DEPARTMENT OF HEALTH AND HUMAN SERVICES

Fiscal Year

2009

Office of Inspector General

Justification of Estimates
for Appropriations Committees

The FY 2009 Congressional Justification is one of several documents that fulfill the Department of Health and Human Services' (HHS') performance planning and reporting requirements. HHS achieves full compliance with the Government Performance and Results Act of 1993 and Office of Management and Budget Circulars A-11 and A-136 through HHS agencies' FY 2009 Congressional Justifications and Online Performance Appendices, the Agency Financial Report and the HHS Performance Highlights. These documents can be found at http://www.hhs.gov/budget/docbudget.htm and http://www.hhs.gov/afr/.

The Performance Highlights briefly summarizes key past and planned performance and financial information. The Agency Financial Report provides fiscal and high-level performance results. The FY 2009 Department's Congressional Justifications fully integrate HHS' FY 2007 Annual Performance Report and FY 2009 Annual Performance Plan into its various volumes. The Congressional Justifications are supplemented by the Online Performance Appendices. Where the Justifications focus on key performance measures and summarize program results, the Appendices provide performance information that is more detailed for all HHS measures.

The Office of Inspector General Congressional Justification and Online Performance Appendix are located on the OIG web site at http://www.oig.hhs.gov/publications.

Message from the Inspector General

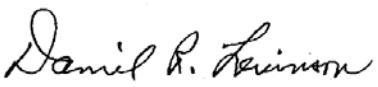
I am pleased to present the Office of Inspector General (OIG) fiscal year (FY) 2009 Justification of Estimates for Appropriations Committees. This budget request continues support for the President's and Secretary's priority initiatives, reflects the goals and objectives in the Department's FY 2007-2012 Strategic Plan, and includes the FY 2008 Annual Performance Plan and FY 2007 Annual Performance Report as required by the Government Performance and Results Act of 1993.

OIG is a results-driven organization and program performance has been reported, as required by the Inspector General Act of 1978, to Congress on a semiannual basis since the OIG's inception as the first statutorily mandated Inspector General in the Federal government. OIG's role is to protect HHS beneficiary well being and program integrity by detecting and preventing fraud, waste, and abuse. OIG's diligent oversight and enforcement presence helps ensure that monies appropriated to HHS are expended as intended and in ways that account for threats of fraud, waste, and abuse and promote economy, efficiency, and effectiveness.

The broad applicability of OIG's oversight role across HHS programs makes the adoption of similarly broad performance measures possible. OIG's performance reporting throughout this Budget Justification is therefore focused on the following measures:

- expected recoveries from audit disallowances and investigations,
- return on investment based on expected recoveries, and
- accepted quality and management improvement recommendations.

Given the increasing risks posed to the Department's more than $650 billion in annual expenditures, I am confident that a strong and capable OIG such as ours will continue to be an important and meaningful investment for taxpayers. OIG is committed to continuing collaboration with Congress, the Department, and our Federal, State, and local partners to safeguard and improve HHS programs.



Daniel R. Levinson
Inspector General

OFFICE OF INSPECTOR GENERAL
FY 2009 PERFORMANCE BUDGET SUBMISSION

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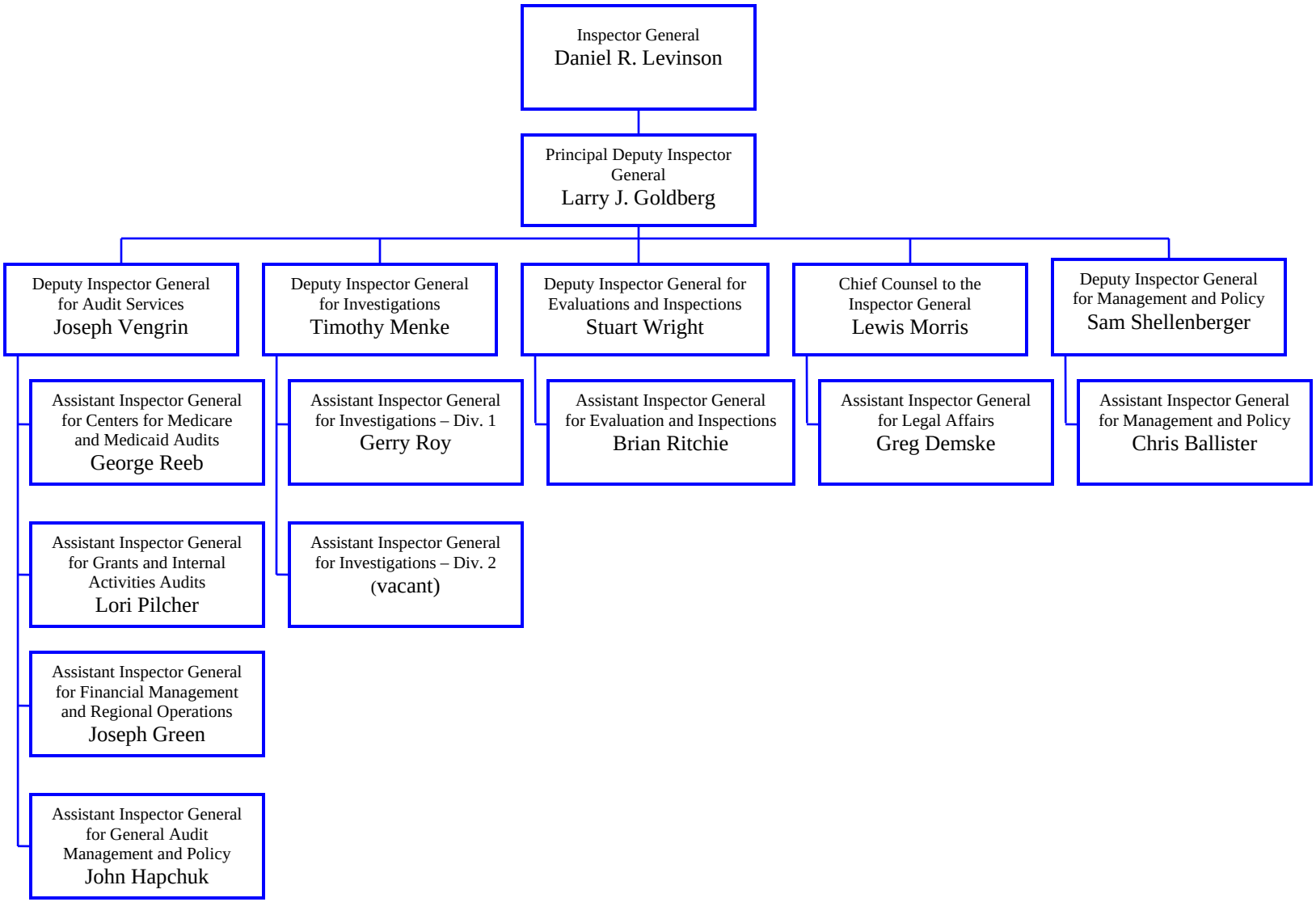

Executive Summary

The mission of the Office of Inspector General (OIG), as mandated by the Inspector General Act of 1978 (Public Law 95-452, as amended), is "(1) to conduct and supervise audits and investigations relating to the programs and operations of [the Department of Health and Human Services (HHS)]; (2) to provide leadership and coordination and recommend policies for activities designed (A) to promote economy, efficiency, and effectiveness in the administration of, and (B) to prevent and detect fraud and abuse in, such programs and operations; and (3) to provide a means for keeping the [the Secretary] and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action."[1]

The operational mission statement adopted by OIG and used for organizational purposes such as strategic planning is "to protect HHS program integrity and beneficiary well-being by detecting and preventing waste, fraud and abuse; (2) identifying to Congress, the Department and the public opportunities to improve program economy, efficiency and effectiveness; and (3) holding accountable those who violate program requirements."

