**"Management Challenges at the Departments of Labor,
Health and Human Services, and Education and the Social Security Administration:
Views from the Inspectors General"**

**Testimony of
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The Office of Inspector General (OIG) is charged with overseeing the Department of Health and

Human Services' (the Department) more than $1 trillion investment in health and human services

programs that touch the lives of virtually all Americans. Ensuring that programs operate free from

fraud, waste, and abuse is a top priority and a goal we share with the Department. This effort requires

sustained focus on prevention, detection, and enforcement. It also requires close attention to promoting

economy, efficiency, and effectiveness of programs so that they work well for taxpayers, patients,

providers, and others they affect. Sound stewardship depends on strong partnerships within the

Department, as well as with external organizations, including other Federal, State, and local government

agencies, and with the private sector, including, for example, through the Healthcare Fraud Prevention

Partnership.

Today, I focus on management challenges related to (1) strengthening the use and security of

data and technology; (2) effectively administering grants and contracts; and (3) maintaining focus on

safety and quality of care.[1]

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[1] For 2016, OIG identified 10 top management and performance challenges. OIG's 2016 *Top Management and Performance Challenges Facing HHS* is at https://oig.hhs.gov/reports-and-publications/top-challenges/2016/.

STRENGTHENING THE USE AND SECURITY OF DATA AND TECHNOLOGY

In support of its mission and operations, the Department maintains and uses expanding amounts of sensitive information. The right data, managed and used effectively, can inform and help ensure efficient operations of the Department and its programs, as well as support data analytics and other proactive program oversight. Similarly, the American health care system increasingly relies on health information technology (health IT) and the electronic exchange and use of health information. To capitalize on growing amounts of data in health care, complete, accurate, and timely data must be available, where and when needed, subject to applicable security and privacy protections.

Several factors may impede the Department's ability to enable and encourage the flow of information. These include technical barriers (e.g., lack of interoperability), the complex nature of privacy and security laws, financial considerations (e.g., the cost of health IT acquisition), and other issues—such as information blocking and consumer confidence—that relate to a willingness to share information. The Department must continue to find ways to leverage data to enhance decision-making, including streamlining and accelerating internal data exchange. Similarly, it is critical that the Department ensure that the systems on which it relies are able to promptly detect problems to help prevent inappropriate payments, protect people, and reduce time-consuming and expensive "pay and chase" activities. Notably, OIG has long raised concerns that neither the Department nor the States have complete and accurate national data needed for effective oversight of Medicaid, including for purposes of ensuring that only trustworthy providers enter the system.

Equally important is ensuring that data are appropriately protected, both within Department systems and in the larger health and human services community. Threats to the confidentiality, integrity, and availability of data can result in a range of harms, including financial and physical patient harm. We are active in this area. For example, OIG annually assesses information security controls in

various Department networks and systems. OIG has recommended fixes for specific security problems, as well as a greater management focus on strengthening information security across the Department.

EFFECTIVELY ADMINISTERING GRANTS AND CONTRACTS

The Department awarded approximately $100 billion in discretionary grants in Fiscal Year (FY) 2016. OIG has identified vulnerabilities in the Department's oversight of grant programs and grantees that could be mitigated by improved Department oversight. These include deficiencies in grantees' internal controls, financial stability, organizational structures, and policies and procedures.

Ineffective grants administration puts Federal funds and people at risk. For example, OIG's work shows that the Department's awarding agencies lack effective mechanisms to share with each other information about problematic grantees, thereby impairing the Department's ability to assess risks posed by new grant applicants. We have also identified opportunities for the Department to work with States to strengthen oversight of Federal grant funds. For example, audits of child care providers funded by the Child Care and Development Fund (CCDF) block grant program revealed the need to strengthen compliance with requirements for background screenings of individuals caring for children. Additional OIG work found that States receiving CCDF grants sometimes failed to perform important program integrity activities, such as reviewing provider records, sharing or matching data from other Government programs, and conducting onsite visits. OIG recommended that the Department work with States to examine the effectiveness of program integrity activities and share best practices.

In addition to grants, the Department awarded $24 billion in contracts in FY 2016. To prevent misspent funds, OIG has recommended improvements to the Department's contracts management throughout the life cycle of a contract, from better acquisition planning and contract monitoring to timely contract closeouts.

MAINTAINING FOCUS ON SAFETY AND QUALITY OF CARE

As it works to strengthen program operations, the Department must continue to ensure that taxpayer funds support the delivery of safe, high-quality services and that it is well prepared to address public health emergencies in concert with its partners.

Indian Health Service (IHS) hospitals face serious, longstanding challenges to providing quality care. Pressing challenges include recruiting and retaining competent clinical staff; aging facilities; hospitals unable to render competent emergency or high-level care; and limited resources for referred care. The Department must harness expertise from across its agencies and the stakeholder community to address these challenges. Specifically, IHS should (1) implement a quality-focused compliance program, (2) establish standards for local oversight activities, (3) set hospital performance metrics, and (4) better train hospital administrators and staff. In addition, the Centers for Medicare & Medicaid Services should conduct more frequent surveys of nonaccredited IHS hospitals.

OIG has identified opportunities to reduce patient harm through better detection and prevention of adverse events occurring in institutional settings. We have also recommended stronger quality and safety protections for people receiving home- and community-based services, including personal care services that enable people to stay in their homes and avoid costly, disruptive facility-based care. Additionally, we have uncovered problems with hospice care, including inadequate oversight of certification surveys and staff licensure requirements; care planning failures; inadequate medical and nursing care; and fraudulent enrollments without beneficiary consent.

OIG's work highlights opportunities to improve the quality and safety of services provided to children. For example, OIG reviews revealed that many children covered by Medicaid, including children in foster care, do not receive required medical or dental services. In addition, our work uncovered quality-of-care concerns with second-generation antipsychotic drug use among Medicaid-

enrolled children, including poor monitoring, children taking too many drugs or wrong doses, and wrong treatments for the child's condition. OIG has recommended that the Department work with State Medicaid programs to perform utilization reviews of second-generation antipsychotic drugs prescribed to children.

Addressing the abuse and misuse of opioids and other controlled substances poses a significant, ongoing challenge for the Department. Effectively coordinating Departmental efforts and prioritizing initiatives will be key to combating this complex epidemic. OIG's recommendations include more effective use of drug utilization programs to identify excessive, inappropriate prescribing and other steps to prevent patient harm and drug diversion schemes.

CONCLUSION

OIG management reviews of the Department's implementation of new programs offer lessons for the efficient management of large, complex government programs, among them the importance of clear project leadership, rigorous contract oversight, close coordination of policy and technical work, and effective planning and prioritization to align available resources with the most important and achievable goals. OIG will continue our vigilant oversight and stands ready to assist the Department, as appropriate, in addressing the challenges discussed in my testimony and other challenges identified in our work. One key step the Department can take is to redouble its efforts to implement pending OIG recommendations.[2] I thank this Committee for its commitment to program integrity and look forward to continued collaboration with the Department and Congress to safeguard taxpayer dollars and promote the welfare of the people served by the Department.

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[2] OIG's *Compendium of Unimplemented Recommendations* can be found at https://oig.hhs.gov/reports-and-publications/compendium/ .