

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**GRANTEES AND PROVIDERS  
DELINQUENT IN CHILD SUPPORT**



**JUNE GIBBS BROWN**  
Inspector General

AUGUST 1997  
OEI-07-95-00390

# EXECUTIVE SUMMARY

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## PURPOSE

To determine if physicians receiving Medicare payments and other individuals directly receiving grants or payments from the Department are current in their child support obligations and to assess methods that might be used to recover any amounts due from them.

## BACKGROUND

The President signed an executive order on September 28, 1996 requiring government agencies to offset Federal payments to those who owe past due child support payments and to deny them any Federal loans for which they would otherwise be eligible.

Even before the Executive Order was issued, the Small Business Administration required certification by all principal borrowers that they are not in arrears in child support payments by more than 60 days. If any such arrears are not paid within six months, they will not be eligible for the loan.

In order to ascertain the extent of unpaid child support among Departmental payees or grantees and to learn more about the practical aspects of withholding government payments from them, we matched records of physicians who receive Medicare payments and other health care providers and individual Departmental grantees with the Office of Child Support Enforcement's Tax Intercept File. This file is used to intercept Federal income tax refunds due to delinquent non-custodial parents and apply them towards their child support obligations. We selected three programs for the match--Medicare, the National Health Service Corps (NHSC), and the National Institutes of Health (NIH).

## FINDINGS

### **Three Out of Every One Thousand Providers or Grantees In Our Study Universe Were in Arrears**

We found that 1,184 Medicare physicians, NHSC medical care providers, and NIH principal research investigators were in arrears out of a total universe of 422,643 individuals who comprise a total of 435,886 records. Of these, 1,105 were Medicare physicians. These are records of individuals who owed past due child support on behalf of at least 1,286 children.

**The Amount of Arrears Owed by These Delinquent Absent Parents Was \$21.5 million.**

## **At Least Two Thirds of Absent Parents in Our Sample Were Not Current in Meeting Their Child Support Obligations.**

Of 210 non-custodial parents in a sample which we drew for further analysis, only 53 were current in making payments both to meet their monthly support obligations and to reduce their arrears. A total of 140 were delinquent in meeting their monthly obligations, in reducing arrears, or both. (The remaining 17 records were incomplete.)

## **Computerized Matching of Program and Child Support Enforcement Files Could Help In Recovering Delinquent Child Support Payments, But the Amounts Are Relatively Small and There Are Limits to This Approach.**

Medicare payments to physicians who owe child support may be too low to recover arrears; or these physicians may simply not be filing claims for Medicare. For example, thirteen physicians for whom we made calculations owed \$1,040,149 in arrears, but Medicare payments to them in 1995 amounted to only \$386,359, and the total offset potential would have been only \$188,772. Other limits stem from administrative requirements imposed by the Computer Matching Privacy and Protection Act of 1988 and problems with missing or inaccurate Social Security numbers.

## **RECOMMENDATIONS**

The Administration for Children and Families (ACF) should work with the Health Care Financing Administration, the Health Resources and Services Administration, NIH and other Departmental agencies to ensure that program participants meet their child support obligations. Following are several approaches that can be used.

### **Implementing the Executive Order**

Hopefully, the procedures established by the President's Executive Order will succeed in recovering a significant amount of the overdue support payments. Needless to say, ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

### **Self Certification of Program Applicants**

One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

## **Status Check of Program Applicants**

In addition, ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

## **AGENCY COMMENTS AND OIG RESPONSE**

### **Office of Child Support Enforcement**

The OCSE generally agrees with our recommendations and continues to work with Treasury to resolve program issues that may prevent some States from implementing the President's Executive Order. It will review the OIG's recommendation to establish self certification of grantees and providers as a condition of program participation and work with other departments to determine if legislative changes are necessary to implement this process. Also, OCSE will look into using the child support enforcement data bases but wants to wait until it has obtained a reasonable amount of operational experience with Treasury's debt collection system.

### **Health Care Financing Administration**

HCFA raises a number of concerns about implementing the options recommended in our report. We recognize the merit of many of the points raised. However, our primary concern is to insure that Departmental program participants meet their child support obligations. We believe that implementation of this recommendation can be achieved through a number of methods, and we have recommended several different approaches in this regard. In reference to the specific concerns HCFA raised, we offer the following observations.

