
Preface

The General Accounting Office (GAO), an arm of the Congress, was established to independently audit government agencies. GAO's Health, Education, and Human Services (HEHS) Division reviews the government's health, education, employment, social security, disability, welfare, and veterans programs administered in the Departments of Health and Human Services, Labor, Education, Veterans Affairs, and some other agencies.

This file contains selected key reports and testimonies issued by GAO on these programs in August 1995. These summaries were taken from Health, Education, and Human Services Division Reports, a monthly booklet which contains the following information:

Most Recent GAO Products: This section identifies reports and testimonies issued during the past month and provides summaries for selected key products.

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Assistant Comptroller General

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Abbreviations

COLA	Cost of living allowance
DC	District of Columbia
DOD	Department of Defense
GAO	General Accounting Office
HCFA	Health Care Financing Administration
HEHS	Health, Education, and Human Services Division, GAO
HHS	Department of Health and Human Services
HMO	health maintenance organization
HRD	Human Resources Division, GAO
ORI	Office of Research Integrity, HHS
PSDA	Patient Self-Determination Act
SSA	Social Security Administration
SSI	Supplemental Security Income
TRICARE	DOD nationwide managed health care program
VA	Department of Veterans Affairs
WAIS	Wide Area Information Server
WWW	World Wide Web

Most Recent GAO Products

(August 1995)

Health

Selected Summaries

Patient Self-Determination Act: Providers Offer Information on Advance Directives but Effectiveness Uncertain (Report, 8/28/95, GAO/HEHS-95-135).

Health care institutions and the Department of Health and Human Services (HHS) generally appear to comply with most Patient Self-Determination Act (PSDA) requirements. Surveys, facility inspections, and industry officials indicated that nearly all providers inform patients about their right to have an advance directive, but fewer consistently document in the medical record whether a patient has one. HHS has incorporated PSDA provisions into Medicare and Medicaid provider requirements, expanded the Medicare handbook, and conducted a limited public education campaign. However, the agency has not mailed a notification of advance directives to Social Security recipients—a specific requirement of the act. GAO found that advance directives have been advocated more than they have been used. The provider groups GAO spoke with generally support advance directives. Yet, advance directives may not always be implemented as patients intend. A variety of factors affects whether an advance directive actually controls end-of-life decisions, including the availability or specificity of a living will, family wishes, and legal issues.

Medigap Insurance: Insurers' Compliance With Federal Minimum Loss Ratio Standards, 1988-93 (Report, 8/23/95, GAO/HEHS-95-151).

The Medigap market grew steadily over the 1988-93 period, from \$7.3 billion to \$12.1 billion. Medigap insurers' aggregate loss ratios were relatively stable during the first 4 years of that period. Over the next 2 years, however, these ratios decreased about 10 percentage points, to an aggregate 75 percent for individual policies and 85 percent for group policies. In 1991, 19 percent of Medigap policies failed to meet loss ratio standards; this increased to 38 percent by 1993. The premium dollars spent on such policies increased from \$320 million in 1991 to \$1.2 billion in 1993. If insurers had been required to give refunds or credits on substandard policies, as they will in the future, policyholders would have been due about \$125 million over 1992 and 1993.

Medicare: Excessive Payments for Medical Supplies Continue Despite Improvements (Report, 8/8/95, GAO/HEHS-95-171).

Unwarranted Medicare expenditures for medical supplies persist for several reasons. First, many Medicare contractors still lack internal controls that would reliably identify suspicious medical supply claims before payment. Second, Medicare payment rates for surgical dressings are high compared with wholesale and many retail prices. The Health Care Financing Administration (HCFA) and its contractors know about these problems and have tried to address some of them. These efforts have provided more and better information, which suggests that inadequate controls are causing Medicare to lose hundreds of millions of dollars. HCFA could curtail these losses by establishing procedures to (1) identify what Medicare is being asked to pay for; (2) prevent duplicate payments; and (3) identify high-dollar, high-volume claims that should be reviewed before payment. Further, HCFA needs the legislative authority to set payments at rates more favorable to large-volume purchasers.

Medicare: Increased HMO Oversight Could Improve Quality and Access to Care (Report, 8/3/95, GAO/HEHS-95-155). Testimony on same topic (8/3/95, GAO/T-HEHS-95-229).

Although HCFA has instituted several promising improvements, its process for monitoring and enforcing Medicare health maintenance organization (HMO) operating standards continues to suffer from three significant limitations: (1) quality assurance reviews are not comprehensive, (2) enforcement actions are weak, and (3) the appeal process is slow. Increasingly, sponsors of employee health plans are requiring that HMOs undergo accreditation reviews to obtain contracts with their plans. Moreover, the leading HMO accreditation agency publicizes results of its reviews. Some large employers also require information about the care provided to gauge an HMO's overall performance when making contract decisions. HCFA's current regulatory approach to ensuring good HMO performance lags behind these latest private-sector practices.

Health Research Misconduct: HHS' Handling of Cases Is Appropriate, but Timeliness Remains a Concern (Report, 8/3/95, GAO/HEHS-95-134).

The HHS Office of Research Integrity (ORI) has made progress in its handling of misconduct cases since its establishment in May 1992. However, it still faces a substantial case backlog and lengthy delays in completing its work. By November 1992, ORI had developed and implemented procedures for handling misconduct cases. GAO was unable

to fully assess how well ORI investigators followed appropriate procedures in all misconduct cases. Despite implementing new procedures, ORI continues to experience delays in closing cases. ORI currently has 43 employees, down from 50 in 1994. Only 11 of ORI's workforce, however, are directly involved in handling misconduct cases. In response to our findings and an HHS Office of the Inspector General report, ORI has initiated a number of actions to improve productivity and plans to refine its planning processes during the next fiscal year.

