



Highlights of [GAO-03-101](#), a report to Congress included as part of GAO's Performance and Accountability Series

PERFORMANCE AND ACCOUNTABILITY SERIES

Department of Health and Human Services

Why GAO Did This Report

In its 2001 performance and accountability report on the Department of Health and Human Services (HHS), GAO identified key management challenges faced by HHS and its constituent agencies associated with the Medicare program, oversight of nursing homes, medical product safety and efficacy, and ensuring the well-being of children and families. The information GAO presents in this report is intended to sustain congressional attention and a departmental focus on continuing to make progress in addressing these challenges—and others that have arisen since 2001. This report is part of a special series of reports on governmentwide and agency-specific issues.

What Remains to Be Done

HHS's management challenges remain as profound as they are diverse: the effective management of the Medicare and Medicaid programs has significant fiscal implications for the longer term, while strengthening the nation's public health infrastructure is critically important in the shorter term. HHS must further strive to obtain current and reliable data for effective program monitoring, conduct well-targeted oversight activities to safeguard billions of program dollars, and hire and retain a sufficiently skilled workforce.

www.gao.gov/cgi-bin/getrpt?GAO-03-101.

To view the full report, click on the link above. For more information, contact Leslie G. Aronovitz at (312) 220-7600 or aronovitzl@gao.gov.

What GAO Found

Medicare program. Medicare remains on GAO's 2003 list of high-risk programs due to the program's size and complexity. The Centers for Medicare & Medicaid Services (CMS) continues to have difficulty refining Medicare's payment methods in ways that reward fiscal discipline while ensuring beneficiary access to care. Since 2001, the agency has made progress in estimating improper payments, collecting overpayments and conducting other financial activities, and identifying information system needs, but further improvements are needed in payment safeguard, financial, and information management activities.

Medicaid program. GAO has added Medicaid to its 2003 list of high-risk programs, owing to the program's size, growth, diversity, and fiscal management weaknesses. Limited oversight has afforded states and health care providers the opportunity to increase federal funding inappropriately.

Medicare and Medicaid care oversight. CMS has taken steps to improve nursing home oversight, but efforts to ensure quality care at nursing homes, home health agencies, kidney dialysis facilities, and other providers continue to be jeopardized by problems in the performance of state inspections, complaint investigations, and enforcement of federal standards.

Public health emergency preparedness. Serious problems in coordination among federal, state, and local public health agencies and in hospital and laboratory capacity could limit emergency responses. HHS is also challenged to balance basic public health needs with critical homeland security priorities.

Medical product safety and efficacy. While the Food and Drug Administration has stepped up the rigor of its biologics inspections, it faces several challenges in ensuring the availability, safety, and efficacy of marketed products, including vaccines, and struggles to retain its expert staff.

Economic independence and well-being of children and families. Oversight by HHS of the states' implementation of social service program reforms has been encumbered by limitations in states' information systems, program effectiveness measurement, and efforts to foster and disseminate research findings.

Financial management systems, processes, and controls. HHS has improved its financial management, but its systems and processes do not routinely generate financial information that is timely or reliable. Further, HHS cannot ensure that it can protect the confidentiality of sensitive information from unauthorized access or its systems from service disruption.