

Other Financial Information

**U. S. Department of Health and Human Services
Appendix B - Net Cost of HHS Top 50 Programs
For the Year Ended September 30, 2006 and 2005
(in millions)**

The following table presents the Net Costs of HHS' 50 largest programs (based on their FY 2006 net cost) for FY 2006 and FY 2005. This listing includes programs aggregated from the several hundred total HHS programs. The net cost information is extracted from draft and final HHS component Consolidated Statements of Net Cost for FY 2006 and FY 2005, and supplements the programs identified in the Department's Consolidated Statement of Net Cost.

HHS Program	HHS Net Cost (\$)		Rank by (\$)		Budget Function	HHS Component Responsible for Program
	FY 2006	FY 2005	FY 2006	FY 2005		
Medicare	\$ 336,969	\$ 295,713	1	1	Medicare	Centers for Medicare and Medicaid Services
Medicaid	179,481	162,226	2	2	Health	Centers for Medicare and Medicaid Services
Research	27,852	27,348	3	3	Health	National Institutes of Health
Temporary Assistance to Needy Families	17,063	17,289	4	4	Education, Training & Social Services/ Income Security	Administration for Children and Families
Child Welfare	7,347	7,378	5	5	Education, Training & Social Services/ Income Security	Administration for Children and Families
Head Start	6,834	7,034	6	6	Education, Training & Social Services/ Income Security	Administration for Children and Families
SCHIP	5,739	5,135	7	7	Health	Centers for Medicare and Medicaid Services
Child Care	5,246	5,001	8	8	Education, Training & Social Services/ Income Security	Administration for Children and Families
Child Support Enforcement	4,290	4,204	9	9	Education, Training & Social Services/ Income Security	Administration for Children and Families
Infectious Diseases (Note 1)	3,471	3,145	10	10	Health	Centers for Disease Control & Prevention
Low-Income Home Energy Assistance	2,635	2,127	11	11	Education, Training & Social Services/ Income Security	Administration for Children and Families
HIV/AIDS Programs	2,123	2,077	12	12	Health	Health Resources and Services Administration
Public Health and Social Services	1,960	1,970	13	13	Health	Office of the Secretary
Ticket to Work	1,940	325	14	33	Health	Centers for Medicare and Medicaid Services
Social Services Block Grant	1,848	1,824	15	15	Education, Training & Social Services/ Income Security	Administration for Children and Families
Substance Abuse Prevention & Treatment Block Grant	1,685	1,750	16	16	Health	Substance Abuse and Mental Health Services Administration
Clinical Services	1,611	1,819	17	17	Health	Indian Health Service
Primary Care	1,382	1,837	18	14	Health	Health Resources and Services Administration
Community Based Services	1,273	1,279	19	18	Education, Training & Social Services	Administration on Aging
Health Promotion	971	829	20	21	Health	Centers for Disease Control & Prevention
Maternal and Child Health	860	1,044	21	19	Health	Health Resources and Services Administration
PHS Commissioned Corps	727	346	22	31	Health	Program Support Center
Community Services	714	773	23	22	Education, Training & Social Services/ Income Security	Administration for Children and Families
Health Professions	695	870	24	20	Health	Health Resources and Services Administration
Foods and Cosmetics	579	546	25	23	Health	Food and Drug Administration
Program of Regional National Significances/ Targeted Capacity Expansion	565	471	26	28	Health	Substance Abuse and Mental Health Services Administration
Refugee Resettlement	518	530	27	24	Education, Training & Social Services/ Income Security	Administration for Children and Families
Contract Health Care	485	480	28	25	Health	Indian Health Service
Healthcare Systems (Note 2)	478	471	29	27	Health	Health Resources and Services Administration
Community Mental Health Services Block Grant	423	426	30	29	Health	Substance Abuse and Mental Health Services Administration
Business Services Support	369	476	31	26	Health	Centers for Disease Control & Prevention
Environmental Health and Injury (Note 1)	352	343	32	32	Health	Centers for Disease Control & Prevention
General Departmental Management	347	302	33	35	Health	Office of the Secretary
Human Drugs	342	313	34	34	Health	Food and Drug Administration
Program of Regional National Significances - Best Practices (new)	332	404	35	30	Health	Substance Abuse and Mental Health Services Administration
Terrorism	320	(116)	36	0	Health	Centers for Disease Control & Prevention
Family Planning	300	275	37	36	Health	Health Resources and Services Administration
Hospitals-Facilities Support	277	211	38	40	Health	Indian Health Service
Medical Devices & Radiological Health	275	240	39	38	Health	Food and Drug Administration
Tribal Activities: Contract Support	251	273	40	37	Health	Indian Health Service
Youth	241	165	41	43	Education, Training & Social Services/ Income Security	Administration for Children and Families
Public Health Improvement and Leadership (Note 1)	219	194	42	41	Health	Centers for Disease Control & Prevention
Developmental Disabilities	177	165	43	42	Education, Training & Social Services/ Income Security	Administration for Children and Families
Occupational Safety and Health (Note 1)	175	220	44	39	Health	Centers for Disease Control & Prevention
Rural Health	168	110	45	51	Health	Health Resources and Services Administration
Diabetes Initiative	162	139	46	44	Health	Indian Health Service
Global Health	154	104	47	52	Health	Centers for Disease Control & Prevention
Biologics	153	117	48	48	Health	Food and Drug Administration
Animal Drugs and Feeds	138	116	49	49	Health	Food and Drug Administration
Domestic Violence	122	131	50	46	Education, Training & Social Services/ Income Security	Administration for Children and Families
All Other HHS Programs	1,285	1,254			Various Components	Various Components
Total Net Costs (Note 3)	\$ 623,941	\$ 581,503				