- With regard to the offset option, HCFA believes that computerized matching would not solve the problem permanently - that the provider could incorporate as a business to avoid withholding of payment. We point out that if a delinquent provider were to incorporate to elude offset and become an employee, then that individual would become subject to wage withholding, an important tool in child support compliance.

Furthermore OCSE is proceeding to implement an administrative offset of Federal payments for past-due child support debts as part of their implementation of the Executive Order. This offset process may result in collection of child support obligations from HCFA physicians. We defer to OCSE, which is responsible for enforcing the provisions of the Executive Order, as to how different HHS agencies must comply.

- HCFA indicates a concern that the cost does not justify a certification process. However, we consider the physician self certification process valuable since it would function as an incentive to be in compliance with child support obligations. To insure validity of the self certification, an efficient match would be possible through the data bases being developed by OCSE of individuals in arrears of ordered child support. We also believe that adding a short certification statement to the present provider agreement enrollment form would not be onerous to the physician or to HCFA.
- HCFA is also concerned that revoking a physician's participation due to non-payment of child support could disrupt patient services. We agree that this is an important issue. It represents a clash of values not easily resolved. If it is decided that an exception to the revocation should be made when patient care is jeopardized, we recommend that the exceptions be a temporary one, re-evaluated from time to time. The exception should be implemented using procedures similar to any such exceptions to revocation of participation made on other grounds.

We recognize that the percentage of program providers that we found in arrears is small. We reiterate, however, that this small percentage equates to almost 1,300 children and \$21.5 million in past-due child support from over 1,180 absent parents, of which over 1,105 are physicians.

### **Health Resources and Services Administration**

The HRSA supports our recommendation but believes it does not have the legal authority to use child support compliance as a selection criteria. It also noted that neither NHSC scholarships nor loan repayment awards are Federal financial assistance against which offsets can be made. While we agree, we encourage HRSA to initiate a legislative proposal which will provide for denial of awards to applicants who are delinquent in their child support payments.

In addition, HRSA indicated that if child support delinquency becomes a factor for future NHSC funding, a centralized data base should be used to facilitate the screening process. We agree. As noted, under the Personal Responsibility and Work Opportunity Act of 1996, OCSE is establishing data bases for child support enforcement which could readily be used for this purpose.

### **National Institutes of Health**

The NIH indicates that the low delinquency rate of 0.28 percent would not justify the cost of imposing a self certification process for providers and contractors. We believe, however, the certification process would impose little burden on the agencies, providers and contractors, and the certification statement and related penalty should function as an incentive to assure compliance.

NIH also notes that principal investigators do not receive direct research grant payments from NIH as the grant award is made to an institution. While direct

payment might not be made, the principal investigator plays a key role in the grant process and is paid in their role to fulfill the terms of the contract. In this regard, we believe the grant application should include a provision for a self certification from the principal investigator. Although the delinquency is low, it still seems unacceptable to be making grant awards where the primary investigator is in arrears in his or her child support.

We have made technical changes to reflect NIH's comments.

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# INTRODUCTION

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## **PURPOSE**

To determine if physicians receiving Medicare payments and other individuals directly receiving grants or payments from the Department are current in their child support obligations and to assess methods that might be used to recover any amounts due from them.

## **BACKGROUND**

The Department of Health and Human Services (HHS) pays physicians for claims submitted for services rendered to Medicare patients. The Department also makes payments to individual grantees for research and other activities as well as for loans and scholarships for certain individuals attending medical schools. As with all groups, it is possible that a percentage of these grantees and providers will be non-custodial parents with an established child support order.

Courts establish orders which require non-custodial parents to provide support to their children. Despite such court orders, arrearage for support payments are significant. For example, as of December 1995, they amounted to almost \$30.8 billion just for those cases which fall under the auspices of the Federal Office of Child Support Enforcement. To address the continuing problem of child support payments not being made, various computer matching programs and other efforts have been initiated by the Federal government.

### **Executive Order to Match Federal Personnel Records**

In February 1995, the President issued Executive Order 12953, which establishes the Federal government as a model employer in promoting and facilitating the establishment and enforcement of child support. The Order requires that current and prospective Federal employees be informed that cross matches are routinely made between Federal personnel records and State records to identify individuals who are in arrears in their child support payments and to pursue withholding of wages. In addition, employees are to be informed on how to initiate voluntary wage withholding requests.

