Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

HOTLINE REFERRAL FOLLOW-UP

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INSPECTOR GENERAL

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OFFICE OF INSPECTOR GENERAL

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This report, entitled "Hotline Referral Follow-Up" evaluates the procedures employed by each of the Operating Divisions within HHS when processing the Department's Hotline referrals that do not require a status report back to the Office of Inspector General.

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EXECUTIVE SUMMARY

PURPOSE

The purpose of this study is to evaluate the procedures being employed by each of the Operating Divisions (OPDIVs) within the United States Department of Health and Human Services (DHHS) when processing the Department's Hotline referrals that do not require a report back to the Office of Inspector General (OIG).

BACKGROUND

The Office of Inspector General (OIG) is responsible for conducting and coordinating investigative activities related to fraud, waste, abuse, and mismanagement in DHHS programs and operations. The OIG manages the DHHS Hotline, which receives complaints and allegations of fraud, waste, and abuse. Incoming Hotline cases are reviewed and referred to one of the five OPDIVs.

Prior to August 1989, *all* Hotline referrals required a memorandum from the OPDIVs be sent back to OIG within 60 days explaining actions taken on the case. These referrals are now known as LTR-21 cases. Effective August 1, 1989, OIG adopted a new procedure which no longer required OPDIVs to respond back to it on cases in which a follow up does not appear to be necessary. These referrals, known as LTR-22 cases, are conveyed to the appropriate OPDIVs using the LTR-22 cover letter. The OPDIV is then required to develop the case, take any corrective action that they determine to be necessary, and maintain controls on these cases so that a post-review of the actions taken can be done in the future.

We conducted a study to determine what control systems the five OPDIVs have in place to handle the LTR-22 cases, and to obtain the status of a sample of LTR-22 cases referred to them during the first three months of the new procedure.

FINDINGS

The Health Care Financing Administration (HCFA) Lacks Controls On LTR-22 Cases.

Forty-nine percent of HCFA cases could not be located. The HCFA Central Office does not require any response from the Regional Offices (ROs) on the cases. There are no standards across ROs for handling LTR-22 cases. Some ROs maintain control over the cases referred to them while others send them out to the Medicare contractors with no time frame for completion or response back to the ROs. The average age of an open case was 166 days, and the average length of time before the last action was taken on a case was 106 days.

Social Security Administration (SSA) Controls Its LTR-22 Cases From Central Office, But Lacks Timely Follow-up Procedures On Open Cases.

The SSA has a system in place to control LTR-22 cases. The SSA Central Office requires its components to respond to them with a final disposition of each case. However, it does not follow up on open cases until three months after a referral is made. The average age of an open case was 162 days, and the average length of time since any action was taken on a case was 101 days.

The Office Of Human Development Services (OHDS), Public Health Service (PHS), And Family Support Administration (FSA) Have Control Systems For LTR-21 Cases.

While they did not receive any LTR-22 cases during our study period, OHDS, PHS and FSA log in the LTR-21 cases at the Central Office level, and control is maintained over the cases with due dates. Components respond back to the Central Offices with a written final report.

RECOMMENDATIONS

The HCFA Should Institute Controls At Both HCFA Central Office And At ROS.

The HCFA Central Office should control cases sent out to their ROs by requiring them to respond within a specific time frame on the disposition of all cases. Central Office should develop minimum guidelines for RO handling of Hotline cases. Guidelines should include requiring the ROs to have a uniform minimum set of controls on all cases that they send out to the contractors as well as the ones they handle at the Regional Office level, and maintain the OIG-issued control number on a log system.

The SSA Should Adhere To Its System Of Controls.

The SSA's system for controlling LTR-22 cases should be fully utilized. Time frames established for follow-up should be adhered to and treated as a serious due date for an interim or final response from their components. The SSA and its components should record and maintain the OIG control number.

When OHDS, PHS, And FSA Begin To Receive LTR-22 Cases, They Should Maintain Them Using The Same Control Systems That Are Currently In Place For LTR-21 Cases.

OHDS, PHS, and FSA should maintain any LTR-22 cases that they receive under the same control system as the LTR-21 cases so that they may track and follow up on them.

SUMMARY OF COMMENTS

Four of the five OPDIVs commented on the draft report (the FSA did not offer comments). They all concurred with the recommendations. The HCFA plans to develop uniform guidelines for the regional offices, and has already begun to implement procedures requiring

the regional offices to provide central office with a status for each case within 45 days of receipt. The SSA will communicate to components the need for timely development and response to SSA central office. Both the PHS and OHDS plan to maintain the cases under the same control system now in place for LTR-21 cases so that they may track their resolution and implement corrective actions if necessary.

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INTRODUCTION

The purpose of this study is to examine the procedures being employed by each of the OPDIVs within DHHS when processing the Department's Hotline referrals that do not require a status report back to OIG.

The purpose is *not* to perform a qualitative review of the outcome of the Hotline referral cases selected for study. It is to review and analyze the procedures and controls in place to track a category of cases as they are referred from OIG, to OPDIVs, to Regional Offices (ROs), and ultimately to the Medicare contractor or State that will actually develop or "work" the case. The category of cases that are the subject of this inspection are the more typical or routine cases that OIG no longer tracks themselves.

BACKGROUND

The DHHS is composed of five OPDIVs:

Office of Human Development Services
Public Health Service
Health Care Financing Administration
Social Security Administration
Family Support Administration

The OIG is responsible for conducting and coordinating investigative activities related to fraud, waste, abuse, and mismanagement in DHHS programs and operations, including wrongdoing by applicants, grantees, or contractors, or by HHS employees in the performance of their official duties.