Funding to enable OIG's oversight and integrity mission is supported by multiple mechanisms, including discretionary and mandatory (e.g., statutorily required) budget authorities. OIG's discretionary budget authority provides funding to conduct oversight of HHS' more than 300 programs and operations at the Administration for Children and Families (ACF), Agency for Health Care Research and Quality (AHRQ), Agency for Toxic Substances and Disease Registry (ATSDR), Administration on Aging (AoA), Centers for Disease Control and Prevention (CDC), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), Indian Health Service (IHS), National Institutes of Health (NIH), Substance Abuse and Mental Health Services Administration (SAMHSA), and the Office of the Secretary, which includes staff divisions dedicated to departmental management an coordination through such offices as the Assistant Secretary for Preparedness and Response (ASPR), and the Office of the National Coordinator (ONC) for Health Information Technology. Together, the programs and operations at these agencies had combined annual outlays in FY 2007 of approximately $112 billion.[2] OIG's discretionary budget request, which provides funding for oversight of these agencies and offices, for FY 2009 is $46,058,000.

OIG's mandatory budget authorities are devoted to oversight and integrity work related to specific programs. In FY 2008 OIG's two mandatory authorities are targeted for oversight and compliance work related to the Medicare and Medicaid programs and operations. The specific authorities are provided through (1) the Health Care Fraud and Abuse Control (HCFAC) Program created by the Health Insurance Portability and Accountability Act (HIPAA) of 1996, and (2) the Medicaid Integrity Program created by the Deficit Reduction Act of 2005. Combined, OIG's mandatory resources have accounted for approximately 80 percent of the office's total budget authority for each of the last 10 years.[3] In FY 2008 OIG's mandatory resources account for approximately $200 million and will be used to conduct oversight over the more than $560 billion in annual Medicare and Medicaid outlays. OIG's FY 2009 budget request includes $209,648,000 in mandatory funding.

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1 Inspector General Act of 1978 (Public Law 95-452, as amended)

2 Budget of the United States Government, Fiscal Year 2007 Historical Tables

3 See the Funding History table beginning on page 8 for more information

FY 2009 Budget Overview

The FY 2009 President's Budget request for OIG is $46,058,000, an increase of $2,827,000 above the FY 2008 enacted amount. This budget request will enable OIG to maintain the FY 2008 President's Budget authorized level of 260 full time equivalent (FTE) staff, and includes funding to support the President's Management Agenda e-Gov initiatives, the Departmental enterprise information technology initiatives identified through the HHS strategic planning process, and OIG's contribution to the HHS FY 2007 to FY 2012 Strategic Plan, which articulates the Secretary's commitment to "provide ongoing oversight, evaluation, and analysis of policies and programs."[4]

All Purpose Table

Program	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 +/- FY 2008
Appropriated:				
Discretionary	$39,808,000	$43,231,000	$46,058,000	+$ 2,827,000
Trust Fund (Caps Proposal)	--	--	$18,967,000	+18,967,000
Reimbursables	$18,386,000	$17,907,000	$18,399,000	+$492,000
Total, Appropriated	$58,194,000	$61,138,000	$83,424,000	+$22,286,000
Not Separately Appropriated:				
HCFAC	$165,920,000	$169,736,000	$174,998,000	+$5,262,000
Medicaid Integrity Program (DRA)	$25,000,000	$25,000,000	$25,000,000	--
Never Events	$3,000,000	--	--	--
HIPAA Collections	$9,650,000	$9,650,000	$9,650,000	--
Total, Not Separately Appropriated	$203,570,000	$204,386,000	$209,648,000	+$5,262,000
Total Funding All Sources	$261,764,000	$265,524,000	$293,072,000	+$27,548,000
Appropriated:				
Discretionary	258	260	260	--
Trust Fund (Caps Proposal)	0	0	110	+110
Reimbursables	18	11	11	--
Total, Appropriated	276	271	381	+110
Not Separately Appropriated:				
HCFAC	1,036	1,071	1,076	+5
Medicaid Integrity Program (DRA)	185	205	186	-19
Never Events	1	8	4	-4
HIPAA Collections	15	15	15	--
Total, Not Separately Appropriated	1,237	1,299	1,281	-18
Total FTE All Sources	1,513	1,570	1,662	+92

[4] HHS Strategic Plan, Fiscal Years 2007-2012

Appropriation Language

For expenses necessary for the Office of Inspector General, including the hire of passenger motor vehicles for investigations, in carrying out the provisions of the Inspector General Act of 1978, as amended, $46,058,000: Provided, that of such amount, necessary sums are available for providing protective services to the Secretary and investigating non-payment of child support cases for which non-payment is a Federal offense under 18 U.S.C. Section 228.

(H.R. 2764 Consolidated Appropriations Act, 2008)

Amounts Available for Obligation

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Discretionary Appropriation:			
Appropriation	$ 39,813,000	$44,000,000	$46,058,000
Reduction Pursuant P.L. 110-161	--	-$769,000	--
Subtotal, adjusted appropriation	$39,813,000	$43,231,000	$46,058,000
Unobligated balance lapsing	-$714,600	--	--
Subtotal, discretionary obligations	$39,098,400	$43,231,000	$46,058,000
Trust Fund Discretionary Appropriation:			
Discretionary Caps Proposal	--	--	$18,967,000
Subtotal, trust fund	--	--	$18,967,000
Total, Discretionary Appropriation	**$39,098,400**	**$43,231,000**	**$65,025,000**
Mandatory Appropriations:			
Health Care Fraud and Abuse Control Program, P.L 104-191, 109-432	$165,920,000	$169,736,000	$174,998,000
Medicaid Integrity Program P.L. 109-171	$25,000,000	$25,000,000	$25,000,000
Never Events P.L. 109-432	$3,000,000	--	--
Subtotal, mandatory appropriations	$193,920,000	$194,736,000	$199,998,000
Total obligations	**$233,018,400**	**$237,967,000**	**$265,023,000**