### **Debt Collection Improvement Act**

The Debt Collection Improvement Act of 1996 (Public Law 104-134) was enacted on April 26, 1996. This legislation is designed to maximize the collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. It permits the matching of debtor records with HHS records to obtain names and addresses of employers, taxpayer identification numbers, and dates of birth. The Act also provides for the garnishment of a debtor's disposable pay provided that the amount does not exceed 15 percent of disposable pay, but could be more with the written consent of the individual.

## **Executive Order Offsetting Federal Payments to Delinquent Parents**

In line with the Debt Collection Improvement Act, the President issued Executive Order 13019 on September 28, 1996 requiring government agencies to offset Federal payments to parents who are delinquent in their child support obligations and to deny them any Federal loans for which they would otherwise be entitled. This Order recognizes the difficulties that States have had in enforcing child support obligations once a parent has moved to another State. It also facilitates the collection of delinquent child support obligations from persons who may be entitled or eligible to receive certain Federal payments or Federal assistance.

## **Small Business Administration**

Even before the Executive Order was issued, the Small Business Administration had begun implementing legislation which is designed to require payment of child support obligations by those individuals who apply for loans from the agency. Section 612 of Public Law 103-403, implemented August 31, 1995, requires certification by all principal borrowers, who own 50 percent or more of the voting interests of the business, that they are not in arrears in child support payments by more than 60 days. If such arrearage applies, then one or more of the principals have six months to become current in their arrears if they want the loan. If they become current in their child support payments, and meet the qualifications for the loan, they will be eligible for the loan. If at the end of six months they are not current, they will be ineligible for the loan.

## **Match of Internal Revenue Service Income Tax Refunds**

The Office of Child Support Enforcement (OCSE) acts as an intermediary between the States and the Internal Revenue Service in the operation of the Federal Income Tax Refund Offset program for the collection of past-due child support. The OCSE Tax Intercept File contains a listing of all individuals, by Social Security number, name, case type, State and other identifiers, who are in arrears on their child support obligations. The file is used to intercept and offset Federal income tax refunds to apply against delinquent child support.

## **METHODOLOGY**

In order to ascertain the extent of unpaid child support among Departmental payees or grantees and to learn more about the practical aspects of withholding government payments, we matched the OCSE Intercept File and files for individual Departmental grantees and providers of medical services.

We matched Departmental records of physicians receiving Medicare payments and other health care providers and grantees of certain Departmental programs with the OCSE 1995 Tax Intercept File. We selected three programs for the match--Medicare, the National Health Service Corps (NHSC), and the National Institutes of Health (NIH). We selected these programs because their systems of records identified

individuals as grantees or providers of services and had Social Security numbers upon which the match could be based.

### **Medicare**

We obtained data from the Health Care Financing Administration's (HCFA) Unique Physician Identification Number File. As of October 1994, physicians who apply for a new identification number have to include their Social Security numbers on the application. We used the October 1995 update of the file. It included 708,830 members of which 391,148 (55 percent) had a Social Security number as part of the record.

### **National Health Service Corps**

The NHSC file for individuals who have current loans and scholarships included information on 4,902 records, all of which had Social Security numbers.

### **National Institutes of Health**

The NIH grantee file contained 42,913 records with 39,836 having Social Security numbers. Overall, these 39,836 records were for 26,593 different Social Security numbers.

### **Selecting Samples from the Agencies' Matched Files**

We matched the records with Social Security numbers that were included in the Departmental files named above with the OCSE 1995 Tax Intercept File. This became our study universe. From it, we extracted a sample for further analysis.

We did this by first dividing the study universe into three strata based on the dollar amounts in arrearage for each case. The highest was for cases over \$45,000 in arrears; the second highest was for those with arrears from \$11,590 to \$45,000; and the lowest was for those with arrears less than \$11,590.

We included all 108 cases that met the dollar threshold for the highest stratum. We randomly selected 51 cases from each of the other two strata, for a total of 210 cases. All three HHS agencies had cases included in the sample. The 210 sample cases covered individuals located in 38 States and Puerto Rico, with 4 States having over half of the sample cases: 55 in California, 21 in Ohio, 18 in Michigan, and 15 in Pennsylvania.