As part of their official duties, the Office of Investigations (OI) within OIG is responsible for managing the DHHS/OIG Hotline (Hotline). The Hotline receives complaints and allegations of fraud, waste, and abuse from agency employees and the public, and refers the information to one of the five DHHS OPDIVs for further development, investigation, audit, program review, or other appropriate action. The OIG cases come in the form of calls and letters to the Hotline, as well as referrals from the General Accounting Office (GAO) Hotline that are related to DHHS programs.

Approximately 100 to 140 calls are received daily in OI between the hours of 10:00 a.m. to 4:00 p.m. Approximately 80 percent of all calls are Medicare related, except during the first four days of the month when the Social Security checks come out, during which time 80 percent of all calls are Social Security related. Most of the Medicare calls are complaints about physician billing, with occasional hospital billing complaints mixed in. In addition, OI receives approximately 10 to 12 letters per work day. Most of these letters are Medicare related.

All cases that Hotline operators receive are logged in, assigned an OIG case control number, and then screened to determine which OPDIV should receive the case. (Only a very small number of Hotline cases are handled directly in OI. For example, highly sensitive employee cases may remain internal.)

Prior to August 1, 1989, OI required the OPDIVs to respond back to them within 60 days on *all* referrals with a memorandum explaining actions taken on the case. Under these procedures, all Hotline referrals were held in OI inventory as open cases until they received a final disposition on the cases from the OPDIVs.

Office of Investigation's Change in Procedure

The OI has gained much experience through managing the DHHS Hotline. This experience has shown that they do not need to receive feedback from the OPDIVs on all Hotline cases. In order to help reduce the administrative burden, OI decided not to require the OPDIV to respond back to them on cases in which OI follow up does not appear to be necessary.

To implement this policy, effective August 1, 1989, OI began dividing the incoming Hotline cases into non-typical and routine cases. The non-typical cases are called LTR-21s, and the routine ones are referred to as LTR-22s (so named for the "cover letter-21" or "cover letter-22" that transmits the case). This inspection focuses on the LTR-22 cases.

The OI applies the following guidelines to determine when to use the LTR-22 cover memorandum:

> Use this LTR-22 procedure in *typical* program fraud cases, such as complaints that (1) a Social Security disability beneficiary is getting payments illegally because of concealed work activity; (2) an SSI recipient is getting benefits despite excess resources; (3) an AFDC recipient is getting benefits despite support being provided by another person; or (4) a doctor billed Medicare for services not rendered or committed an assignment violation. (Most Medicare billing complaints we get will be handled this way.)
>
> Do *not* use the procedure if the complaint appears to involve (1) an HHS employee; (2) a contract or grant; or (3) some other element that may make it suitable for tracking to conclusion by the Hotline.

The OPDIVs must continue to respond to OI within 60 days on the LTR-21 cases, but do not need to reply to OIG Hotline on the LTR-22 cases. Upon referral to the appropriate OPDIVs, the LTR-22 Hotline cases are closed out by OI. However, the OPDIV is still required to develop LTR-22 cases and take any corrective action that it determines to be necessary, including referring the case to an HHS/OIG Office of Investigations Field Office (OIFO) if evidence of fraud or abuse is found.

The body of the LTR-22 (which is attached to all routine cases), contains the following instructions to the OPDIVs:

> If development in accordance with established instructions discloses substantial evidence of a crime, the complaint should be referred to the appropriate OIFO. *The referral should always bear the OIG Hotline complaint number [which is the unique number attached to each case] as that number is the key to tracking cases through our control system.*
>
> Your office need not reply directly to the OIG Hotline on this complaint. It is assumed you will take all actions necessary to resolve the issues, including referral to an OIFO, if appropriate. *It is important, however, that you maintain controls on the case, so that a post-review of the actions taken can be done in the future* (emphasis added).

It is the last sentence of OI's letter to the OPDIVs that contains the inspection issue. Simply put, OI is concerned about how the OPDIVs are handling the LTR-22 cases and whether or not there is a system of controls being maintained. As evident in the letter, OI assumes that the OPDIV will maintain its own controls on cases, even though they do not need to provide OI with further information about the cases. Additionally, OPDIVs are advised to include the OIG control number in their tracking system so that there is always a common variable for identifying and reporting on about the case. (See Figure 1 for a diagram of the case flow.)

METHODS

There was a dual approach to determining what system of controls OPDIVs have for handling LTR-22s. One was to conduct a general survey for each of five OPDIVs (and each of ten ROs within HCFA) to determine what elements were contained in their control systems. The other was to determine the status of a sample of LTR-22 cases referred to OPDIVs during the first three months of the LTR-22 procedure. (See Appendix A for Sampling Methodology.)

