

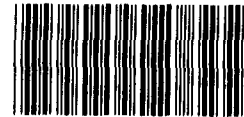
GAO

Report to the Chairman, Subcommittee
on Labor, Health, and Human Services,
Education, and Related Agencies,
Committee on Appropriations,
U.S. Senate

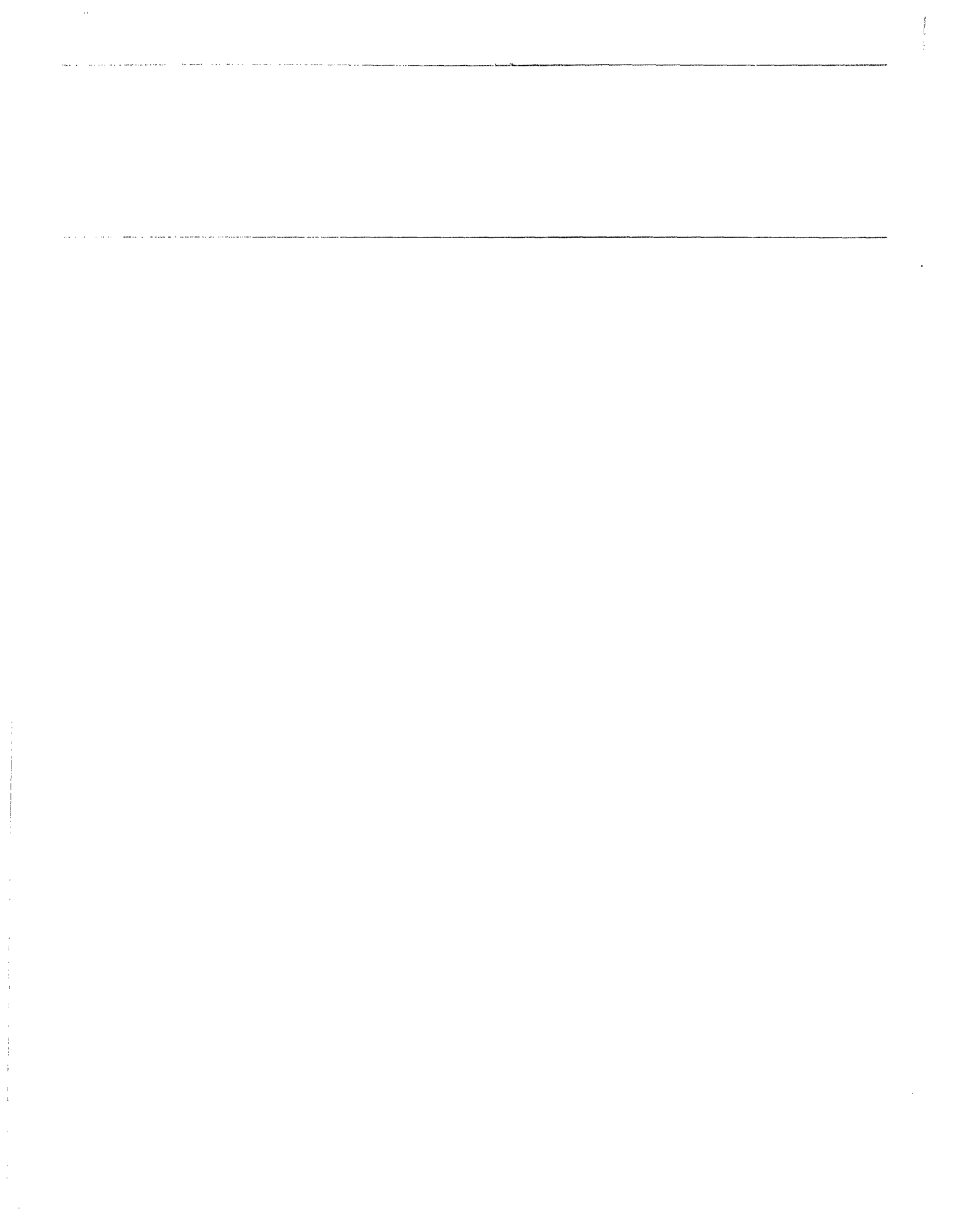
September 1990

ADP BUDGET

Analysis of HCFA's Fiscal Year 1991 ADP Budget Request



142437



**Information Management and
Technology Division**

B-241297

September 28, 1990

The Honorable Tom Harkin
Chairman, Subcommittee on Labor,
Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