Summary of Changes – Discretionary Appropriation

2008
Total estimated budget authority (Obligations)..... ……. $43,231,000

2009
Total estimated budget authority (Obligations)..... ……. $46,058,000

Net Change (Obligations)..... ……..+$2,827,000

	2008 Estimate		Change from Base	
	FTE	Budget Authority	FTE	Budget Authority
Increases:				
A. Built In:				
1. Annualization of January 2008 pay raise	(260)	$30,349,000	(0)	+$266,000
2. Effect of January 2009 pay raise	(260)	$30,349,000	(0)	+$660,000
3. WIGI/Promotions	(260)	$30,349,000	(0)	+$303,000
4. Effect of rate changes for various mandatory charges (rent, SSF, IT & HHS initiatives, etc.)		$12,882,000	(0)	+$2,021,000
Subtotal, Built-In Increases			(0)	+$3,250,000
Decreases:				
A. Built In:				
1. Reduction for One Day Less Pay	(260)	$30,349,000	(0)	-$119,000
B. Program				
1. Reduction in Other Administrative Expenses				-$304,000
Subtotal, Decreases				-$423,000
Net Change				+$2,827,000

Budget Authority by Activity

	FY 2007 Actual		FY 2008 Estimate		FY 2009 Estimate	
	FTE	Amount	FTE	Amount	FTE	Amount
Discretionary	258	$39,808	260	$43,231	260	$46,058
Mandatory (HCFAC)	1,036	$165,920	1,071	$169,736	1,076	$174,998
Trust Fund (Caps proposal)	--	--	--	--	110	$18,967
Medicaid Integrity	185	$25,000	205	$25,000	186	$25,000
HIPAA Collections	15	$9,650	15	$9,650	15	$9,650
Never Event	1	$3,000	8	--	4	--
Discretionary Reimbursable	18	$18,386	11	$17,907	11	$18,399
Total	1,513	$261,764	1,570	$265,524	1,662	$293,072

Authorizing Legislation

	2008 Amount Authorized	2008 Enacted Appropriation	2009 Amount Authorized	2009 Budget Request
Office of Inspector General:				
P.L. 95-452, as amended	Indefinite	$43,231,000	Indefinite	$46,058,000
P.L. 104-191, P.L. 109-432	Indefinite	$169,736,000	Indefinite	$174,998,000
P.L. 109-171	$25,000,000	$25,000,000	$25,000,000	$25,000,000

Appropriations History Table

	Budget Estimate to Congress	House Allowance	Senate Allowance	Net Enacted Appropriation
FY 2000				
Discretionary	31,500,000	29,000,000	35,000,000	31,500,000
Rescission	--	--	--	-106,000
Mandatory	119,250,000	--	--	119,250,000
FY 2001				
Discretionary	33,849,000	31,394,000	33,849,000	33,849,000
Rescission	-151,000	--	--	-63,000
Mandatory	130,000,000	120,000,000	130,000,000	130,000,000
FY 2002				
Discretionary	35,786,000	35,786,000	35,786,000	35,786,000
Rescission	--	–	–	-228,000
Mandatory	150,000,000	130,000,000	150,000,000	145,000,000
FY 2003				
Discretionary	39,497,000	39,497,000	39,497,000	39,300,000
Rescission	--	--	–	-242,450
Mandatory	160,000,000	160,000,000	160,000,000	160,000,000
FY 2004				
Discretionary	39,497,000	39,497,000	39,497,000	39,094,000
Rescission	--	--	--	-403,000
Mandatory	160,000,000	160,000,000	160,000,000	160,000,000
FY 2005				
Discretionary	40,323,000	40,323,000	40,323,000	39,930,000
Rescission	--	--	--	-393,000
Mandatory	160,000,000	160,000,000	160,000,000	160,000,000
Trust Fund (MMA)	--	--	--	25,000,000
FY 2006				
Discretionary	39,813,000	39,813,000	39,813,000	39,813,000
Rescission	--	--	--	-398,000
Mandatory	160,000,000	160,000,000	160,000,000	160,000,000
Medicaid Integrity Program	25,000,000	25,000,000	25,000,000	25,000,000
FY 2007				
Discretionary	43,760,000	41,415,000	43,760,000	39,808,000
Mandatory	160,000,000	160,000,000	160,000,000	165,920,000
Trust Fund (Caps Proposal)	11,336,000	--	--	--
Medicaid Integrity Program	25,000,000	25,000,000	25,000,000	25,000,000
Never Event Funding	--	--	--	3,000,000

Appropriations History Table (continued)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Net Enacted Appropriation
FY 2008				
Discretionary	44,687,000	44,687,000	45,687,000	44,000,000
Rescission	--	--	--	-769,000
Mandatory	169,736,000	169,736,000	169,736,000	169,736,000
Trust Fund (Caps Proposal)	17,530,000	36,680,000	36,690,000	--
Medicaid Integrity Program	25,000,000	25,000,000	25,000,000	25,000,000
FY 2009				
Discretionary	46,058,000			
Mandatory	174,998,000			
Trust Fund (Caps Proposal)	18,967,000			
Medicaid Integrity Program	25,000,000			

Header Information

	FY 2007 CR	FY 2008 Appropriation	FY 2009 President's Budget	FY 2009 +/- FY 2008
Budget Authority	$39,808,000	$43,231,000	$46,058,000	+$2,827,000
FTE	258	260	260	--

Authorizing Legislation: Inspector General Act of 1978
FY 2009 Authorizing ..... Indefinite
Allocation Method ..... Direct Federal

Program Description

The mission of the Office of Inspector General (OIG), as mandated by the Inspector General Act of 1978 (Public Law 95-452, as amended), is "(1) to conduct and supervise audits and investigations relating to the programs and operations of [the Department of Health and Human Services (HHS)]; (2) to provide leadership and coordination and recommend policies for activities designed (A) to promote economy, efficiency, and effectiveness in the administration of, and (B) to prevent and detect fraud and abuse in, such programs and operations; and (3) to provide a means for keeping the [the Secretary] and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action."

The operational mission statement adopted by OIG and used for organizational purposes such as strategic planning is "to protect HHS program integrity and beneficiary well-being by detecting and preventing waste, fraud and abuse; (2) identifying to Congress, the Department and the public opportunities to improve program economy, efficiency and effectiveness; and (3) holding accountable those who violate program requirements."

OIG accomplishes its mission by conducting audits, investigations, and inspections; by providing industry guidance; and, when appropriate, with the imposition of civil monetary penalties, assessments, and administrative sanctions. OIG is organized into five offices to carry out these activities, including the Office of Audit Services, Office of Investigation, Office of Evaluation and Inspections, Office of Counsel to the Inspector General, and Office of Management and Policy.

