



Highlights of [GAO-05-134](#), a report to congressional committees

## Why GAO Did This Study

Because of the susceptibility of health care programs to fraud and abuse, Congress enacted the Health Care Fraud and Abuse Control (HCFAC) program as part of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Pub. L. No. 104-191. HIPAA requires that the Departments of Health and Human Services (HHS) and Justice (DOJ) issue a joint annual report to Congress on amounts deposited to the Federal Hospital Insurance Trust Fund and amounts appropriated from the trust fund for the HCFAC program. It also requires GAO to submit reports biennially. This, our final report required by law, provides the results of our review of amounts reported as (1) deposits to the trust fund, (2) appropriations from the trust fund and justification for expenditure of such amounts by HHS and DOJ, and (3) savings resulting from expenditures from the trust fund. We also report on the repeated late issuance of the annual HCFAC report as well as the status of our prior recommendations.

## What GAO Recommends

We made three recommendations to improve HHS's and DOJ's procedures for recording HCFAC expenditures and issuing the annual HCFAC report. In response, HHS and DOJ stated that they are taking action to improve these activities but did not agree on notifying Congress of delays in issuing the HCFAC report by the mandated deadline.

[www.gao.gov/cgi-bin/gettrpt?GAO-05-134](http://www.gao.gov/cgi-bin/gettrpt?GAO-05-134).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Calbom at (202) 512-8341 or [calboml@gao.gov](mailto:calboml@gao.gov).

# HEALTH CARE FRAUD AND ABUSE CONTROL PROGRAM

## Results of Review of Annual Reports for Fiscal Years 2002 and 2003

### What GAO Found

Our review of the HCFAC program for fiscal years 2002 and 2003 determined the following:

- Amounts reported as trust fund deposits—\$766 million (fiscal year 2002) and \$243 million (fiscal year 2003)—were appropriate. The sources of these deposits were primarily penalties and multiple damages and criminal fines collected from health care fraud cases.
- Amounts reported as appropriations from the trust fund for HCFAC activities—\$209 million (fiscal year 2002) and \$240 million (fiscal year 2003)—were consistent with HIPAA. The HHS/OIG received funds within the minimum and maximum amounts allowed by HIPAA to carry out Medicare and Medicaid antifraud activities. The expenditures charged against HCFAC funds by HHS and DOJ for fiscal years 2002 and 2003 were reasonable but the HHS/OIG did not record time charges in its workload systems for all staff that worked on HCFAC activities. Also, DOJ did not record all fiscal year 2003 expenditures in its accounting system so they could be readily identified as HCFAC related. Failure to properly record staff hours and expenditure data could hinder DOJ and HHS in monitoring the uses of HCFAC funds.
- Some reported cost savings—\$19.9 billion (fiscal year 2002) and \$20.8 billion (fiscal year 2003) can be considered savings to the trust fund, resulting from trust fund expenditures for the HCFAC program, but most can not. For example, \$1.5 billion of the cost savings for fiscal year 2002 and \$3.9 billion for fiscal year 2003 are the result of HHS/OIG recommendations and other initiatives since the HCFAC program was created. However, the remaining cost savings continued to be largely the result of actions that predate the HCFAC program and cannot be associated with expenditures from the trust fund for HCFAC.
- HIPAA requires that HHS and DOJ issue to Congress a joint HCFAC report on January 1 of each year. However, DOJ and HHS have issued the last three reports late and the length of the delay has increased each year. HHS and DOJ cited onerous internal review processes as the reason for late issuance.

### Joint HCFAC Report Issue Dates for Fiscal Years 2001, 2002, and 2003

Report fiscal year	Mandated date of report	Actual date of report	Number of months late
2001	January 1, 2002	April 2002	4
2002	January 1, 2003	September 2003	9
2003	January 1, 2004	January 2005	12

Source: GAO based on the joint HCFAC reports for fiscal years 2001, 2002, and 2003.