## SELECTION OF SAMPLE CASES

	Strata			<u>Total</u>
	<u>Under \$11,590</u>	<u>\$11,590 to \$45,000</u>	<u>Over \$45,000</u>	
<u>Sample Cases by Program</u>				
Medicare	49	48	104	201
NHSC	0	3	3	6
NIH	<u>2</u>	<u>0</u>	<u>1</u>	<u>3</u>
Total	51	51	108	210

### Questionnaires Sent to the States

We requested information from the States and Puerto Rico child support enforcement agencies to validate the data we had obtained for the sample cases. We asked if the names of the non-custodial parents were different from those we furnished them from the HHS agencies. We requested the date of birth, age (if birth date was not available), information on employer's name and address, self-employment name and address, and the date the address was last verified. We also asked if the non-custodial parents were current in making payment on their monthly obligations and arrearage. We considered "current" those situations where non-custodial parents make payments to fulfill their monthly responsibility to meet their child support obligations for current support. We also recorded when partial payments were made on the arrearage.

### Review of Related Laws

We reviewed provisions of the Computer Matching Privacy and Protection Act of 1988 (Public Law 100-503) to determine what effect its provisions would have on a matching program such as the one we were testing.

We conducted our review in accordance with the **Quality Standards for Inspections** issued by the President's Council on Integrity and Efficiency.

# FINDINGS

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## **Three Out of Every One Thousand Providers or Grantees In Our Study Universe Were in Arrears**

We found that 1,184 Medicare physicians or other Departmental grantees or service providers were in arrears out of a total universe of 422,643 individuals who comprise a total of 435,886 records. The distribution of these individuals among the three programs we studied is shown in the table below.

<u>Agency</u>	<u>Universe</u>	<u>Individuals in Arrears</u>	<u>Percent in Arrears</u>
HCFA	391,148	1,105	0.3
NHSC	4,902	51	1.0
NIH	<u>26593</u>	<u>28</u>	<u>0.1</u>
Totals	422,643	1,184	0.28

These individuals owed past due child support on behalf of at least 1,286 children.

## **The Amount of Arrears Owed by These Delinquent Absent Parents Was \$21.5 million.**

When compared to the general child support population of non-custodial parents, our sample was economically better off and therefore better positioned to make their payments. At the same time, they owed more.

We found that 16.9 percent of the cases in our sample were public assistance cases. This compared with 49 percent for the total population of child support cases.

The 1995 Tax Intercept File had 4,355,239 cases with \$30,795,640,786 in arrears, which amounted to \$7,070 per case. Individuals in our study universe had an average arrearage of \$16,713 per child.

## **At Least Two Thirds of Absent Parents in Our Sample Were Not Current in Meeting Their Child Support Obligations**

Of 210 non-custodial parents in a sample which we drew for further analysis, only 53 were current in making payments both to meet their monthly support obligations and to reduce their arrears. A total of 140 were delinquent in meeting their monthly obligations, in reducing arrears, or both. (The remaining 17 records were incomplete.)

The following table summarizes the status of all the cases in our sample.

<u>Cases</u>	<u>Status</u>
3	Case closed--paid in full.
50	Current in monthly obligations and in reducing arrears.
46	Current in monthly obligation but not reducing arrears.
9	Reducing arrears, but not current in monthly obligations.
78	Not making any payments.
7	Case closed--e.g., moved, no cooperation from spouse.
17	Unable to determine--incorrect Social Security number.

**Computerized Matching of Program and Child Support Enforcement Files Could Help In Recovering Delinquent Child Support Payments, But the Amounts Are Relatively Small and There Are Limits to This Approach.**

Medicare payments to physicians who owe child support may be too low to recover arrears; or these physicians may avoid filing claims for Medicare altogether. For example, thirteen physicians for whom we made calculations owed \$1,040,149 in arrears, but Medicare payments to them in 1995 amounted to only \$386,359, and the total offset potential would have been only \$188,772. The details are found on the next page.