Note 1. CDC has revised/combined several of their programs resulting in net cost revisions to four of their programs.

Note 2. Name of the program changed in FY 2005; was "Office of Special Programs".

Note 3. Total Net Costs agrees with OPDIV combined Totals in the Consolidating Statement of Net Cost by Budget Function located in Other Accompanying Information.

U.S. Department of Health and Human Services
Consolidating Balance Sheet by Budget Function
As of September 30, 2006
(In Millions)

	Education, Training & Social Services	Health	Medicare	Income Security	Natural Resources & Environment	Agency Combined Totals	Intra-HHS Eliminations	HHS Consolidated Totals
Assets (Note 2)								
Intragovernmental								
Fund Balance with Treasury (Note 3)	\$ 6,874	\$ 108,607	\$ 28,726	\$ 15,699	\$ 15	\$ 159,921	\$ -	\$ 159,921
Investments, Net (Note 5)	-	2,431	339,545	-	-	341,976	-	341,976
Accounts Receivable, Net (Note 6)	13	633	42,998	1	-	43,645	(42,919)	726
Anticipated Congressional Appropriation (Note 7)	-	-	-	-	-	-	-	-
Other (Note 10)	1	499	-	-	-	500	(368)	132
Total Intragovernmental	\$ 6,888	\$ 112,170	\$ 411,269	\$ 15,700	\$ 15	\$ 546,042	\$ (43,287)	\$ 502,755
Accounts Receivable, Net (Note 6)	-	342	2,865	-	-	3,207	-	3,207
Cash and Other Monetary Assets (Note 4)	-	-	145	-	-	145	-	145
Inventory and Related Property, Net (Note 8)	-	2,322	-	-	-	2,322	-	2,322
General Property, Plant & Equipment, Net (Note 9)	2	4,564	405	-	-	4,971	-	4,971
Other (Note 10)	-	438	71	-	-	509	-	509
Total Assets	\$ 6,890	\$ 119,836	\$ 414,755	\$ 15,700	\$ 15	\$ 557,196	\$ (43,287)	\$ 513,909
Stewardship PP&E (Note 32)								
Liabilities (Note 11)								
Intragovernmental								
Accounts Payable	\$ 19	\$ 191	\$ 43,174	\$ -	\$ -	\$ 43,384	\$ (42,764)	\$ 620
Accrued Payroll and Benefits	2	83	4	-	-	89	(1)	88
Other (Note 15)	-	1,141	336	-	-	1,477	(522)	955
Total Intragovernmental	\$ 21	\$ 1,415	\$ 43,514	\$ -	\$ -	\$ 44,950	\$ (43,287)	\$ 1,663
Accounts Payable	14	538	3	7	-	562	-	562
Entitlement Benefits Due and Payable (Note 12)	-	20,340	40,824	-	-	61,164	-	61,164
Accrued Grant Liability (Note 14)	440	2,307	-	1,084	2	3,833	-	3,833
Federal Employee and Veterans Benefits (Note 13)	4	7,518	10	-	-	7,532	-	7,532
Accrued Payroll and Benefits	15	735	52	2	-	804	-	804
Other (Note 15)	4	2,009	841	14	(1)	2,867	-	2,867
Total Liabilities	\$ 498	\$ 34,862	\$ 85,244	\$ 1,107	\$ 1	\$ 121,712	\$ (43,287)	\$ 78,425
Net Position								
Unexpended Appropriations - earmarked funds	-	7	27,658	-	-	27,665	-	27,665
Unexpended Appropriations - other funds	6,407	81,829	-	14,596	-	102,832	-	102,832
Unexpended Appropriations, Total	6,407	81,836	27,658	14,596	-	130,497	-	130,497
Cumulative Results of Operations - earmarked funds	-	2,598	301,853	-	14	304,465	-	304,465
Cumulative Results of Operations - other funds	(15)	540	-	(3)	-	522	-	522
		3,138						
Cumulative Results of Operations, Total	(15)	3,138	301,853	(3)	14	304,987	-	304,987
Total Net Position	\$ 6,392	\$ 84,974	\$ 329,511	\$ 14,593	\$ 14	\$ 435,484	\$ -	\$ 435,484
Total Liabilities and Net Position	\$ 6,890	\$ 119,836	\$ 414,755	\$ 15,700	\$ 15	\$ 557,196	\$ (43,287)	\$ 513,909

