



Highlights of [GAO-10-737](#), a report to congressional committees

Why GAO Did This Study

The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) directed the Department of Health and Human Services (HHS) to enter into a 4-year contract with an entity to perform five duties related to health care quality measurement and authorized \$40 million from the Medicare Trust Funds for the contract. In January 2009, HHS awarded a contract to the National Quality Forum (NQF), under which HHS will reimburse NQF for its costs and pay additional fixed fees. Established in 1999, NQF is a nonprofit member organization that fosters agreement on national standards for measuring and public reporting of health care performance data.

This is the first of two reports MIPPA requires GAO to submit on NQF's contract with HHS. In this report, which covers the first contract year—January 14, 2009, to January 13, 2010—GAO describes (1) the status of NQF's work on the five duties under MIPPA; (2) the costs and fixed fees NQF has reported; and (3) what NQF and HHS do in order to help ensure that NQF's reported costs are proper.

GAO reviewed relevant MIPPA provisions and reviewed HHS and NQF documents, such as HHS's contract with NQF, monthly progress reports and invoices for the first contract year, and policies and other documents that describe how HHS and NQF review invoices. GAO also interviewed NQF and HHS officials responsible for implementing and overseeing the contract.

[View GAO-10-737](#) or [key components](#). For more information, contact Linda T. Kohn at (202) 512-7114 or kohnl@gao.gov.

HEALTH CARE QUALITY MEASUREMENT

The National Quality Forum Has Begun a 4-Year Contract with HHS

What GAO Found

NQF has begun work for each of five duties required by MIPPA related to quality measures: (1) make recommendations on a national strategy and priorities; (2) endorse quality measures, which involves a process for determining which ones should be recognized as national standards; (3) maintain—that is, update or retire—endorsed quality measures; (4) promote electronic health records; and (5) report annually to Congress and the Secretary of HHS. As of January 13, 2010—the end of the first contract year—NQF's work for four MIPPA duties was in progress and it had completed its first annual report for the fifth duty. For example, NQF had begun the duties related to endorsement and maintenance by initiating the endorsement process for three projects HHS selected and by starting maintenance reviews for a set of measures of interest to or used by HHS. While NQF began work for each of the duties in the first contract year, HHS determines on an annual basis the work NQF will be expected to perform under the five duties each contract year.

NQF reported costs and fixed fees totaling approximately \$6.5 million for the first contract year, including direct and indirect costs as well as fixed fees. Specifically, NQF reported about \$3.2 million in direct costs, or 49 percent of the total. These were costs specifically incurred for the NQF contract, such as direct labor for NQF employees. NQF also reported about \$2.9 million in indirect costs, which cover additional items such as employee benefits and overhead. Finally, NQF reported about \$360,000 in fixed fees for the first contract year. Over \$5 million of the reported costs and fixed fees were incurred in the second half of the contract year.

NQF and HHS rely on reviews of NQF invoices in order to help ensure that NQF's reported costs are proper. At NQF, officials told us that they review the invoices prior to submitting them to HHS and carry out other activities, such as using an electronic system to track labor hours, in order to help ensure that the costs they report in the invoices are proper. Like NQF, HHS relies on reviews of NQF invoices in order to help ensure NQF's reported costs are proper. These reviews are governed by HHS policies and procedures and by requirements applicable to federal contracts generally.

While NQF has begun work under the MIPPA contract, it is too early for GAO to assess whether, or to what extent, NQF will be successful in carrying out the five MIPPA duties. This report describes NQF's work for the first of 4 contract years. In the remaining 3 years of the contract, HHS will determine on an annual basis specific work for NQF to complete under each of the five MIPPA duties. Therefore, it is not yet known exactly what work NQF will be expected to complete during the remainder of the contract period. GAO's second report, which is due in January 2012, will provide another opportunity to review NQF's performance and costs. HHS and NQF reviewed a draft of this report and provided technical comments, which GAO incorporated as appropriate.