We also found restrictions imposed by the Computer Matching and Privacy Protection Act of 1988 which might make the offset process administratively difficult. This law limits Federal agencies' ability to release employment or payment information for HHS grantees or service providers. The Act regulates computer matches conducted by Federal agencies and the use of Federal records subject to the Privacy Act of 1974. It requires a written agreement between source and recipient agencies and agreement conditions being met before a matching program can be approved. The law also requires notification to individuals of the intent to use the results of the matching process for administrative purposes like offset. While these procedures are clearly necessary to protect privacy, the net effect could well be that the offset process which might result from computerized matching would be no more effective or efficient than the current child support collection process. In any event, the law does establish significant administrative burdens that could hamper the matching process.

Another limitation stems from problems with Social Security numbers. First, not all records have these numbers. In fact we found them for only 58 percent of the records in the files we tried to match with the Tax Intercept File. Medicare has Social Security numbers in only 55 percent of its records and NIH in 93 percent. (There were numbers in 100 percent of the NHSC records, however.) Second, not all the

**EXAMPLES OF POTENTIAL MEDICARE OFFSETS FROM PHYSICIANS  
WITH CHILD SUPPORT ARREARS**

Number	Arrearage Amount	Medicare Reimbursement in 1995	Offset Potential of Reimbursement Against the Arrearage
1	\$5,394	\$128	\$128
2	\$62,090	(Unemployed Physician)	-0-
3	\$304,916	No claims filed	-0-
4	\$124,324	\$108,447	\$108,447
5	\$22,451	\$2,543	\$2,543
6	\$63,188	\$203,441	\$63,188
7	\$12,050	(Bench warrant for arrest)	-0-
8	\$76,997	\$2,017	\$2,017
9	\$119,968	\$11,411	\$11,411
10	\$72,604	No claims filed	-0-
11	\$97,000	\$38	\$38
12	\$78,167	No claims filed	-0-
13	<u>\$1,000</u>	<u>\$58,334</u>	<u>\$1,000</u>
Totals	\$1,040,149	\$386,359	\$188,772

Social Security numbers are accurate. As noted previously, in our sample of 210 cases, 17, or 8 percent, had incorrect numbers.

Finally, many grantees of the Department's programs are not individuals, but rather universities, research laboratories, and other such entities. Thus, no Social Security number would be recorded for these kinds of grantees.

# RECOMMENDATIONS

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It seems unacceptable that the Department of Health and Human Services, which is responsible for overseeing the nation's child support enforcement system, should be making what amounts to income payments to individuals whom it knows are not meeting their child support obligations. In some cases, the children of these individuals are receiving public assistance benefits in programs for which the Department also has oversight responsibilities.

The Administration for Children and Families (ACF) should work with HCFA, the Health Resources and Services Administration, NIH and other Departmental agencies to ensure that program participants meet their child support obligations. Following are several approaches that can be used.

## **Implementing the Executive Order**

Hopefully, the procedures established by the President's Executive Order will succeed in recovering a significant amount of the overdue support payments. Needless to say, ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

## **Self Certification of Program Applicants**

One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

## **Status Check of Program Applicants**

In addition, ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

## **AGENCY COMMENTS AND OIG RESPONSE**

### **Office of Child Support Enforcement**

The OCSE generally agrees with our recommendations and continues to work with Treasury to resolve program issues that may prevent some States from implementing the President's Executive Order. It will review the OIG's recommendation to establish self certification of grantees and providers as a condition of program participation and work with other departments to determine if legislative changes are necessary to implement this process. Also, OCSE will look into using the child support enforcement data bases but wants to wait until it has obtained a reasonable amount of operational experience with Treasury's debt collection system.

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HCFA raises a number of concerns about implementing the options recommended in our report. We recognize the merit of many of the points raised. However, our primary concern is to insure that Departmental program participants meet their child support obligations. We believe that implementation of this recommendation can be achieved through a number of methods, and we have recommended several different approaches in this regard. In reference to the specific concerns HCFA raised, we offer the following observations.

- With regard to the offset option, HCFA believes that computerized matching would not solve the problem permanently - that the provider could incorporate as a business to avoid withholding of payment. We point out that if a delinquent provider were to incorporate to elude offset and become an employee, then that individual would become subject to wage withholding, an important tool in child support compliance.

Furthermore OCSE is proceeding to implement an administrative offset of Federal payments for past-due child support debts as part of their implementation of the Executive Order. This offset process may result in collection of child support obligations from HCFA physicians. We defer to OCSE, which is responsible for enforcing the provisions of the Executive Order, as to how different HHS agencies must comply.