OIG is headquartered in Washington, D.C. and has a nation-wide network of approximately 90 regional and field offices, with more than 80 percent of OIG staff working outside the Washington, DC metropolitan area. At all levels, OIG staff work in close cooperation with the Department and its Operating and Staff Divisions, the Department of Justice and other agencies in the Executive Branch, the United States Congress, and the States to bring about systemic changes, successful prosecutions, negotiated settlements, and recovery of funds to protect the integrity of HHS programs and expenditures and the well-being of beneficiaries.

Accomplishments

OIG uses three performance measures to demonstrate progress in accomplishing its mission, including: (1) expected recoveries from investigative receivables and audit disallowance, (2) return on investment, and (3) number of accepted quality and management improvement recommendations.

OIG is currently undertaking a strategic planning and performance measurement effort to broaden its performance measures and orient organizational performance reporting towards outcomes. OIG is working collaboratively with the Office of Management and Budget (OMB) and the Department on this effort, which was initiated in FY 2007 with the goals of improving the thoroughness of OIG's existing measures and addressing comments OMB expressed as during the calendar year 2002 Program Assessment Rating Tool (PART) assessment of the HCFAC program.

Summary of "Expected Recoveries" and "Return on Investment" Performance Measures:

The performance measure for expected recoveries is comprised of identified and documented expected recoveries that resulted in audit disallowances and investigative outcomes such as successful prosecutions, court ordered restitution, and out of court settlements during a given reporting period. Expected recoveries are generally a good measure of an OIG's direct financial benefit to the government, however as you will see throughout this section, measures of the many significant non-financial contributions of OIG's are important as well.

Once expected recoveries are determined for a reporting period, an OIG-wide return on investment is calculated. The return on investment is calculated as the ratio of expected recoveries to the total cost of operating the OIG (e.g., $10:1). Expected recoveries and return on investment are OIG PART measures for the HCFAC program, however similar calculations are also used to articulate the direct financial benefit of OIG's oversight of HHS' non-Medicare and Medicaid programs and operations as well.

For both performance measures, expected recoveries and return on investment, performance is reported as a three-year moving average. This methodology enables OIG to account for the multiple year duration that is typical of audits and investigations, the time required for the U.S. Attorney's to pursue and reach resolution on a case, and for the time built in to the recommendation process for program managers to respond to OIG recommendations. As a result of the long duration of audits and investigations and the staggered outcomes spanning multiple years, there are often significant year to year variances in OIG's reported performance measures. The three-year moving average is an important control to reflect the "ground truth" within which OIG operates.

The challenges presented by the multiple year duration of OIG oversight activities are further complicated by the unpredictable outcomes of audit and investigative work in general. While OIG applies a rubric of several factors to target its resources to high risk areas, the outcomes of oversight activities are always subject to unpredictability. Although audit disallowances or investigative outcomes may be an anticipated result of OIG oversight activities, they are not guaranteed and may not always be a good indicator of whether an OIG is fulfilling its responsibility to act as an unbiased agent of program integrity.

Performance Reporting for "Expected Recoveries" and "Return on Investment" Performance Measures

OIG's performance measures for expected recoveries and return on investment are reported at two levels, (1) organization-wide or (2) based on category of funding.

During the three-year period from FY 2005 to FY 2007 the total OIG expected recoveries averaged $3.14 billion per year, exceeding all previous reporting periods and the prior reporting period by 17 percent. The returns averaged more than $1.82 billion in investigative receivables and $1.32 billion in audit disallowances per year. The resultant organization-wide return on investment for the FY 2005 to FY 2007 reporting period was 14.5 dollars for each dollar spent in the OIG operating budget.

Because approximately 80 to 83 percent of OIG's annual operating budget is appropriated through mandatory funding streams with specific requirements to oversee the Medicare and Medicaid programs (e.g., HIPAA/HCFAC and DRA/MIP) it is also important to separate reporting based on funding stream. In fact, both of these measures, expected recoveries and return on investment, are measures used for the PART for the HCFAC program. For the three-year period from FY 2005 to FY 2007, OIG investigative receivables and audit disallowances resulting from Medicare and Medicaid oversight averaged $1.8 billion and $1 billion per year respectively. The result was a Medicare and Medicaid oversight specific return on investment for OIG of $16.4:1. OIG performance reporting for both measures exceeds the established PART targets.

The 17 to 20 percent of OIG's annual operating budget that is appropriated through a single discretionary funding stream is intended to fund oversight of the more than 300 non-Medicare and Medicaid programs and operations at HHS, which had estimated annual outlays of $112 billion. This includes, but is not limited to, oversight of the following areas that were identified by OIG as HHS' Top Management Challenges in FY 2007:

- Public Health Emergency Preparedness and Response;
- Food, Drug, and Medical Devices Safety;
- Grants Management;
- Integrity of Information Technology Systems and Infrastructure; and
- Ethics Program Oversight and Enforcement.[5]

In addition to funding oversight of these and other programs with discretionary resources, OIG also funds activities related to several of the office's mandatory responsibilities in the department, including roles in the child support enforcement process, financial statement and FISMA compliance audits, and providing a security detail to protect the safety of the HHS Secretary's. As a result of OIG's oversight of HHS' non-Medicare and Medicaid programs and the fulfillment of OIG's departmental responsibilities, during the FY 2005 to FY 2007 period OIG audit disallowances and investigative receivables averaged $298 million and $10 million per year. The result was a return on investment of $7.8 for each discretionary dollar spent in the OIG budget during the same period.

[5] A complete listing of the Department's Top Management Challenges is included in the HHS Financial Report (formerly the Performance and Accountability Report).

Detailed summaries of the audits and types of investigations that were completed during FY 2007 are reported in the OIG Fall and Spring Semiannual Reports to Congress, which can accessed through the OIG web site.[6] Samples of the outcome oriented descriptions included in the Semiannual Reports include:

Examples of Oversight Related to the Medicare and Medicaid Programs Contributing to Expected Recoveries and Return on Investment:

Purdue Companies and Three Executives to Pay Nearly $635 Million for Fraudulently Marketing OxyContin. As part of a global criminal, civil, and administrative settlement agreement, the Purdue Frederick Company, Inc., and Purdue Pharma L.P. (collectively, the Purdue Companies), and three top executives agreed to pay almost $635 million to resolve a variety of Federal, State, and private liabilities. Specifically, the agreement resolved allegations that the Purdue Companies waged a fraudulent and deceptive marketing campaign aimed at convincing doctors nationwide that OxyContin, because of its time-release formula, was less prone to abuse and that it was less likely to cause addiction or to produce other narcotic side effects than competing immediate release opioids. The Purdue Frederick Company, Inc. is subject to a 25-year exclusion from Medicare/Medicaid; Purdue Pharma L.P. agreed to enter a 5-year corporate integrity agreement (CIA) with OIG.