U.S. Department of Health and Human Services
Consolidating Balance Sheet by Operating Division
As of September 30, 2006
(In Millions)

	ACF	AoA	AHRQ	CDC	CMS	FDA	HRSA	IHS	NIH	OS	PSC	SAMHSA	Agency Totals	Intra-HHS Eliminations	HHS Consolidated Totals
Assets (Note 2)															
Intragovernmental															
Fund Balance with Treasury (Note 3)	\$ 22,029	\$ 544	\$ 65	\$ 6,222	\$ 82,806	\$ 847	\$ 5,642	\$ 1,431	\$ 30,406	\$ 7,109	\$ 174	\$ 2,646	\$ 159,921	\$ -	\$ 159,921
Investments, Net (Note 5)	-	-	-	-	339,545	-	2,402	-	29	-	-	-	341,976	-	341,976
Accounts Receivable, Net (Note 6)	14	-	5	113	473	85	-	26	-	98	160	4	978	(252)	726
Anticipated Congressional Appropriation (Note 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (Note 10)	1	-	-	66	-	-	1	1	-	66	-	-	135	(3)	132
Total Intragovernmental	22,044	544	70	6,401	422,824	932	8,045	1,458	30,435	7,273	334	2,650	503,010	(255)	502,755
Accounts Receivable, Net (Note 6)	-	-	-	13	3,009	40	1	116	17	1	7	3	3,207	-	3,207
Cash and Other Monetary Assets (Note 4)	-	-	-	-	145	-	-	-	-	-	-	-	145	-	145
Inventory and Related Property, Net (Note 8)	-	-	-	352	-	-	-	6	10	1,945	9	-	2,322	-	2,322
General Property, Plant & Equipment, Net (Note 9)	2	-	-	1,012	440	335	-	904	2,155	116	7	-	4,971	-	4,971
Other (Note 10)	-	-	-	-	124	1	373	2	8	1	-	-	509	-	509
Total Assets	\$ 22,046	\$ 544	\$ 70	\$ 7,778	\$ 426,542	\$ 1,308	\$ 8,419	\$ 2,486	\$ 32,625	\$ 9,336	\$ 357	\$ 2,653	\$ 514,164	\$ (255)	\$ 513,909
Liabilities (Note 11)															
Intragovernmental															
Accounts Payable	\$ 18	\$ 1	\$ 1	\$ -	\$ 540	\$ 4	\$ 19	\$ 7	\$ 10	\$ 112	\$ -	\$ 5	\$ 717	\$ (97)	\$ 620
Accrued Payroll and Benefits	2	-	1	13	4	5	5	15	27	7	6	4	89	(1)	88
Other (Note 15)	-	-	39	84	434	77	29	203	107	-	-	139	1,112	(157)	955
Total Intragovernmental	\$ 20	\$ 1	\$ 41	\$ 97	\$ 978	\$ 86	\$ 53	\$ 225	\$ 144	\$ 119	\$ 6	\$ 148	\$ 1,918	\$ (255)	\$ 1,663
Accounts Payable	21	-	8	33	3	(4)	14	9	402	29	27	20	562	-	562
Entitlement Benefits Due and Payable (Note 12)	-	-	-	-	61,164	-	-	-	-	-	-	-	61,164	-	61,164
Accrued Grant Liability (Note 14)	1,438	86	13	331	-	(5)	401	12	1,547	(31)	-	41	3,833	-	3,833