- HCFA indicates a concern that the cost does not justify a certification process. However, we consider the physician self certification process valuable since it would function as an incentive to be in compliance with child support obligations. To insure validity of the self certification, an efficient match would be possible through the data bases being developed by OCSE of individuals in arrears of ordered child support. We also believe that adding a short certification statement to the present provider agreement enrollment form would not be onerous to the physician or to HCFA.

- HCFA is also concerned that revoking a physician's participation due to non-payment of child support could disrupt patient services. We agree that this is an important issue. It represents a clash of values not easily resolved. If it is decided that an exception to the revocation should be made when patient care is jeopardized, we recommend that the exceptions be a temporary one, re-evaluated from time to time. The exception should be implemented using procedures similar to any such exceptions to revocation of participation made on other grounds.

We recognize that the percentage of program providers that we found in arrears is small. We reiterate, however, that this small percentage equates to almost 1,300 children and \$21.5 million in past-due child support from over 1,180 absent parents, of which over 1,105 are physicians.

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The HRSA supports our recommendation but believes it does not have the legal authority to use child support compliance as a selection criteria. It also noted that neither NHSC scholarships nor loan repayment awards are Federal financial assistance against which offsets can be made. While we agree, we encourage HRSA to initiate a legislative proposal which will provide for denial of awards to applicants who are delinquent in their child support payments.

In addition, HRSA indicated that if child support delinquency becomes a factor for future NHSC funding, a centralized data base should be used to facilitate the screening process. We agree. As noted, under the Personal Responsibility and Work Opportunity Act of 1996, OCSE is establishing data bases for child support enforcement which could readily be used for this purpose.

### **National Institutes of Health**

The NIH indicates that the low delinquency rate of 0.28 percent would not justify the cost of imposing a self certification process for providers and contractors. We believe, however, the certification process would impose little burden on the agencies, providers and contractors, and the certification statement and related penalty should function as an incentive to assure compliance.

NIH also notes that principal investigators do not receive direct research grant payments from NIH as the grant award is made to an institution. While direct payment might not be made, the principal investigator plays a key role in the grant process and is paid in their role to fulfill the terms of the contract. In this regard, we believe the grant application should include a provision for a self certification from the principal investigator. Although the delinquency is low, it still seems unacceptable to be making grant awards where the primary investigator is in arrears in his or her child support.

We have made technical changes to reflect NIH's comments.

# APPENDIX

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## AGENCIES' COMMENTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

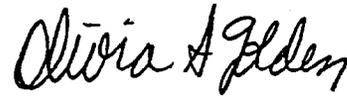
ADMINISTRATION FOR CHILDREN AND FAMILIES  
Office of the Assistant Secretary, Suite 600  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

RECEIVED  
JUN 19 P 3:36  
GENERAL

DATE: June 16, 1997

TO: June Gibbs Brown  
Inspector General

FROM: Olivia A. Golden  
Principal Deputy Assistant Secretary  
for Children and Families



SUBJECT: OIG Draft Report "Grantees and Providers Delinquent in  
Child Support," (OEI-07-95-00390)

We appreciate the opportunity to comment on the draft report "Grantees and Providers Delinquent in Child Support." If you have questions regarding this response, please contact David Ross of my staff at (202) 401-9370.

Comments:

Recommendation 1: Implementing the Executive Order: ACF should work with the Department of Treasury to iron out the details for the offset as soon as possible. However, given the limits which we found in the matching process, we also want to recommend other approaches that could be used in connection with, or if necessary, instead of the computerized matching and offset.

ACF Response: We are making progress with the Department of the Treasury regarding implementation of the Executive Order. At this point, 11 states have certified their debts for the administrative offset program and the Office of Child Support Enforcement (OCSE) has forwarded the debts of 5 states (approximately 178,000 cases) to Treasury's Financial Management Service (FMS) for offset. Other states are tentatively scheduled to implement on a flow-in basis throughout the year.

OCSE continues to work with FMS to resolve program issues that may prevent some states from implementing the order. Key to implementing the order for some states is having the option of excluding certain payment types from offset, i.e., debt is eligible for administrative offset but not federal tax refund offset, or vice versa. OCSE is also working with FMS on language in Treasury's child support regulations.