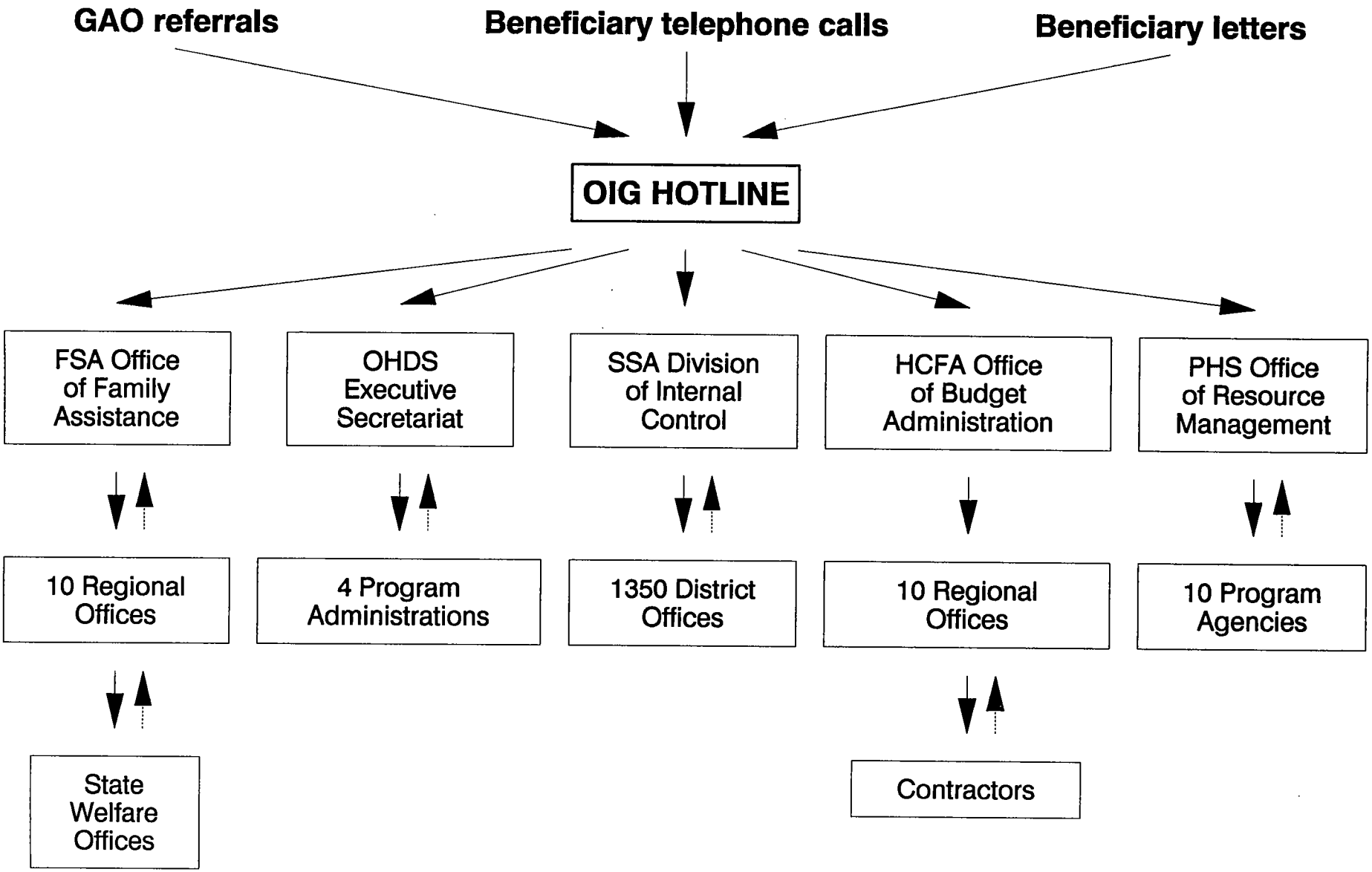
The series of general, procedural questionnaires began with an interview of OI officials to determine how they refer Hotline cases to OPDIVs. We then interviewed HCFA and SSA Central Office Hotline officials to obtain detailed descriptions of their procedures for handling LTR-22 cases. A similar interview guide was administered to FSA, PHS, and OHDS over the telephone.

The sample of LTR-22 cases chosen for our review contained cases from only HCFA and SSA.

To determine the status of each HCFA case, we provided each Regional Office with a list of Hotline cases that Central Office sent to the RO during the three month study period. We then conducted a telephone interview with each of the ROs to obtain the status (open, closed, or unknown) of each case. We also asked for the date they received each case, the date the case was closed, and the date the last action was taken on the case.

To determine the status of SSA cases, we performed an on site review of 22 cases in Central Office. We collected the same information on each case as we did for HCFA cases. For six of SSA cases, Central Office contacted the component that was handling the case to obtain its status and the date the last action was taken.

LTR-22 CASE FLOW



FINDINGS

Health Care Financing Administration (HCFA) Lacks Controls On LTR-22 Cases.

At each phase in the Hotline referral process when cases are sent from one office to another, there is lack of follow-up and control. The cases are sent from HCFA Central Office to the ROs, and in turn to the Medicare contractors. As will be explained below, there is a lack of control and consistency in procedure at each stage of the process.

There are no Control Procedures in HCFA Central Office for LTR-22 Hotline Cases Sent Out To ROs.

Once cases are sent out to ROs, HCFA Central Office does not require the ROs to respond back to them on the status of the cases. The HCFA Central Office records each case and then sends them out to the ROs without requiring any interim or final report.

Currently a study (begun in December) is being conducted by the Office of Budget Administration to determine what type of system should be instituted to track and analyze the cases.

The HCFA was unable to locate almost half of the Hotline cases in the sample. The ROs were unable to report the status on 49 percent (81) of the cases in the sample.

Twenty-nine percent (48) of the cases were still open. *The average number of days in inventory for open cases was 165.7 days, and the average number of days since the last action was taken on a case was 106* (See Table 1).

TABLE 1

HCFA Sample of Cases	+	
	Percent	Number
Unable to Locate	49%	81
Open*	29%	48
Closed**	22%	37
totals:	100%	166
****Average number of days in inventory: 165.7* ***Time since last action taken: 106.2***		
*****Average number of days to close a case: 71.9* ***(See Appendix B)***		

There are no Standards in HCFA for Handling LTR-22 Hotline Cases.