Federal Employee and Veterans Benefits (Note 13)	4	-	2	34	11	22	25	77	60	14	7,266	17	7,532	-	7,532
Accrued Payroll and Benefits	16	1	4	88	55	86	26	134	309	46	32	7	804	-	804
Other (Note 15)	16	2	(1)	59	1,986	348	237	122	99	(1)	-	-	2,867	-	2,867
Total Liabilities	\$ 1,515	\$ 90	\$ 67	\$ 642	\$ 64,197	\$ 533	\$ 756	\$ 579	\$ 2,561	\$ 176	\$ 7,331	\$ 233	\$ 78,680	\$ (255)	\$ 78,425
Net Position															
Unexpended Appropriations - earmarked funds	-	-	-	-	27,658	(1)	4	4	-	-	-	-	27,665	-	27,665
Unexpended Appropriations - other funds	20,548	455	1	5,921	32,521	(261)	4,815	1,402	27,809	7,141	34	2,446	102,832	-	102,832
Unexpended Appropriations, Total	20,548	455	1	5,921	60,179	(262)	4,819	1,406	27,809	7,141	34	2,446	130,497	-	130,497
Cumulative Results of Operations - earmarked funds	-	-	1	32	301,853	142	2,193	(6)	250	-	-	-	304,465	-	304,465
Cumulative Results of Operations - other funds	(17)	(1)	1	1,183	313	895	651	507	2,005	2,019	(7,008)	(26)	522	-	522
Cumulative Results of Operations, Total	(17)	(1)	2	1,215	302,166	1,037	2,844	501	2,255	2,019	(7,008)	(26)	304,987	-	304,987
Total Net Position	\$ 20,531	\$ 454	\$ 3	\$ 7,136	\$ 362,345	\$ 775	\$ 7,663	\$ 1,907	\$ 30,064	\$ 9,160	\$ (6,974)	\$ 2,420	\$ 435,484	\$ -	\$ 435,484
Total Liabilities and Net Position	\$ 22,046	\$ 544	\$ 70	\$ 7,778	\$ 426,542	\$ 1,308	\$ 8,419	\$ 2,486	\$ 32,625	\$ 9,336	\$ 357	\$ 2,653	\$ 514,164	\$ (255)	\$ 513,909

**U. S. Department of Health and Human Services
Supplemental Statement of Net Cost
For the Years Ending September 30, 2006 and 2005
(In Millions)**

Responsibility Segments	2006			
	Agency Consolidated Totals	Inter-Agency Eliminations		HHS Consolidated Totals
		Costs (-)	Earned/Exchange Revenues (+) ¹	
ACF	\$ 47,114	\$ (13)	\$ 64	\$ 47,165
AoA	1,386	(4)	4	1,386
AHRQ	7	(308)	21	(280)
CDC	6,330	(305)	127	6,152
CMS	524,156	(6)	248	524,398
FDA	1,527	(30)	102	1,599
HRSA	6,041	(23)	162	6,180
IHS	3,259	(43)	59	3,275
NIH	27,852	(112)	710	28,450
OS	2,431	(397)	149	2,183
PSC	629	(388)	20	261
SAMHSA	3,209	(84)	43	3,168
Net Cost of Operations	\$ 623,941	\$ (1,713)	\$ 1,709	\$ 623,937