Recommendation 2: One approach would be for Departmental agencies to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of program participation, that they are current in their child support obligations. New legislation may be needed for this approach. If so, we recommend that ACF develop it.

ACF Response: Given that this cross-program recommendation would require change in legislation that goes well beyond the authority of ACF, OCSE will look carefully at the recommendation and work with other Departmental divisions (such as the Public Health Service and the Health Care Financing Administration) to see whether legislative changes are in order.

Recommendation 3: ACF could experiment with a new system whereby the status of grantee applicants and program participants (such as health care providers applying for participation in the Medicare program) vis-a-vis child support obligations can be rapidly checked in the new child support enforcement data bases being created under the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Under this approach, no Departmental grant would be awarded or program participation certified for anyone not current in their obligations.

ACF Response: We believe the potential for increasing the collection of child support owed through our efforts with the Department of Treasury under the Debt Collection Act (DCA), is likely to surpass the ability of a limited-scope system as recommended. We will consider this recommendation when the data base is fully operational and when we have a reasonable amount of operational experience with Treasury's debt collection system.



DEPARTMENT OF HEALTH & HUMAN SERVICES

RECEIVED

1997 JUN 17 P 5:30 Health Care Financing Administration

OFFICE OF INSPECTOR GENERAL  
The Administrator  
Washington, D.C. 20201

JUN 16 1997

TO: June Gibbs Brown  
Inspector General

FROM: Bruce C. Vladeck  
Administrator

SUBJECT: Office of Inspector General (OIG) Draft Report: "Grantees and Providers  
Delinquent in Child Support," (OEI-07-95-00390)

We reviewed the above-referenced report regarding the President's Executive Order requiring government agencies to offset Federal payments to physicians who owe past due child support payments and to deny them any Federal loans for which they would otherwise be eligible.

Our detailed comments on the report recommendations are attached for your consideration. Thank you for the opportunity to review and comment on this report.

Attachment

**Comments of the Health Care Financing Administration (HCFA) on  
Office of Inspector General (OIG) Draft Report:  
"Grantees and Providers Delinquent in Child Support," (OEI-07-95-00390)**

The Administration for Children and Families (ACF) should work with HCFA, the Health Resources and Services Administration, National Institutes of Health, and other Departmental agencies to ensure that program participants meet their child support obligations.

**OIG Recommendation 1**

Implement the President's September 28, 1996, Executive Order (E.O.), requiring government agencies to offset Federal payments to those who owe past due child support payments.

**HCFA Response**

We concur with the intent of the E.O. However, we do not believe computerized matching and offsets are a feasible approach to enforce child support payments. We are concerned that implementation of these activities would not solve the problem permanently; e.g., what provision would there be to prevent a provider identified as delinquent from becoming incorporated to avoid the withholding of payment? If this was pursued, an inter-agency agreement would be needed to ensure operational costs incurred were charged back to ACF.

**OIG Recommendation 2**

Develop legislation to require physicians and other health care providers or individual grantees to certify under penalty of perjury, and as a condition of participation, that they are current in their child support obligation.

**HCFA Response**

We do not concur. The Medicare program is trying to stop using the approach of separate certifications for each specific situation. This type of effort would involve an administrative burden on all Medicare physicians to try to catch the one fifth of one percent who are in violation. We believe this effort would have a poor cost/benefit ratio and be resented by physicians. Further, physicians in arrears may well sign any certification, and investigation is likely to be costly.

**OIG Recommendation 3**

Use new child support enforcement data bases to determine applicants/participants status vis-a-vis child support obligations.

**HCFA Response**

We do not concur. Medicare physicians' program participation generally continues automatically. Terminating participation for non-payment of child support would require legislation and could disrupt patient service when a physician's participation is revoked.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

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Health Resources and  
Services Administration  
Rockville MD 20857

APR 15 P 2:53

APR 11 1997

OFFICE OF INSPECTOR  
GENERAL

TO: Inspector General, DHHS

FROM: Acting Deputy Administrator

SUBJECT: **OIG Draft Report: "Grantees and Providers Delinquent  
In Child Support," OEI-07-95-00390**

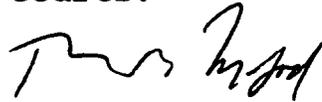
This is in response to your January 29 memorandum to the HRSA Administrator, requesting comments to the subject report. We have reviewed the subject draft report and have the following comments.