South Florida Medicare Fraud. OIG used a multifaceted approach to fight Medicare fraud in South Florida in cooperation with partners at the U.S. Attorney's Office for the Southern District of Florida. Together the partnership developed innovative methods to identify and prosecute fraud resulting in $54.3 million in investigative receivables and a number of criminal indictments related to durable medical equipment fraud. Additionally, OIG analyzed the claims patterns of HIV/AIDS infusion therapy providers and beneficiaries in three South Florida counties and determined that in the last half of 2006, these counties accounted for half of the total amount, and 79 percent of the amount for drugs, billed nationally for Medicare beneficiaries with HIV/AIDS. OIG also found that the approaches CMS and its contractors have used to control these aberrant billing practices have not proven effective. OIG recommended that CMS treat South Florida as a high-risk area, mandate site visits for certain providers, adjust contractor standards for processing new applications, modify the Statement of Work for the jurisdiction that includes South Florida, review all reassignments in high-risk areas, and strengthen revocations.

Example of Oversight of HHS' Non-Medicare and Medicaid Programs Contributing to Expected Recoveries and Return on Investment Contributing to Expected Recoveries and Return on Investment:

Aid to Families With Dependent Children Overpayment Recoveries. OIG reviewed 43 States and found that 24 States complied with Federal requirements and reimbursed the Administration for Children and Families (ACF) $59 million for the Federal share of Aid to Families With Dependent Children (AFDC) overpayment recoveries from July 2002 through June 2006. Although the remaining 19 States and the District of Columbia continued to recover overpayments from former AFDC recipients after the program ended in 1996, these governments did not reimburse ACF $28.7 million for the Federal share of their recoveries. OIG determined that 19 States and the District of Columbia did not reimburse ACF as

[6] Office of Inspector General web page, http://oig.hhs.gov/publications/semiannual.html#1

required because they did not follow ACF's program instruction. In addition, ACF did not have monitoring procedures to ensure that the Federal Government received its share of AFDC overpayment recoveries from all States. OIG recommended that ACF (1) collect from the 19 States and the District of Columbia the Federal share of AFDC overpayment recoveries totaling $28.7 million and (2) establish monitoring procedures to ensure that the Federal Government receives its share of future State-recovered AFDC overpayments in a timely manner. ACF agreed with the recommendations.

Summary of "Number of Accepted Quality and Management Improvement Recommendations"

In addition to the direct financial recoveries described above, OIG reports the number of accepted quality and management improvement recommendations that resulted from audit and evaluation reports issued during a reporting period. This performance measure captures an important aspect of OIG's efforts to identify and correct systematic weaknesses in program administration and policy implementation and reflects a significant aspect of OIG's contribution to improving the operations of HHS.

Once OIG reports are completed and transmitted to a program under consideration, HHS program managers have a six month time period in which they must submit a formal response to document their concurrence or disagreement with OIG findings and recommendations. Whether or not program managers concur with OIG recommendations is generally a good indicator of the merit and validity of OIG recommendations. However, acceptance of OIG's recommendations is separate from its implementation, which is subject to many factors outside the OIG's control, such as the availability of resources and management discretion. As a result, some OIG recommendations are accepted and not implemented. OIG therefore considers the performance measure, number of accepted quality and management improvement recommendations, an intermediate outcome measure.

Performance Reporting for "Number of Accepted Quality and Management Improvement Recommendations"

HHS' Operating and Staff Divisions accepted 88 of OIG's quality and management improvement recommendations during FY 2007. This result exceeded the annual target of 75 by 17 percent.

Example of Accepted OIG Quality and Management Improvement Recommendations:

Enrollment Levels in Head Start. OIG assessed enrollment levels in the Head Start program, which is overseen by the Administration for Children and Families (ACF). Head Start regulations require grantees to maintain enrollment at 100 percent of the funded enrollment level. OIG found that almost all Head Start grantees had high enrollment levels. Overall, 5 percent of Head Start slots were funded but not filled. Grantees cited a variety of challenges to maintaining full enrollment, including transportation issues. OIG also found that ACF's monitoring of enrollment levels may rely on inaccurate data. Following the release of this report, ACF developed and put online a "transportation pathfinder," which provides transportation resources to grantees. Additionally, ACF made changes to their Program Information Report system to improve data accuracy. These changes are expected to improve ACF's ability to monitor Head Start enrollment as well as grantees' ability to maintain full enrollment.

FDA's Oversight of Clinical Trials Through Its Inspection Processes. Through an evaluation OIG identified data limitations and other factors that affect the Food and Drug Administration's (FDA) ability to effectively manage the Bioresearch Monitoring (BiMo) program. For example, FDA is unable to identify all clinical trials and institutional review boards (IRB), and it lacks a single database for tracking its own inspections. Furthermore, the three FDA centers and the Office of Regulatory Affairs inconsistently classify some inspections. In addition, FDA's guidance and regulations do not reflect current clinical trials practices. Finally, OIG developed estimates for the coverage of FDA clinical trials inspections for the fiscal year 2000–2005 period of approximately 1 percent. As a result, we recommended that FDA take the following steps to improve its information systems and processes: (1) develop a clinical trial database that includes all clinical trials, (2) create an IRB registry, (3) create a cross-center database that enables complete tracking of BiMo inspections, (4) establish a mechanism to provide feedback to BiMo investigators on their inspection reports and findings, and (5) seek legal authority to provide oversight that reflects current clinical trial practices.

Additional summaries of OIG audit and evaluation reports that resulted in accepted quality and management improvement recommendations during FY 2007 can be found in the OIG's 2007 Semiannual Reports to Congress.

Summary of CY 2002 OMB Program Assessment Rating Tool (PART) of HCFAC

The OIG operated Health Care Fraud and Abuse Control (HCFAC) Program underwent a PART assessment in calendar year 2002 and received a PART rating of "Results Not Demonstrated." The review cited the program's strong financial practices and demonstrated anecdotal success as strengths and identified the lack of a measurable baseline of health care fraud from which to measure program success as a weakness. To improve upon the identified weakness and to continue the OIG leadership's commitment to moving performance reporting towards an outcome orientation, OIG is "developing performance measures that are closely tied to the program's mission; measurable against an established, objective baseline; and can be used to make resource allocation decisions."[7]

[7] OIG PART Improvement Plan. To view OIG's PART Improvement Plan visit http://www.expectmore.gov.

Funding History

FY 2003	$39,300,000
FY 2004	$39,094,000
FY 2005	$39,930.000
FY 2006	$39,813,000
FY 2007	$39,808,000
FY 2008	$44,000,000

Budget Request

The FY 2009 budget request is $46,058,000, which is an increase of $2,827,000 and no FTE above the FY 2008 President's Budget request. The request is comprised of mandatory pay and other inflationary increases, including the Service and Supply Fund, and other Departmental initiatives such as the President's Management Agenda e-Gov initiatives and Departmental enterprise information technology initiatives identified through the HHS strategic planning process. The discretionary funding also supports OIG's obligation's to perform financial statement audits for the Department, to conduct FISMA compliance audits, and to provide the security detail for the Secretary, each of which involves costs that are increasing at a greater rate than OIG's discretionary appropriation. This request will enable OIG to maintain the FY 2008 FTE level of 260.