The HCFA Central Office does not impose any guidelines on the ROs for handling the hotline cases, and is unaware of what procedures ROs have in place for handling and controlling the cases. In addition, there are no central policies concerning which cases would be appropriate to handle at the RO level and which at the contractor level, which data fields to record, how long the ROs should maintain information on the cases, or how often the ROs should require status reports from the contractors.

There is no consistency across ROs in processing OIG Hotline cases. The Hotline referrals are handled differently in each of the ten ROs. Each RO independently determines the extent and type of control system it will have for the Hotline cases. Controls vary from very firm to no controls at all. Some ROs do not keep a record of the cases sent out to the contractors, while others maintain a copy of the case file and put time frames on the cases for interim or final reports from the contractors.

Six ROs log the cases in when they receive them. Three ROs do not have a log in system, and one logs in only the cases that they work on within the RO.

In their letter to the OPDIVs, OI recommends that their case number be recorded for identification and tracking of each case. Four of the ROs record the OIG-issued case control number in the log. The variables that ROs usually record (if there is a log-in procedure) are (1) beneficiary or complainant name, (2) the date the case was received, and (3) the date the case is due for completion. One RO records 16 variables, but not the OI case number.

Three of the ROs review each case internally to determine whether to have the contractor handle it, or to resolve it within the RO. The other seven ROs automatically send most or all cases out to the contractors for development. Cases that are handled at the RO level tend to be more routine, such as beneficiary questions about the Explanation of Medicare Benefits (EOMB), and cases that do not appear to involve fraud or abuse.

Seven of the ROs require a final and/or interim response from the contractor; the other three almost never receive a report on the cases forwarded to the contractors. In most cases, responses and updates flow in as the contractor completes the case and/or sends a letter to the complainant, with no specific time by which the contractor must provide the RO with information. Only three ROs set a specific time frame for interim and final reports from the contractors. Two of these maintain very close contact with the contractors while the case is pending. (When contractors report to the RO, they typically send the RO a copy of correspondence sent to the original complainant or beneficiary.)

All seven of the ROs that receive information on the final disposition of cases from the contractors state that they review the complaint and action taken to determine the reasonableness, responsiveness, and thoroughness of the action taken by the contractor.

Two of the ROs that do not log in the cases still receive final status reports from the contractors. However, unless they receive a report from the contractor, these ROs have no way of knowing if cases were ever handled, since they do not have a tracking or log in system.

Most ROs maintain a completed file on Hotline cases that come through their office. Eight ROs keep copies of the original case from OI along with any work they have done internally, and copies of any information on the case that the contractors send in. The two ROs that do not maintain completed files on Hotline referrals also do not require contractors to provide them with updates or final reports.

None of the ROs seemed to be aware that there was a change in procedure as of August 1, 1989, creating a category of cases that does not require a response back to OI. One RO thought that the new procedure was requiring them to begin sending responses to HCFA on some cases, and that previously no responses were required. Thus, the ROs were universally unaware of the distinction between LTR-21s and LTR-22s, and were unfamiliar with the terminology.

After the difference between the two types of cases was explained to each RO, eight ROs reported that they do not handle the two types of cases any differently. The fact that they are not handled differently is not necessarily an indication of the quality of the control system. In some ROs, they are all handled with the same tight controls, and in others they are all sent out to the contractors without being logged in.

Cases that are sent outside HCFA's system or that move from region to region are not maintained in RO or Central Office control system. Cases that are sent to "outside agencies" (such as a State agency) are closed from a RO perspective. The ROs (even those that do maintain control systems) that have had cases sent somewhere other than a HCFA contractor do not require any update or final response from the agency. Most ROs reported that if cases were sent to them erroneously, they send them to the correct RO without notifying Central Office. (See Appendix C for a detailed description of HCFA's procedures.)

Social Security Central Office Maintains A Control System On LTR-22 Cases, But Lacks Timely Follow-up.

Most of the Hotline cases that SSA receives are allegations of program fraud involving people collecting disability who are reported to be working, or are Supplemental Security Income (SSI) cases.

The SSA has a control system. Within SSA, the Division of Internal Control and Security (DICS) handles DHHS Hotline referrals. When cases arrive from the OIG, they are logged in, and each case is copied and maintained in a file. Currently the log-in system is manual, but there are plans to automate. An index card is created and filed by beneficiary name (the OIG case number is not recorded).

Initial case development is done centrally on each case before sending it out to one of SSA components for further development. (If a Hotline report clearly sets out the facts with enough specific information to indicate that fraud is probably involved, DICS immediately refers the case to OI.)

Social Security maintains an open file on each case referred to components. Components have six weeks to respond to Central Office. There are approximately 1,300 Field Offices, 8 processing centers, and other offices where the case might be referred.

Although SSA components are given six weeks to respond back to DICS in the transmittal memo, Central Office does not follow up until about three months after the case is sent to the component.

The average number of days that a Social Security Hotline case was in inventory was 161.9 days. The average length of time since any action was taken on the open cases was 100.9 days (see Table 2).

TABLE 2

Social Security Hotline Cases	+	
	Percent	Number
Unable to Locate	9%	2
Open*	55%	12
Closed**	36%	8
totals:	100%	22
Average number of days in inventory: 161.9 days (7 cases). Time since last action taken: 100.9 days (7 cases). Five of the twelve open cases were referred directly back to OI because they involved Social Security Number fraud.		+
****Average number of days to close a case: 38.8***		+

In October 1987, SSA Central Office developed guidelines to institute standardized handling of Hotline cases throughout SSA. The guidelines consist of highly detailed instructions on how DICS and the components should respond to the public and better handle the cases. The guidelines also instruct the components how and where to refer cases for criminal investigation.

