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Accounting and Information
Management Division

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Congressional Committees

Subject: Medicare: Reporting on the Health Care Fraud and Abuse Control Program for Fiscal Years 1998 and 1999

In August 1996, the Congress established the Health Care Fraud and Abuse Control (HCFAC) program with the passage of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The HCFAC program was created to establish a national framework to coordinate federal, state, and local law enforcement efforts to detect, prevent, and successfully prosecute health care fraud and abuse in the public and private sectors. The Departments of Health and Human Services (HHS) and Justice (DOJ) together administer the HCFAC program and are required to issue a report to the Congress on January 1 of each year concerning HCFAC program activities for the preceding fiscal year. Specifically, HHS and DOJ are required to report on (1) amounts appropriated to (deposited to) the Federal Hospital Insurance Trust Fund¹ pursuant to HIPAA and the source of those amounts and (2) amounts appropriated from the trust fund for the HCFAC program and the justification for the expenditure of such amounts. HHS and DOJ have issued two joint reports, covering fiscal years 1997² and 1998.³ The next joint report, covering the fiscal year 1999 HCFAC program, is due on January 1, 2000.

HIPAA, as amended by the Balanced Budget Act of 1997⁴, also requires that we submit reports by June 1, 1998,⁵ and January 1, 2000, 2002, and 2004, that identify (1) the amounts deposited to the trust fund pursuant to HIPAA and the sources of such

¹The Hospital Insurance Trust Fund funds the Medicare Part A program, which helps pay for hospital, home health, skilled nursing facility, and hospice care for the aged and disabled. The trust fund is funded primarily through employment taxes (taxes on payroll and self-employment).

²*Annual Report of the Departments of Health and Human Services and Justice, Health Care Fraud and Abuse Control Program 1997* (January 23, 1998).

³*Annual Report of the Departments of Health and Human Services and Justice, Health Care Fraud and Abuse Control Program 1998* (February 1999).

⁴Public Law 105-33.

⁵*Medicare: Health Care Fraud and Abuse Control Program Financial Report for Fiscal Year 1997* (GAO/AIMD-98-157, June 1, 1998).

amounts, (2) the amounts appropriated from the trust fund for the HCFAC program and the justification for the expenditures of such amounts, (3) expenditures from the trust fund for HCFAC activities not related to Medicare, and (4) any savings to the trust fund, as well as other savings, resulting from expenditures from the trust fund for the HCFAC program. In addition, HIPAA also provides for us to report on other aspects of the operation of the trust fund, as we consider appropriate.

The joint HHS/DOJ report covering fiscal year 1999 HCFAC program activity, which is not required to be issued until January 1, 2000, will contain information we need to perform our review. Once we receive the joint report covering fiscal year 1999, we will need time to determine what, if any, additional information we need as well as to obtain and review that information. Therefore, we will be unable to meet our reporting deadline of January 1, 2000, and in all likelihood, our 2002 and 2004 commitments as well. We will keep you informed of our progress.

We are sending copies of this letter to Senator Orrin G. Hatch, Chairman, and Senator Patrick J. Leahy, Ranking Minority Member, Senate Committee on the Judiciary; Representative Henry J. Hyde, Chairman, and Representative John Conyers, Jr., Ranking Minority Member, House Committee on the Judiciary; the Honorable Donna E. Shalala, Secretary of Health and Human Services; and the Honorable Janet Reno, Attorney General. Please contact me at (202) 512-4476 or by e-mail at jarmong.aimd@gao.gov or Deborah A. Taylor at (202) 512-9395 or by e-mail at taylor.d.aimd@gao.gov if you or your staffs have any questions.



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