The outlays of HHS' approximately 300 non-Medicare and Medicaid programs and offices have nearly doubled from FY 1998 to 2007, reaching estimated outlays in FY 2007 of $112 billion. As these programs continue to grow in size and scope, OIG struggles to maintain its capacity to perform Department-wide oversight of sufficient scope and depth to protect program integrity and detect fraud, waste, and abuse in the Department's vast array of programs. The OIG's ability to fulfill this responsibility has eroded measurably over the last 10 years. During the period covering FY 1998 to 2007 the discretionary budget authority from which OIG funds non-Medicare and Medicaid related oversight in addition to its other obligations to the Department declined by 21.5 percent relative to the growth in Departmental outlays. As a consequence, an increasing share of HHS expenditures is susceptible to mismanagement, fraud, waste, and abuse.

Outputs and Outcomes Tables

The following outcome and output tables reflect key OIG progress in accomplishing its mission.

Key Outcomes Table*

#	Key Outcomes	FY 2004 Actual	FY 2005 Actual	FY 2006		FY 2007		FY 2008 Target	FY 2009 Target	Out-Year Target
				Target	Actual	Target	Actual			
Long Term Objective 1: Make a positive impact on HHS programs										
1.1	Return on Investment[8]	$10.5 :1	$11.6 :1	$11.9 :1	$12.9 :1	$11.4 :1	$16.4 :1	$13.5:1	Sept-08	n/a
1.2	Expected recoveries from investigative receivables and audit disallowances[7] (dollars in millions)	$2,024	$2,346	$2,580	$2,678	$2,460	$2,835	$2,623	Sept-08	n/a
1.3	Number of accepted quality and management improvement recommendations	68	73	70	116[9]	75	88	75	Sept-08	n/a

*note: Performance measures 1.1 and 1.2 reflect the three year moving average ending in the year indicated by the column heading. For additional information please reference page 11.

8 The Deficit Reduction Act of 2005, which became law during the second quarter of FY 2006, appropriated $25 million per year to OIG from FY 2006 to 2010, to be available until expended. None of the FY 2006 appropriation was spent; therefore, the denominator used to calculate return on investment covering FY 2006 excludes that amount.

9 This result is higher than the target of 70 by nearly 60 percent. Most of the increase was attributable to three evaluation/inspection reports that were complex and contained an unusually large number of recommendations.

Key Outputs Table

#*	Key Outputs	FY 2004 Actual	FY 2005 Actual	FY 2006		FY 2007		FY 2008 Target / Estimate	FY 2009 Target / Estimate	Out-Year Target / Estimate
				Target / Estimate	Actual	Target / Estimate	Actual			
1.1 1.2	Number complaints received	3,060	3,774	--	3,941	--	4,897	--	n/a	n/a
1.1 1.2	Number cases opened	1,659	1,660	--	1,690	--	2,003	--	n/a	n/a
1.1 1.2	Number cases closed	1,743	1,790	--	1,562	--	1,723	--	n/a	n/a
1.3	Number of Final Evaluation Reports Issued	45	92	--	59	--	54	--	Sept-08	n/a
1.3	Number of Draft Evaluation Reports Issued within 1 year[10]	56%	74%	--	46%	--	55%	--	Sept-08	n/a
1.2 1.3	Number of Final Audit Reports Issued	388	337	--	364	--	457[11]	--	Sept-08	n/a
1.2 1.3	Timeliness-- Percentage of Draft Audit Reports Issued Within 1 Year of Start[8]	78%	66%	--	73%	--	73%	--	Sept-08	n/a
	Appropriated Amount (Dollars in Millions)	$39.094	$39.930	$39.813		$39.808		$44.000	$46.058	

*note: The references in this column tie back to the key OIG outcome measures on page 17. Multiple outcome measures are cited in this column because they have numerous contributing outputs.

10 The timeframe for this measure is the amount time between an approved study design and a signed draft (or a signed final if no draft was issued).

11 During FY 2007, OIG's Office of Audit Services issued 42 limited objective audit reports related to FEMA funding provided to HHS for Gulf-Coast hurricane-related activities. These reports contributed to a significant increase in Audit reports produced in FY 2007, resulting in an unanticipated spike in output for that year.

Budget Authority by Object Class

	2008 Estimate	2009 Estimate	Increase or Decrease
Personnel Compensation:			
Full-time Permanent (11.1)	$22,620,000	$23,223,000	+$603,000
Other than Full-time Permanent (11.3)	368,000	378,000	+10,000
Other Personnel Compensation (11.5)	319,000	325,000	+6,000
Military Personnel (11.7)	60,000	62,000	+2,000
Subtotal Personnel Compensation	**$23,367,000**	**$23,988,000**	**+$621,000**
Civilian Personnel Benefits (12.1)	6,961,000	7,145,000	+184,000
Military Benefits (12.2)	21,000	22,000	+1,000
Benefits to Former Personnel (13.0)	0	0	0
Total Pay Costs	**$30,349,000**	**$31,155,000**	**+$806,000**
Travel (21.0)	1,430,000	1,460,000	+30,000
Transportation of Things (22.0)	372,000	379,000	+7,000
Rental Payments to GSA (23.1)	3,027,000	3,087,000	+60,000
Rental Payments to Others (23.2)	87,000	89,000	+2,000
Communications, Utilities, & Misc. Charges (23.3)	510,000	520,000	+10,000
Printing and Reproduction (24.0)	11,000	11,000	+0
Other Contractual Services			
Advisory and Assistance Services (25.1)	94,000	96,000	+2,000
Other Services (25.2)	250,000	256,000	+6,000
Purchases of Goods and Services from Other Government Accounts (25.3)	6,095,000	7,979,000	+1,884,000
Operations and Maintenance (25.7)	237,000	242,000	+5,000
Subtotal Contractual Services	**$6,676,000**	**$8,573,000**	**+$1,897,000**
Supplies and Materials	325,000	331,000	+6,000
Equipment	444,000	453,000	+9,000
Total Non-pay Costs	**$12,882,000**	**$14,903,000**	**+$2,021,000**
Total BA by Object Class	**$43,231,000**	**$46,058,000**	**+$2,827,000**