Except for the fact that the LTR-21s go back to OI when they are completed, LTR-21s and LTR-22s are handled the same by SSA and its components. Components are required to respond to Central Office on the final disposition of all cases in writing, regardless of whether SSA has to report back to OI on the case.

When a case comes back in, SSA Central Office looks over the file to make sure that all of the issues have been handled, and then files the completed case. It took SSA an average of 38.8 days to close the 8 cases that were closed.

Public Health Service (PHS), Family Support Administration (FSA), And Office Of Human Development Services (OHDS) Have Control Systems For LTR-21 Cases.

Although there were no LTR-22 cases referred to PHS, FSA, or OHDS during the three month study period, they were interviewed to determine how they would handle DHHS Hotline cases for which no response back to OI was required. Therefore, information provided by the these three OPDIVs is necessarily based on how the LTR-21 cases (which require a response to OI) are handled. Only Central Offices that handle OI Hotline cases were interviewed; the ROs were not contacted in the three OPDIVs that did not receive any of the study cases. (See Appendix C for a more detailed description of SSA's procedures.)

All three OPDIVS state that they would handle LTR-22s under the same control system. The PHS, OHDS, and FSA log in cases as they arrive from OI, require a response back from the components within a specified time period, and all record the OIG case number. Each of the three OPDIVs report that they would handle the LTR-22 cases under the same control system as LTR-21s are handled if/when they begin to receive LTR-22s (see Appendix C for a detailed review of each OPDIV's procedures).

RECOMMENDATIONS

The HCFA Should Institute Controls At Both The HCFA Central Office And At ROs.

The HCFA Central Office should control cases sent out to their ROs by requiring the ROs to respond within a specific time frame on the disposition of all cases. Central Office should develop minimum guidelines for RO handling of Hotline cases. Guidelines should include requiring the ROs to have uniform minimum set of controls on all cases whether they are sent out to the contractors or handled at the RO level, and maintaining the OIG control number on a log system.

The SSA Should Adhere To Its Systems Of Controls.

While SSA has an established system in place to control LTR-22 cases, this system should be fully utilized. Whatever time frames are used should be adhered to and treated as a serious due date for an interim or final response from their components. SSA and its components should record and maintain the OI case number.

When OHDS, PHS, FSA Begin To Receive LTR-22 Cases, They Should Maintain Them Using The Same Control Systems That Are Currently In Place For LTR-21 Cases.

The three OPDIVs that have not received any LTR-22 cases have control systems for the LTR-21 cases. These three OPDIVs should maintain any LTR-22s that they receive under the same control system as the LTR-21 cases so that they may track and follow up on them.

COMMENTS

Of the five Department of Health and Human Services OPDIVs, the Health Care Financing Administration, Social Security Administration, Public Health Service and Office of Human Development Services commented on the draft report. The Family Support Administration did not provide comments. All commenters expressed support for the findings, and concurred with our recommendations.

The HCFA plans to develop uniform guidelines for the regional offices, and has already begun to implement procedures requiring the regional offices to provide central office with a status for each case within 45 days of receipt. The SSA will communicate to components the need for timely development and response to SSA central office. They will also send out reminders to every component regarding the required timeframes for follow-up. Both the PHS and OHDS plan to maintain the cases under the same control system now in place for LTR-21 cases so that they may track their resolution and implement corrective actions if necessary.

In Appendix D, we present the full text of the OPDIV comments.

APPENDIX A

METHODOLOGY AND SAMPLE SELECTION

The total number of Hotline complaints recorded by OI during 1989, while the new LTR-22 procedure was in effect, is as follows:

Month	*Phone Calls*	*Letters*
August	770	357
September	586	189
October	799	164
November	914	139
December	506	116

During the review period of August through October, OI made 23 LTR-22 referrals to SSA. This total is composed of 5 referrals from GAO, 7 referrals received by telephone, and 11 referrals received by mail. Since one of the SSA cases was transferred to HCFA, 22 of the 23 SSA LTR-22 cases were reviewed on site at SSA Central Office.

During the review period, OI made 278 LTR-22 referrals to HCFA. This total is composed of 3 referrals from GAO, 5 referrals received by telephone and 270 referrals received by mail.

There were no LTR-22 cases referred to FSA, OHDS, or PHS during the three month review period.

Sampling Methodology for HCFA Cases

The universe consists of all LTR-22 cases referred to the OPDIVs from the period August 1989 through October 1989. There were 278 LTR-22 referrals to HCFA and 23 LTR-22 referrals to SSA. Since the universe of referrals to SSA was small, all of their cases were sampled.

Sample size estimates are based on the assumption that 50 percent of the cases are still open since no information was available on this frequency. Assuming that the frequency of open cases is 50 percent, a sample of 166 cases provides 95 percent assurance that the true value will lie within 5 percentage points of this estimate. A response rate of 100 percent was achieved for this telephone survey.

To obtain the sample of 166 cases, a systematic sampling approach was used. Three random starting points were chosen and every fifth case from each random start thereafter was selected from a list of HCFA cases. The list of cases was provided by OI from the file they maintain.

Data Collection

We conducted telephone interviews during the week of March 12 to determine the status of 166 HCFA LTR-22 cases, or 60 percent of the universe. The 166 case sample is composed of 2 received from GAO, 3 received via telephone, and 161 received by mail.

