



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Monday, November 28, 2005

Grassley calls on Health and Human Services Department
to improve management of its information technology systems

WASHINGTON — Sen. Chuck Grassley today urged the Department of Health and Human Services to respond promptly to the findings of two new watchdog reports that say the agency is falling short when it comes to managing its information technology projects.

“There’s tremendous potential for wasting tax dollars in this area,” Grassley said. “We saw it happen at the FBI and the Thrift Savings Board to the tune of hundreds of millions of dollars being spent with nothing to show for it.”

The two reports that will be released this week by the Government Accountability Office show that the Department has failed to establish good management practices for its information technology projects, despite the investment guidelines provided to all federal agencies in January 2004 by the Government Accountability Office for development of computer systems, especially software programs to track benefits and appeals from Medicare beneficiaries, for example.

“Good planning, building a solid infrastructure and establishing effective communication among the various entities within the Department of Health and Human Services are vitally important to making sure resources are not wasted on information systems and to making sure that programs work and interact as well as possible for beneficiaries,” Grassley said.

Grassley is Chairman of the Senate Committee on Finance, which is responsible for health care legislation and oversight of federal agency implementation of health care programs.

Here is a summary of the findings by the Government Accountability Office. Copies of the full reports will be available at www.gao.gov.

Report #1

GAO-06-11

HHS Has Several Investment Management Capabilities in Place, but Needs to Address Key Weaknesses

1. HHS has implemented roughly 63 percent of the recommended management principles recommended by GAO as fundamental to strong IT procurement oversight and management.

2. Three main weaknesses remain in ensuring IT management at HHS:
 - a. HHS' senior investment board does not regularly review component agencies IT investments, even when component agency IT investments account for 89 percent of discretionary IT funding at HHS, or \$2.049 billion in fiscal year 2006.
 - b. HHS does not evaluate the performance of its IT portfolio on a regular basis and does not conduct post-implementation reviews to ensure the maximization of IT investments.
 - c. HHS currently has no structured mechanism in place to ensure that component agencies are implementing investment processes in line with those of the Department.
3. Conclusion

HHS will continue to be challenged in its ability to make informed and prudent investment decisions in managing its annual, multi-billion dollar IT investment portfolio.

Report #2

GAO- 06-12

Centers for Medicare & Medicaid Services Needs to Establish Critical Investment Management Capabilities

1. CMS' capabilities for effectively managing its internal IT investments are limited.
2. CMS has established roughly half of the foundational practices needed to manage its internal investments individually and only two of the 27 key practices required to manage its investments as a portfolio.
3. GAO found other weaknesses in CMS' management of IT projects, including:
 - CMS' investment management guide does not reflect current processes used by HHS.
 - Procedures for selecting and re-selecting investments are not fully documented.
 - CMS has not designed procedures for involving the board in efforts to systematically review the progress of IT projects and systems in meeting cost, schedule, risk and benefit expectations.
 - Critical processes and procedures for portfolio management have not been implemented by CMS.
 - CMS lacks the key capabilities needed to manage its investments as a portfolio.
 - CMS does not have a comprehensive plan to coordinate and guide its improvement efforts.
- Conclusions
 - a. CMS' capabilities to manage its internal investments are limited.
 - Until CMS establishes the key practices required to build the investment foundation and manage its investments as a portfolio, CMS will not have the capabilities it needs to ensure that investments supporting its multibillion-dollar Medicare and Medicaid programs are being managed to minimize risk and maximize reward.