Salaries and Expenses

	2008 Estimate	2009 Estimate	Increase or Decrease
Personnel Compensation:			
Full-time Permanent (11.1)	$22,620,000	$23,223,000	+$603,000
Other than Full-time Permanent (11.3)	368,000	378,000	+10,000
Other Personnel Compensation (11.5)	319,000	325,000	+6,000
Military Personnel (11.7)	60,000	62,000	+2,000
Subtotal Personnel Compensation	**$23,367,000**	**$23,988,000**	**+$621,000**
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Transportation of Things (22.0)	372,000	379,000	+7,000
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Communications, Utilities, & Misc. Charges (23.3)	510,000	520,000	+10,000
Printing and Reproduction (24.0)	11,000	11,000	+0
Other Contractual Services:			
Advisory and Assistance Services (25.1)	94,000	96,000	+2,000
Other Services (25.2)	250,000	256,000	+6,000
Purchases of Goods and Services from Other Government Accounts (25.3)	6,095,000	7,979,000	+1,884,000
Operations and Maintenance (25.7)	237,000	242,000	+5,000
Subtotal Contractual Services	**$6,676,000**	**$8,573,000**	**+$1,897,000**
Supplies and Materials (26.0)	325,000	331,000	+6,000
Total Non-pay Costs	**$9,411,000**	**$11,363,000**	**+$1,952,000**
Total Salary and Expense	**$39,760,000**	**$42,518,000**	**+$2,758,000**
Direct FTE	**260**	**260**	**+0**

Detail of Full-Time Equivalent Employees

	2007 Actual	2008 Estimate	2009 Estimate
Discretionary	258	260	260
Mandatory (HCFAC)	1,036	1,071	1,076
Trust Fund (Caps Proposal)	--	--	110
Medicaid Integrity	185	205	186
HIPAA Collections	15	15	15
Discretionary Reimbursable	18	11	11
Never Events	1	8	4
Total, OIG	1,513	1,570	1,662

Average GS Grade

Fiscal Year	Average Grade
2004	11.9
2005	12.1
2006	12.0
2007	12.0
2008	12.0

Detail of Positions

	2007 Actual	2008 Estimate	2009 Estimate
Executive Level IV	1	1	1
Exec. Level Salaries	$149,000	$149,000	$149,000
SES Positions	15	15	15
ES Salaries	$2,296,000	$2,348,000	$2,403,000
GS-15	69	73	73
GS-14	191	185	185
GS-13	538	555	575
GS-12	377	392	412
GS-11	129	135	145
GS-10	1	1	1
GS-9	121	150	170
GS-8	14	12	12
GS-7	86	86	88
GS-6	7	7	7
GS-5	10	12	12
GS-4	0	2	2
GS-3	1	0	0
GS-2	0	0	0
GS-1	0	0	0
Total - GS Positions	1,544	1,610	1,682
Total – GS Salary	$134,368,000	$137,968,000	$148,271,000
Average ES Salary	$153,036	$156,555	$160,156
Average GS Grade	12.0	12.0	12.0
Average GS Salary	$87,143	$89,468	$91,794
Average Comm. Corp Level	3	3	3
Average Comm. Corp Salary	$58,000	$60,000	$62,000

Financial Management Systems

UFMS Operations and Maintenance

UFMS has now been fully deployed. The Program Support Center, through the Service and Supply Fund, manages the ongoing Operations and Maintenance (O&M) activities for UFMS. The scope of O&M services includes post deployment support and ongoing business and technical operations services, as well as an upgrade of Oracle software from version 11.5.9 to version 12.0. The Office of Inspector General will use $1,629,756 for these O&M costs in FY 2009.

HHS Consolidated Acquisition System

The HHS Consolidated Acquisition System (HCAS) initiative is a Department-wide contract management system that will integrate with the Unified Financial Management System (UFMS). The applications within the HCAS are Compusearch PRISM and a portion of the Oracle Compusearch Interface (OCI). PRISM is a federalized contract management system that helps streamline the procurement process. The implementation of PRISM includes the functionality of contract writing, simplified acquisitions, electronic approvals and routing, pre-award tracking, contract monitoring, post award tracking, contract closeout and reporting. Major functions once integrated with the UFMS include transfer of iProcurement requisition for commitment accounting and funds verification to PRISM and transmission of the award obligation from PRISM to Oracle Financials.

Benefits:
The following benefits will be realized by the Department and the individual OPDIVs/STAFFDIVs once the HCAS system is fully implemented and integrated with UFMS:

- Commitment Accounting
- Integration to other HHS Administrative Systems
- Decreased Operational Costs
- Increased Efficiency and Productivity
- Improved Decision Making – Unified systems
  – Data Integrity
  – Reporting
  – Performance Measurement
  – Financial Accountability
- Standardization
  – Business Processes
  – Information Technology
- Consistent Customer Service Levels
- Refocus personnel efforts on value-added tasks
- Knowledge Sharing
- System Enabled Work
  – HHS Acquisition Personnel – contracting
  – Customers in requirement preparation – requisitioning
- Meets Organizational Drivers and Goals (e.g., President's Management Agenda, E-Gov initiatives including Lines of Business, and One-HHS)

The HCAS team is working closely with the UFMS PMO and HHS PMO to ensure a smooth roll out of both PRISM and iProcurement. An integrated team, including personnel from UFMS, Acquisition and Assets has been formed to ensure maximum utilization of in-house expertise. OIG requests $88,157 to support these efforts in FY 2009.

Enterprise Information Technology Fund

The OIG will contribute $280,000 of its FY 2009 budget to support Department enterprise information technology initiatives as well as the President's Management Agenda (PMA) Expanding E-Government initiatives. Operating Division contributions are combined to create an Enterprise Information Technology (EIT) Fund that finances both the specific HHS information technology initiatives identified through the HHS Information Technology Capital Planning and Investment Control process and the PMA initiatives. These HHS enterprise initiatives meet cross-functional criteria and are approved by the HHS IT Investment Review Board based on funding availability and business case benefits. Development is collaborative in nature and achieves HHS enterprise-wide goals that produce common technology, promote common standards, and enable data and system interoperability. The HHS Department initiatives also position the Department to have a consolidated approach, ready to join in PMA initiatives.

Of the amount specified above, $6,708 is allocated to support the President's Management Agenda Expanding E-Government initiatives for FY 2009. This amount supports the PMA E-government initiatives as follows:

PMA e-Gov Initiative	**FY 2009 Allocation**
Business Gateway	$1,757
E-Authentication	$0
E-Rulemaking	$0
E-Travel	$0
Grants.Gov	$0
Integrated Acquisition	$0
Geospatial LOB	$0
Federal Health Architecture LoB	$0
Human Resources LoB	$3,022
Grants Management LoB	$0
Financial Management LoB	$1,159
Budget Formulation & Execution LoB	$770
IT Infrastructure LoB	$0
Integrated Acquisition – Loans and Grants	$0
Disaster Assistance Improvement Plan	$0
TOTAL	$6,708

Prospective benefits from these initiatives are:

Business Gateway: Provides cross-agency access to government information including: forms; compliance assistance resources; and, tools, in a single access point. The site offers businesses various capabilities including: "issues based" search and organized agency links to answer business questions; links to help resources regarding which regulations businesses need to comply with and how to comply; online single access to government forms; and,

streamlined submission processes that reduce the regulatory paperwork burdens. HHS' participation in this initiative provides HHS with an effective communication means to provide its regulations, policies, and forms applicable to the business community in a business-facing, single access point.