The HCFA case files were at the ROs or the fiscal contractors (carriers or intermediaries). The HCFA provided the following information for each of the 166 cases to be sampled:

1. Name of beneficiary.
2. Social Security Number.
3. HCFA RO that the case was sent to.
4. Date that the case was sent to the RO.

In addition to determining the status on specific LTR-22 cases, each of the five OPDIVS was interviewed to determine what type of systems exist at the Central Office level to control LTR-22 cases. A discussion guide was administered in person to SSA and HCFA by interviewing the component responsible for the Hotline. The OHDS, PHS, and FSA was each mailed a discussion guide and then interviewed by telephone.

APPENDIX B

Table A
Survey of 166 HCFA Cases

Region	Cases Closed	%	Cases Open	%	Status Unknown	%	Total
I	1	100	0	0	0	0	1
II	8	22	15	42	13	36	36
III	5	45	0	12	6	55	11
IV	0	0	12	22	42	78	54
V	3	14	10	43	10	43	23
VI	9	53	1	6	7	41	17
VII	0	0	0	0	0	0	0
VIII	3	60	0	0	2	40	5
IX	7	39	10	55	1	6	18
X	1	100	0	0	0	0	1
Totals	37	22	48	29	81	49	166
Percentage totals are weighted averages.							

Table B
Average Number of Days HCFA Cases Were In Central Office

Region	Cases	Days
I	1	5.0
II	36	18.4
III	11	14.5
IV	54	16.3
V	23	21.4
VI	15	20.8
VII	0	N/A
VIII	5	25.8
IX	18	24.8
X	1	9
Totals	**164**	**18.9** weighted average
N/A = Computation is Not Applicable.		
NOTE: The time between the dates that OI referred the cases to HCFA and the dates that HCFA forwarded the cases to the ROs.		

Table C
Average Number of Days To Close HCFA Cases

Region	Cases	Days
I	1	19.0
II	7	95.1
III	5	60.2
IV	0	N/A
V	3	77.0
VI	8	49.2
VII	0	N/A
VIII	3	69.7
IX	5	99.4
X	1	56.0
Total	**33**	**71.9** weighted average

NOTE: The time between the dates that OI referred the cases to HCFA and the dates the cases were closed.

Table D
Average Number of Days For ROs To Close HCFA Cases

Region	Cases	Days
I	1	14.0
II	7	70.3
III	5	72.6
IV	0	N/A
V	3	57.0
VI	8	31.0
VII	0	N/A
VIII	3	50.0
IX	5	77.2
X	1	47.0
Total	**33**	**56.7** weighted average

NOTE: The time between the dates that HCFA forwarded the cases to the ROs and the dates that the cases were closed.

Table E
Aging HCFA Open Cases Average Number of Days

Region	Cases	Days
I	0	N/A
II	15	167.3
III	0	N/A
IV	12	154.4
V	10	182.2
VI	1	135
VII	0	N/A
VIII	0	N/A
IX	10	163.3
X	0	N/A
Total	**48**	**165.7**

NOTE: The time between the dates that OI referred the cases to HCFA and the dates of the interview to obtain the survey information.

Table F
Last Action Taken On HCFA Open Cases Average Number of Days

Region	Cases	Days
I	0	N/A
II	13	103.2
III	0	N/A
IV	12	118.8
V	10	104.9
VI	1	27
VII	0	N/A
VIII	0	N/A
IX	10	104.1
X	0	N/A
Total	**46**	**106.2** weighted average

NOTE: The time from the dates of the last actions taken on the cases to the dates of the interviews.

APPENDIX C

DETAILED PROCESSING PROCEDURES FOR LTR-22 HOTLINE CASES

Health Care Financing Administration

Within HCFA, the Office of Budget Administration (OBA), Management Planning and Analysis Section, Management Analysis Branch handles the Hotline referrals. When OBA receives OI Hotline cases, they are logged in using a dual system of index cards. One is a numerical file with the cases in order by OI case number. The other is filed by beneficiary or name of person reporting the alleged complaint. Both of these card files are cross referenced to each other and contain the date the case was sent out to the RO. Each case is also recorded on a paper log with case number, the date HCFA received the case, and whether the case was received from GAO Hotline.

After the case is logged in, it is sent to one of ten ROs. The HCFA's policy is to send the cases out within one week of receipt in Central Office. There is no preliminary research conducted on the cases within HCFA Central Office prior to sending them out to the ROs. Central Office maintains a copy of the LTR-22 case as it was sent from OI, and places them in a filing cabinet along with the LTR-21 cases.

In most of HCFA ROs, the Beneficiary Services (or Program Services) Branch within the division of Medicare handles the Hotline referrals. Initially, the cases go to the Regional Administrator for each RO. From there, they are forwarded to the Beneficiary Services Branch within the RO for processing.

Five of the ROs maintain their log in/tracking systems on computer (usually on DBASE III+).

For the most part, the carriers, intermediaries, and PROs directly send cases to an OIFO if there is potential fraud and abuse found in the course of developing a Hotline case. In six ROs, the contractor determines if a case should go back to OI for investigation and possible prosecution.

One RO is in constant close contact with officials from OI, who are located in their building. In some cases this RO refers cases to OI, and in others the contractors refer them.

It is reasonable to hypothesize that the ROs that handle cases in their immediate office determine at the RO level whether to send the cases to OI, and those that send all the cases to contractors have the contractor refer potential fraud/abuse cases to an OIFO. However, two ROs that send nearly every case through to the contractor have the contractor send the case back to the RO if potential fraud or abuse is found, and the RO decides whether to send it to OIFO.