Responsibility Segments	2005			
	Agency Consolidated Totals	Inter-Agency Eliminations		HHS Consolidated Totals
		Costs (-)	Earned/Exchange Revenues (+) ¹	
ACF	\$ 46,680	\$ (12)	\$ 54	\$ 46,722
AoA	1,400	(4)	4	1,400
AHRQ	9	(321)	15	(297)
CDC	5,510	(391)	123	5,242
CMS	483,402	(8)	251	483,645
FDA	1,378	(20)	91	1,449
HRSA	6,700	(65)	152	6,787
IHS	3,140	(34)	51	3,157
NIH	27,348	(146)	673	27,875
OS	2,308	(357)	208	2,159
PSC	362	(407)	27	(18)
SAMHSA	3,266	(110)	43	3,199
Net Cost of Operations	\$ 581,503	\$ (1,875)	\$ 1,692	\$ 581,320

¹Eliminations for non-exchange revenue are reported in the Statement of Changes in Net Position

**U.S. Department of Health and Human Services
Consolidating Statement of Net Cost By Budget Function
For the Year Ending September 30, 2006
(In Millions)**

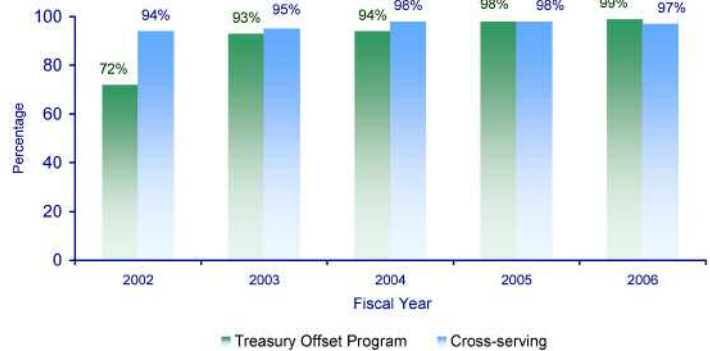
Responsibility Segments:	Education, Training, & Social Services		Health	Medicare	Income Security	Agency Combined Totals	Intra-HHS Eliminations		HHS Consolidated Totals
							Cost (-)	Revenue	
ACF	\$ 10,827	\$ -	\$ -	-	\$ 36,287	\$ 47,114	\$ (13)	\$ 64	\$ 47,165
AoA	1,386	-	-	-	-	1,386	(4)	4	1,386
AHRQ	-	7	-	-	-	7	(308)	21	(280)
CDC	-	6,330	-	-	-	6,330	(305)	127	6,152
CMS	-	187,187	336,969	-	-	524,156	(6)	248	524,398
FDA	-	1,527	-	-	-	1,527	(30)	102	1,599
HRSA	-	6,041	-	-	-	6,041	(23)	162	6,180
IHS	-	3,259	-	-	-	3,259	(43)	59	3,275
NIH	-	27,852	-	-	-	27,852	(112)	710	28,450
OS	-	2,431	-	-	-	2,431	(397)	149	2,183
PSC	-	629	-	-	-	629	(388)	20	261
SAMHSA	-	3,209	-	-	-	3,209	(84)	43	3,168
Net Cost of Operations	\$ 12,213	\$ 238,472	\$ 336,969	\$ 36,287	\$ 623,941	\$ (1,713)	\$ 1,709	\$ 623,937	

Debt Collection Improvement Act

HHS manages its delinquent debt pursuant to the Debt Collection Improvement Act of 1996. HHS refers delinquent debt to the Department of the Treasury (Treasury) for cross-servicing and offset. The debt referral process is centralized through the Department’s delinquent debt collection center. Treasury has granted a cross-servicing exemption for several types of program debts (e.g., Medicare Secondary Payer and various health professional loans). The Program Support Center cross-services these debts and also refers them to the Treasury Offset Program.

HHS referral rates at the end of the third quarter FY 2006 were: 99 percent of debt eligible for referral was referred to the Treasury Offset Program (a significant increase; and 97 percent of debt eligible for referral was cross-serviced. HHS collections exceeded \$16.6 billion at the end of the third quarter FY 2006.