E-Rulemaking: Provides citizens and organizations a single point of access to Federal rulemaking information. HHS posts all rulemaking notices on Regulations.gov. HHS and E-Rulemaking are in the requirements and planning process for migrating HHS docket-management process to the E-Rulemaking system.

E-Travel: The E-Travel Program provides a standard set of travel management services government-wide. These services leverage administrative, financial and information technology best practices. By the end of FY 2006, all but one HHS OPDIV has consolidated services to GovTrip and legacy systems retired. By May 2008, all HHS travel will be conducted through this single system and the last remaining legacy functions will be retired.

Grants.gov: Allows HHS to publish grant funding opportunities and application packages online while allowing the grant community (state, local and tribal governments, education and research organizations, non-profit organization, public housing agencies and individuals) to search for opportunities, download application forms, complete applications locally, and electronically submit applications using common forms, processes and systems. In FY 2007, HHS posted over 1,000 packages and received 108,436 application submissions – more than doubling 52,088 received in FY 2007 with NIH substantially increasing its applications submissions from 47,254 to 89,439 submissions.

Integrated Acquisition Environment: Eliminated the need for agencies to build and maintain their own agency-specific databases, and enables all agencies to record vendor and contract information and to post procurement opportunities. Allows HHS vendor performance data to be shared across the Federal government.

Integrated Acquisition Environment for Loans and Grants: Managed by GSA, all agencies participating in the posting and/or awarding of Loans and Grants are required by the Federal Funding Accountability and Transparency Act (FFATA) to disclose award information on a publicly accessible website. Cross-government cooperation with the Office of Management and Budget's Integrated Acquisition Environment initiative in determining unique identifiers for Loans & Grants transactions furthers the agency in complying with the Transparency Act, which enhances transparency of federal program performance information, funding, and Loans & Grants solicitation.

Disaster Assistance Improvement Plan (DAIP): The DAIP, managed by Department of Homeland Security, assists agencies with active disaster assistance programs such as HHS to reduce the burden on other federal agencies which routinely provide logistical help and other critical management or organizational support during disasters. The DAIP program office, during its first year of operation, will quantify and report on the benefits and cost savings or cost reductions for each member agency.

Lines of Business-Human Resources Management: Provides standardized and interoperable HR solutions utilizing common core functionality to support the strategic management of Human Capital. HHS has been selected as a Center of Excellence and will be leveraging its HR investments to provide services to other Federal agencies.

Lines of Business-Geospatial One-Stop: Promotes coordination and alignment of geospatial data collection and maintenance among all levels of government: provides one-stop web access to geospatial information through development of a portal; encourages collaborative planning for future investments in geospatial data; expands partnerships that help leverage investments and reduce duplication; and, facilitates partnerships and collaborative approaches in the sharing and stewardship of data. Up-to-date accessible information helps leverage resources and support programs: economic development, environmental quality and homeland security. HHS registers its geospatial data, making it available from the single access point.

Lines of Business-Federal Health Architecture: Creates a consistent Federal framework that improves coordination and collaboration on national Health Information Technology (HIT) Solutions; improves efficiency, standardization, reliability and availability to improve the exchange of comprehensive health information solutions, including health care delivery; and, to provide appropriate patient access to improved health data. HHS works closely with federal partners, state, local and tribal governments, including clients, consultants, collaborators and stakeholders who benefit directly from common vocabularies and technology standards through increased information sharing, increased efficiency, decreased technical support burdens and decreased costs.

Lines of Business –Financial Management: Supports efficient and improved business performance while ensuring integrity in accountability, financial controls and mission effectiveness by enhancing process improvements; achieving cost savings; standardizing business processes and data models; promoting seamless data exchanges between Federal agencies; and, strengthening internal controls.

Lines of Business-Grants Management: Supports end-to-end grants management activities promoting improved customer service; decision making; financial management processes; efficiency of reporting procedure; and, post-award closeout actions. An HHS agency, Administration for Children and Families (ACF), is a GMLOB consortia lead, which has allowed ACF to take on customers external to HHS. These additional agency users have allowed HHS to reduce overhead costs for internal HHS users. Additionally,
NIH is an internally HHS-designated Center of Excellence and has applied to be a GMLOB consortia lead. This effort has allowed HHS agencies using the NIH system to reduce grants management costs. Both efforts have allowed HHS to achieve economies of scale and efficiencies, as well as streamlining and standardization of grants processes, thus reducing overall HHS costs for grants management systems and processes.

Lines of Business-Budget Formulation and Execution: Allows sharing across the Federal government of common budget formulation and execution practices and processes resulting in improved practices within HHS.

Lines of Business–IT Infrastructure: A recent effort, this initiative provides the potential to leverage spending on commodity IT infrastructure to gain savings; to promote and use common, interoperable architectures that enable data sharing and data standardization; secure data interchanges; and, to grow a Federal workforce with interchangeable skills and tool sets.

Health Care Fraud and Abuse Control Program

OMB Request: The Health Insurance Portability and Accountability Act of 1996 – The Office of Inspector General should include a short statement of information about the Fraud and Abuse Control Program, describing in general terms, the guidelines established for the program and overall program effort.

Efforts to combat fraud were consolidated and strengthened under Public Law 104-191, the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Act established a comprehensive program to combat fraud committed against all health plans, both public and private. The legislation required the establishment of a national Health Care Fraud and Abuse Control Program (HCFAC), under the joint direction of the Attorney General and the Secretary of the Department of Health and Human Services (HHS) acting through the Department's Inspector General. The HCFAC program is designed to coordinate Federal, State and local law enforcement activities with respect to health care fraud and abuse. The Act requires HHS and DOJ detail in an Annual Report the amounts deposited and appropriated to the Medicare Trust Fund, and the source of such deposits. Reports are located at http://www.oig.hhs.gov/publications.html.

The Tax Relief and Healthcare Act of 2006 (P.L. 109-492) provides annual adjustments over the previous year to the HCFAC appropriation during the FYs 2007 - 2010 based on the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) and makes HCFAC funding available until expended. While estimates are used for outyear projections, the current year increases are derived from actual CPI-U data from the Department of Labor, Bureau of Labor Statistics. To calculate the increase applied in FY 2008, the monthly CPI-Us (not seasonally-adjusted) for all of the months of FY 2007 is and divided by 12, and compared with the sum of the same months for FY 2006, also divided by 12 . The average CPI-U for FY 2006 is subtracted from the average CPI-U for FY 2007. The difference is divided by the average CPI-U for FY 2006. This result (0.031) is then multiplied by 100, (result 3.1%, rounded to the nearest one-tenth of one percent). The increase of 3.1% is applied to the FY 2007 base of $165,920,000 to calculate the FY 2008 appropriation of $169,736,000 (i.e., the $165,920,000 figure is multiplied by 1.031).

The portion of HCFAC funds appropriated to HHS OIG in FY 2008 was $169,736,000. The amount included in the FY 2009 budget is for $174,998,000.