Three ROs knew they had received some cases that required a response back to HCFA Central Office (and in turn to OI) during the three month study period. The remainder of the ROs were unsure about receiving any cases for which a response to HCFA Central Office was required.

Social Security Administration

Within SSA, the Division of Internal Control and Security (DICS) handles DHHS Hotline referrals. When cases arrive from OI, they are logged in, and each case is copied and maintained in a file. Currently the log-in system is manual, but there are plans to automate. An index card is created and filed by beneficiary name (OI case number is not recorded).

Initial case development is done centrally before sending each case out to one of SSA components for further development. If a hotline report clearly sets out the facts with enough specific information to indicate that fraud is probably involved, DICS immediately refers the case to OI.

If there is enough information in the letter or call from the beneficiary, DICS will attempt to locate Social Security Numbers and Master Beneficiary Record or Supplemental Security Record records for the individual(s) being reported. Based on these records along with the information supplied by the correspondent, DICS will either dispose of the case as "no action necessary" (e.g., it turns out that the person reported as not disabled but receiving benefits has never received disability benefits), or will refer it to the appropriate component for further development. It is sometimes determined with a phone call to a component that a case can be closed, but in a majority of cases, a referral to an SSA component is made for case development.

If an SSI situation is involved, the case is referred for action directly to the servicing field office. If it is a disability case, it is referred to the Integrity Section in the Office of Disability Operations (ODO). If the case involves a Social Security Number problem, it is referred back to OI. Additionally, there are 1,350 District Offices, six program service centers, or the Office of Central Records Operations where the case might be referred.

In October 1987, SSA Central Office developed guidelines to institute a more standardized handling of hotline cases throughout SSA. The guidelines consist of highly detailed instructions on how DICS and the components should respond to the public and better handle the cases. The guidelines also instruct the components how and where to refer cases for criminal investigation. If a component finds evidence of fraud, the component sends the case directly to OI.

Public Health Service

The Office of Resource Management (ORM) within PHS receives DHHS Hotline cases. Once received by ORM, the cases are sent to one of ten PHS agencies. Each case is logged in and stored on a computer with the OI control number and the date the case was referred to an agency. A due date of 45 days past the received date is assigned to the case. When the case is closed, the date closed is added to the log along with a brief description of the case and its disposition.

The agencies respond back to ORM with a memorandum or an investigative report. When final cases come back to Central Office, they perform a qualitative review to ensure that the agencies have adequately handled all allegations. If a portion of the case is incomplete, it is sent back to the agency or the agency is required to issue a supplemental report to Central Office. The PHS Central Office, not the agency, makes the determination if a case should be referred to OI for investigation.

Completed files are maintained in PHS Central Office. They contain the original OI case, transmittal memorandum sending the case to the agencies, the agency response, and the Central Office closing memorandum.

The PHS report it would handle LTR-22s the same as LTR-21s.

Family Support Administration

Practically all of DHHS Hotline cases sent to FSA involve welfare fraud, and are handled by the Office of Family Assistance (OFA) within FSA. The OFA maintains a paper control log indicating which of the ten ROs each case was sent to, the beneficiary name, and OI case control number. A cover memorandum is sent along with the case to the RO requesting a 60 day response time on each case.

When the ROs receive OI cases from OFA, they send them out to State welfare offices for development. The ROs place a 60 day control on the cases sent to the State, but it usually takes longer than 60 days to complete a case and respond back to the RO with a final report. Some ROs receive interim reports on the cases.

Once a case is completed, the RO sends a memorandum to the Central Office (OFA) detailing the action taken on the case. Often complaints are not substantiated, in which case the Central Office is notified by a phone call. If evidence of welfare fraud or misuse of funds is found, the ROs refer the case to an OI field office for investigation.

When OFA receives the final disposition on a case, they review the initial referral and the response for completeness, and then close out the case on the log. The OFA has never had to send a case back to the ROs for additional work. Completed copies of OI case files are kept for several years; files exist back to about 1986.

The OFA report it would not handle LTR-22 cases any differently from LTR-21 Hotline cases.

Office of Human Development Services

The OHDS records all incoming DHHS Hotline cases on a computer file with the OI control number, beneficiary/complainant name, and unit the case is assigned to. Each case is given a cover memorandum and a two week due date. Most of the cases are handled in the Central Office.

Some cases are forwarded to one of the programs within OHDS to be developed. Control over cases sent out is still maintained by Central Office with a due date. If a program component determines that a case should be forwarded to OI, it will send the case to Central Office for referral to OI.

When a case is completed, the components respond back in writing, and Central Office conducts a qualitative review to ensure that the case has been handled properly.

The OHDS reports it would not handle LTR-21 and LTR-22 cases any differently.

APPENDIX D

OPDIV COMMENTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care
Financing Administration

Memorandum

Date OCT 16 1990

From Gail R. Wilensky, Ph.D.
Administrator

Subject OIG Draft Report: "Hotline Referral Follow-Up" (OEI-12-90-01060)

To The Inspector General
Office of The Secretary

We have reviewed this draft report which focuses on the controls and guidelines governing HCFA follow-up to Office of the Inspector General (OIG) hotline referrals. The report concludes that existing HCFA central and regional office controls and guidelines are insufficient and contribute to untimely responses to referrals. OIG recommends that HCFA control cases sent to the regional offices by requiring the regions to respond within a specific timeframe and that HCFA central office establish minimum guidelines for regional office handling of the referrals.