We agree with the premise that individuals who are delinquent on their child support obligations should not receive Federal funding and we therefore support the objectives of Executive Orders 12953 and 13019. However, in their present form, these Executive Orders are not applicable to the NHSC scholarship or loan repayment programs. Executive Order 12953, issued on February 29, 1995, addresses wage withholding of Federal employees. Executive Order 13019, issued September 29, 1996, authorizes the denial of "Federal financial assistance," which is defined as "any Federal loan (other than a disaster loan), loan guarantee, or loan insurance." Neither NHSC scholarships nor loan repayment awards fall within the definition of "Federal financial assistance" as contained in Executive Order 13019. Hence, legislation would be needed before the NHSC scholarship and loan repayment programs could deny awards to applicants who are delinquent in their child support payments.

The OIG recommendations are designed not only to prevent new Federal awards/grants to "deadbeat parents," but also to recover a significant amount of the overdue support payments. With respect to the latter goal, we note that NHSC scholarship and loan repayment funds can only be used for the purposes set forth in the authorizing statutes (i.e., payment of tuition, qualifying loans, etc.). Therefore, scholarship and loan repayment funds already awarded to individuals delinquent on child support may not be offset for payment of the delinquent obligation.

Page 2 - Inspector General, DHHS

Assuming that the Department obtains the necessary statutory authorization to make child support delinquency a selection factor for NHSC funding, HRSA agrees that screening applicants would be facilitated by the creation of a centralized child support enforcement data base. We also agree that the Administration for Children and Families should develop a new system that would eliminate the need for agencies to query individual States concerning applicants' compliance with child support orders issued by State courts.



Thomas G. Morford



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health  
Bethesda, Maryland 20892

APR 14 1997

**TO:** Mr. George Grob  
Deputy Inspector General for Evaluation and Inspections

**FROM:** Deputy Director for Management, NIH

**SUBJECT:** Comments on OIG Draft Report *Grantees & Providers Delinquent in Child Support (OEI-07-95-00390)*.

Thank you for the opportunity to comment on the subject report. Our comments will follow the format of the report.

Page 3 of the report states that of 42,913 NIH records, 39,836 had Social Security numbers, of which 26,593 were for "different" social security numbers. There are two reasons that NIH does not have social security numbers in 100 percent of the records. First, provision of the Social Security number is voluntary and thus some principal investigators elect not to provide this information. Second, a small percentage of principal investigators are foreign citizens and thus do not have Social Security numbers. Moreover a large percentage of our records reflect the same Social Security number as other records because many of our principal investigators serve in that capacity on more than one NIH grant. Therefore, we believe that the statement on page 6 of the report should be corrected to indicate that 93 percent of NIH's records have Social Security numbers inasmuch as 39,836 is 93 percent of 42,913.

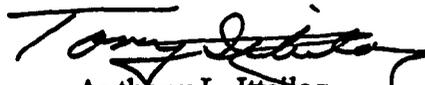
On page 5 of the report it states that 1,184 or 0.28 percent of a total universe of 422,643 individuals were in arrears in their child support obligations. Of all Health Care Financing Administration (HCFA), National Health Service Corps (NHSC), and NIH providers or principal investigators on grants, 99.72 percent of them have no delinquency in child support payments. This is an extremely high compliance rate, one which we would be pleased to achieve in other areas of compliance. The low percentage in arrears does not suggest that there is sufficient cost-benefit to warrant imposing additional administrative burden (such as a self-certification requirement) aimed at individuals delinquent in their child support payments.

NIH investigators under research grants do not receive direct payment from NIH. The grant award is made to a research institution, which pays the salaries of personnel working on the grant from institutional funds. Thus, grant funds do not constitute "federal payments" which could be offset against their child support obligations. The only awards that NIH makes to an individual

Page 2 - Mr. George Grob

are individual research fellowship awards, which constitute only 7.3 percent of all NIH awards. Consequently we do not believe that it is necessary to implement a compliance intervention in this area.

Thank you again for the opportunity to comment on this document.



Anthony L. Ittelag

cc:  
Dr. Baldwin, OER  
Dr. Skirboll, OSP  
Dr. Lee, OA  
Ms. Wax, OLPA