On January 22, 1990, you asked us to analyze the Health Care Financing Administration's (HCFA) fiscal year 1991 information technology systems budget request of \$60.7 million. Besides covering personnel, operations, and maintenance, the request includes \$12.2 million for three major system enhancement projects to obtain more automated data processing (ADP) and communications equipment, new software development, and related commercial services. As arranged with your office, we determined whether HCFA had justification for the \$12.2 million requested. We conclude that HCFA has adequate support for all three projects.

Background

HCFA is responsible for managing a number of health-related programs. These responsibilities include managing the Medicare and Medicaid programs, coordinating federal health-provider survey and certification efforts, supporting regulatory requirements, and directing various activities to ensure good health care.

In administering these programs, HCFA headquarters uses ADP systems to collect Medicare and Medicaid program data and perform internal agency management functions. HCFA's computer center includes a data communication network to exchange information with Medicare contractors and state agencies, and mainframe computers and other equipment, such as computer terminals and storage devices. HCFA also relies on support from the Social Security Administration's computer center.

**Analysis of HCFA's
Information
Technology Systems
Budget Request**

HCFA's fiscal year 1991 information technology systems budget request for \$60.7 million includes \$12.2 million for three major systems enhancement-related projects, which include:

- Project to Redesign Information Systems Management (\$7.1 million) which involves buying more hardware and software to meet current

programmatic information needs more efficiently; and obtaining systems' integration support to help monitor the progress of software development contractors and validate the operation of the new hardware, software, and data communications services.

- Software Development (\$5 million) involves developing software to set up new data systems and modify existing ones to meet provisions of the Department of Health and Human Services' medical treatment effectiveness program. This program seeks to enhance the quality and effectiveness of health care services through a broad base of scientific research. HCFA is responsible for building and maintaining analytic data files to support the program.
- Central Processing Units/Direct Access Storage Devices Acquisition (\$.1 million) involves increasing mainframe capacity and buying hardware to implement provisions of the Omnibus Budget Reconciliation Act of 1989.

You asked us to determine whether HCFA had justified these three system enhancements projects. Working at the HCFA headquarters in Woodlawn, Maryland, we examined documents supporting the individual system enhancement projects and reviewed documentation for project cost and schedule data to verify their preparation in accordance with Office and Management Budget Circular A-11 (schedules 43A and 43B).¹ We also met with senior program and management officials to obtain more supporting documentation and confirm our understanding of the underlying need for individual enhancements and the justification and funding status of individual information system projects. On this basis, we concluded that HCFA has adequate support for all three projects.

Our evaluation was conducted from February 1990 through September 1990. As requested by your office, we did not obtain written agency comments on a draft of this report. We did, however, brief HCFA officials on the results of our work, and have incorporated their comments where appropriate. Our work was performed in accordance with generally accepted government auditing standards.

Copies of this report are being sent to the Chairman of the House Committee on Appropriations, the Director, Office of Management and Budget, the Administrator of General Services, the Secretary of Health and Human Services, and the Administrator, Health Care Financing

¹Circular A-11 requires agencies to report to the Office of Management and Budget on the acquisition, operation, or use of automated data processing systems and telecommunications services or facilities.

Administration. Copies will also be available to other interested parties upon request. Should you have any questions about this report or require additional information, please contact me at (202) 275-4659. Major contributors to this report are listed in the appendix.

Sincerely yours,



Frank W. Reilly
Director, Human Resources
Information Systems

Major Contributors to This Report

Information
Management and
Technology Division,
Washington, D.C.

Thomas J. Jurkiewicz, Assistant Director
Michael A. Alexander, Senior Evaluator
John M. Resser, Evaluator

Ordering Information

The first five copies of each GAO report are free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

U.S. General Accounting Office
P. O. Box 6015
Gaidhersburg, MD 20877

Orders may also be placed by calling (202) 275-6241.

United States
General Accounting Office
Washington, D.C. 20548
Official Business
Penalty for Private Use \$300

First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100