We concur with OIG's findings and have addressed the specific recommendations in the attachment. We appreciate the opportunity to review this draft report. Please advise us if you concur with our position on the report's recommendations at your earliest convenience.

Attachment

IG	✓
PDIG	✓
DIG-AS	✓
DIG-EI	✓
DIG-OI	✓
AIG-MP	✓
OGC/IG	✓
EX SEC	
DATE SENT	10/18

Comments of the Health Care Financing Administration (HCFA)
on the OIG Draft Report - "Hotline Referral Follow-up"
OEI-12-90-01060

OIG Recommendation Number 1:

HCFA Central Office should control cases sent out to the Regional Offices (ROs) by requiring the regions to respond within a specific timeframe on the disposition of all cases.

HCFA Response: AGREE

Based on the results of an internal study of this function, HCFA has implemented procedures requiring the ROs to acknowledge receipt of cases from CO within 10 days. ROs are required to provide a status of disposition for each case to CO within 45 days of receipt of the referral. CO staff currently maintain a control system to track and measure the timeliness of RO responses.

OIG Recommendation Number 2:

HCFA Central Office should develop minimum guidelines for regional handling of Hotline cases. Guidelines should include requiring the regions to have a uniform minimum set of controls on all cases that they send out to the contractors as well as the ones they handle at the regional office level, and to maintain the Office of Investigations control number on a log system.

HCFA Response: AGREE

We concur and will develop uniform RO guidelines.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Social Security Administration

Refer to:

Memorandum

Date: SEP 27 1990

From: Gwendolyn S. King
Commissioner of Social Security

Subject: Office of Inspector General Draft Report, "Hotline Referral Follow-Up" (OEI-12-90-01060)--INFORMATION

To: Mr. Richard P. Kusserow
Inspector General

Attached is the response to your draft report. If we can be of further assistance, please let us know.

Attachment:
SSA response

IG	✓
PDIG	✓
DIG-AS	✓
DIG-EI	
DIG-OI	✓
AIG-MP	
OGC/IG	✓
EX SEC	✓
DATE SENT	9/27

RECEIVED
OFFICE OF INSPECTOR
GENERAL
1990 SEP 27 PM 2:41

RECEIVED
OCT 2 1990

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION ON THE OFFICE OF INSPECTOR GENERAL DRAFT REPORT, "HOTLINE REFERRAL FOLLOW-UP" (OEI-12-90-01060)

Office of Inspector General (OIG) Recommendation

The Social Security Administration (SSA) should adhere to its systems of controls. While SSA has an established system in place to control LTR-22 cases, this system should be fully utilized. Whatever time frames are used should be adhered to and treated as a serious due date for an interim or final response from their components. SSA and its components should record and maintain the Office of Investigations (OI) case number.

SSA Comment

We concur. We will include in all future referrals to components a statement addressing the seriousness of the controls and the need for timely development and response to the SSA Systems Security Officer. We will also send out reminders to every component regarding the required timeframes for follow-up.

Concerning the use of the OI case number, we were already recording and maintaining the OI case number on all referrals when the inspection was performed.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Human Development Services

Assistant Secretary
Washington D C 20201-0001

AUG 28 1990

TO: Richard P. Kusserow
Inspector General

FROM: Assistant Secretary
for Human Development Services

SUBJECT: Comments on Draft Report: "Hotline Referral Follow-Up," OEI-12-90-01060

Thank you for the opportunity to review the draft report titled "Hotline Referral Follow-Up." We note that the report describes the control system established by the Office of Human Development Services (HDS) for tracking the Hotline cases we currently receive.

Until now, HDS has only received cases where a memorandum is required to be sent back to your office within 60 days explaining actions taken on the case (so-called LTR-21 cases). When HDS begins to receive cases where no further contact with your office is required (LTR-22 cases), please be assured that we will maintain these cases under the same control system we now use for LTR-21 cases.

If you have any questions or need further information, please contact David Bunoski, Acting Director of the HDS Executive Secretariat, on 245-3176.

Mary Sheila Gall

Mary Sheila Gall

DEPARTMENT OF HEALTH AND HUMAN SERVICES

SEP 21 1990

Assistant Secretary for Health

OIG Draft Report "Hotline Referral Follow-up,"
OEI-12-90-01060

Inspector General, OS

This is to provide our comments on the subject OIG draft inspection report. The draft report examines the procedures employed by each Operating Division within HHS in processing the Department's Hotline referrals which do not require a response to OIG (called LTR-22s).

Although PHS did not receive any LTR-22 hotline referrals during the 3-month period studied by OIG, we reported to your staff that we would handle the LTR-22 hotline referrals in the same manner in which we handle the LTR-21 hotline referrals. The LTR-21 hotline referrals require PHS to report to OIG on the actions taken to address the allegations contained in the hotline referrals.

We concur with the draft report's recommendation that when PHS begins to receive LTR-22 cases, that we include them in the same control system currently used for the LTR-21 cases so that we may track their resolution and implementation of corrective action, as appropriate.

Since the completion of the OIG study, we have received six LTR-22 hotline referrals. Two of the six have been resolved. These referrals have been treated in the same manner as those which require a response to OIG. They have been logged into the PHS Hotline Control System, a timeframe of 45 days was established for their resolution, and the file includes or will include a brief description of the hotline referral and its disposition.

/s/ James O. Mason

James O. Mason, M.D., Dr.P.H.

cc:
ES/PHS
ASH
OM, Rm. 17-25, Parklawn
ORM, Rm. 17A-13, Parklawn
DFM, Rm. 17A-13, Parklawn

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