Other Health Products

Medicare Competitive Bidding (Letter, 8/11/95, GAO/HEHS-95-238R).

Planned Parenthood (Letter, 8/9/95, GAO/HEHS-95-216R).

Education

Selected Summaries

National Service Programs: AmeriCorps*USA—Early Program Resource and Benefit Information (Report, 8/29/95, GAO/HEHS-95-222).

For the program year 1994-95, GAO's estimate of the Corporation for National and Community Service resources available per participant was about \$17,600, slightly less than the Corporation's March 24, 1995, estimate. Using GAO's methodology, total resources available for AmeriCorps*USA programs included more than the Corporation's appropriations. Over one-third of the financial resources available for AmeriCorps*USA grantees' programs came from sources outside the Corporation, mostly from other federal agencies and state and local governments. Total resources available per AmeriCorps*USA participant averaged \$26,654, of which about \$17,600 came from the Corporation, \$3,200 from non-Corporation federal sources, and \$4,000 from state and local governments. The remaining amount, roughly \$1,800, came from the private sector. Total resources available to AmeriCorps*USA grantees' programs equaled about \$16 per service hour. Resources available per participant were lower for programs run by nonfederal organizations than those funded by federal agencies. In terms of benefits, GAO's review of activities at the seven program sites visited indicated that a variety of results have been achieved that support AmeriCorps*USA's goals.

College Savings: Information on State Tuition Prepayment Programs
(Report, 8/3/95, GAO/HEHS-95-131).

Tuition prepayment programs represent one approach that some states have adopted to encourage families to save for their children's college educations. Although the seven programs GAO studied all operated similarly, they also have many unique features that distinguish them from one another. Most participants in state tuition prepayment programs come from middle and upper income families; lower income families are underrepresented. Four major issues concerning these programs are (1) the potential effect they have on students' educational choices; (2) their appeal to mostly middle- and upper income families, and the possibility that such families receive subsidies through participation; (3) their value as an investment for purchasers; and (4) the degree of risk they pose for states. Questions remain unresolved about the potential tax liability of purchasers, beneficiaries, and the programs themselves.

Other Education Products

Direct Student Loans (Letter, 8/25/95, GAO/HEHS-95-225R).

Social Security,
Disability, and Welfare

Selected Summaries

Supplemental Security Income: Disability Program Vulnerable to Applicant Fraud When Middlemen Are Used (Report, 8/31/95, GAO/HEHS-95-116).

Although some ineligible non-English-speaking applicants have obtained Supplemental Security Income (SSI) benefits illegally by using middlemen, the actual number of people who have done so is unknown. SSI's vulnerability to fraudulent applications involving middlemen is the product of a combination of factors. First, Social Security Administration (SSA) management practices and bilingual staff shortages enable applicants to use middlemen. Furthermore, SSA's vulnerability to fraud when middlemen are involved has been compounded by SSA's limited monitoring of middlemen, the HHS Office of Inspector General's limited funds for investigations, and the lack of coordination between the efforts of SSA and state Medicaid agencies. Finally, SSA needs a more comprehensive, programwide strategy for keeping ineligible applicants from ever being accepted on the SSI rolls. The Congress, SSA, and several states have

initiated efforts to prevent or detect fraudulent SSI claims involving middlemen.

Other Social Security,
Disability, and Welfare
Products

Federal Reimbursement for Foster Care (Letter, 8/11/95, GAO/HEHS-95-197R).

Penson COLAS (Letter, 8/11/95, GAO/HEHS-95-219R).

Combined Fund Analysis (Letter, 8/7/95, GAO/HEHS-95-230R).

Veterans Affairs and
Military Health

Selected Summaries

VA Health Care: Need for Brevard Hospital Not Justified (Report, 8/29/95, GAO/HEHS-95-192).

The Department of Veterans Affairs (VA) conversion of the former Orlando Naval Hospital into a nursing home and construction of a new hospital and nursing home in Brevard County is not the most prudent and economical use of its resources. VA could achieve its service goals in Central Florida by using existing capacity rather than building a 470-bed VA hospital and 120-bed nursing home in Brevard County and converting the former Naval Hospital to a nursing home. For example, VA could purchase care from community nursing homes to meet veterans' needs more conveniently and at a lower cost. This would allow VA to use the former Orlando Naval Hospital to improve the geographic accessibility of VA medical and psychiatric care. Also, VA's three Central Florida hospitals have over 400 unused medical and surgical beds; many of these could be converted to psychiatric beds. VA's existing hospitals may be more geographically accessible to veterans, given that about 59 percent of the expected psychiatric use of the proposed Brevard hospital would be generated by veterans from other areas of Florida. VA's consideration of such alternatives would ensure that its planning strategy focuses on the most prudent and economical use of resources throughout the network of Florida VA facilities.

Defense Health Care: Despite TRICARE Procurement Improvements, Problems Remain (Report, 8/3/95, GAO/HEHS-95-142).

In sustaining the protest of the Department of Defense's (DOD) California/Hawaii contract award, GAO cited several problems, including DOD's failure to evaluate offerors' proposed prices according to solicitation criteria, lack of communication between DOD evaluators performing technical and price evaluations, and failure to properly evaluate offerors' cost containment approaches such as their proposed methods for controlling health care service use. In response, DOD changed its managed care procurement processes in several ways to correct these and other problems. In GAO's view, DOD's changes should improve future procurements and ensure more equitable and fair treatment of offerors. They are unlikely, however, to eliminate future protests. Despite DOD's improvements, several matters remain that concern both those administering and those responding to the procurements.

Other Veterans Affairs and
Military Health Products

VA Construction Contract Award Delays (Letter, 8/25/95, GAO/HEHS-95-240R).

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