensure the effective screening of work reports, the SSA should monitor its process for handling work reports to determine whether staff are taking action on work reports in accordance with proper procedures, and provide feedback to staff as needed. (2016-32-02-E)
- To enhance the ease and integrity of the work reporting process, the SSA should study the costs and benefits of automated reporting options, including options similar to those currently available for SSI recipients but that do not go as far as automating the continuing disability review process. (2016-32-03-E)
- To enhance beneficiary understanding of work reporting requirements, the SSA should clarify work reporting requirements provided to beneficiaries, and explore options for increasing the frequency of reporting reminders to DI beneficiaries, similar to those currently available to SSI recipients. (2016-32-04-E)
- To improve compliance with waiver policies, the SSA should develop a timetable for implementing updates to its Debt Management System to align system controls with SSA policy so that waivers over \$1,000 cannot be administratively waived and ensure that

evidence supporting waiver decisions is sufficiently maintained to allow for subsequent monitoring and oversight. (2016-32-05-E)

- To improve compliance with waiver policies, the SSA should take steps to regularly assess the accuracy of DI waiver decisions, particularly for administrative waivers and for some waivers under \$2,000. This could include periodically reviewing approved and denied DI waivers through its continuous quality initiative. (2016-32-06-E)
- The SAA should further consider cost savings as part of its prioritization of full medical reviews (2016-33-01-E)
- The SSA should direct the Deputy Commissioner of Operations to further consider cost savings as part of the agency's prioritization of full medical reviews. (2016-33-07-E)
- The Commissioner of the SSA should adjust the minimum withholding rate to 10 percent of monthly DI benefits to allow quicker recovery of overpayment debt. (2017-29-01-E)
- The Commissioner of the SSA should consider adjusting monthly withholding amounts according to cost of living adjustments or charging interest on debts being collected by withholding benefits. (2017-29-02-E)
- The SSA should evaluate its quality assurance reviews of decisions on appealed disability claims to reduce or better manage overlap between the types of reviews. (2018-09-01-E)
- The SSA should work with the Department of Education to determine the extent to which youth on SMI are not receiving transition services through schools that can connect them to vocational rehabilitation agencies and services. (2018-10-01-E)
- The SSA should explore various options for better connecting transition-age youth receiving SSI to vocational rehabilitation services, such as expanding the Ticket to Work program to include youth. (2018-10-02-E)
- SSA should continue taking steps to explore the possibilities of sharing information with states and the workers' compensation insurance industry to identify persons who might be receiving workers' compensation benefits. (2012-27-01-E)