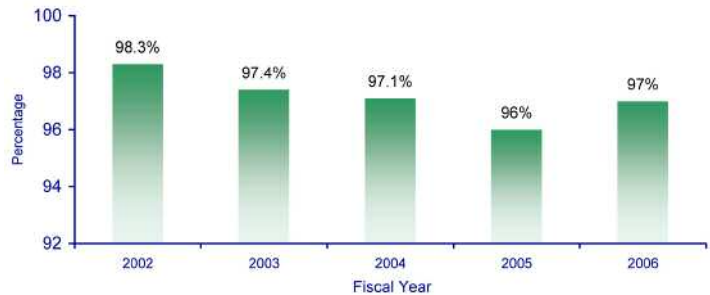
Referral of Eligible Debt to Treasury



Prompt Payment Act

The Prompt Pay Act requires Federal agencies to make timely vendor payments and to pay interest penalties when payments are late. HHS reached a Department-wide record in FY 2002 by making over 98 percent of payments on time. Since then, HHS’ prompt pay rate has decreased slightly. HHS’ prompt pay rate at the end of FY 2006 was 97.5 percent.

HHS Percentage of on-Time Payments



Federal Civil Penalties Inflation Adjustment Act

Civil monetary penalties are non-criminal penalties for violation of Federal law. The Federal Civil Penalties Inflation Adjustment Act of 1990 provides for periodic evaluation to ensure that the penalties maintain their deterrent value and that the imposed penalties are properly accounted for and collected. During FY 2005, only the Centers for Medicare and Medicaid Services and the Food and Drug Administration imposed civil monetary penalties.

Other Financial Information

Financial Related Measures

Performance Goal	FY 2006 Results	FY 2005 Results	FY 2004 Results	FY 2003 Results	FY 2002 Results	Comments
Submit Performance and Accountability Report on Time	Met	Met	Dec 8	Met	Met	Target Date Nov. 15
Retain Unqualified Audit Opinion	Met	Met	Met	Met	Met	Eighth Consecutive Year
Implement Unified Financial Management System	Met	Met	Met	Met	Met	See Note 1
Maximize Use of Electronic Payments	Met-T Not Met-V	Met-T Not Met-V	Not Met-T Not Met-V	Not Met-T Not Met-V	Not Met-T Not Met-V	See Note 2
Pay Vendors on Time	Not Met	Not Met	Met	Met	Met	See Note 3
Collect Debts Owed	Available in December	Met	Not Met	Met	Met	See Note 4
Resolve Non-Federal Audits Within 6 Months	Met	Met	Met	Not Met	Not Met	See Note 5

Notes

1. Significant milestones:

FYs 2002-2004—Mock conversion, integration testing, performance testing, and user acceptance testing.

FY 2005—Deployment of full financial functionality for CDC and FDA user communities of 3,000.

FY 2006—Prepared for the deployment of HHS agencies serviced by the Program Support Center by completing integration testing in July, performance testing in August, and the final mock conversion and user acceptance testing in September.

FY 2007—Deployment planned for the Office of the Secretary, HRSA, ACF, AHRQ, Federal Occupational Health, SAMHSA, AoA, and the PSC, adding 1,347 new users to the Unified Financial Management System.

- Vendor and travel payments are made electronically. The travel payments target for FYs 2002-2004 was set, unrealistically, at 100 percent. Actual results ranged from 96 percent to 95 percent. In FY 2005, the target was reset to 96 percent, which was met in FYs 2005 and 2006. For vendor payments, the target of 95 percent for FYs 2002-2004 was raised to 96 percent in 2005. Actual results haven fallen short each year a few percentage points.
- In FY 2005, the target was raised from 97 percent to 98 percent. The rate of on-time payments in 2005 was 97.1 percent and 97.5 percent for FY 2006, slightly less than the new target.
- The target to collect 10 percent above prior year's collections was reset to 5 percent for FY 2005 as a result of the reduction in the receivable pool. The FY 2004 collections fell short of the target by \$1.6 billion.
- The baseline of 94 percent was established in FY 2003, to be increased 0.5 percent each year until 96 percent is achieved. In FY 2003, results fell short 0.4 percent and in FY 2002 the target was missed by 13.5 days; however, the target has been met since FY 2004. The FY 2006 results exceeded the target by 2.6 percent.