

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**THE HEALTH RESOURCES AND  
SERVICES ADMINISTRATION HAS  
CONTROLS AND STRATEGIES TO  
MITIGATE HURRICANE PREPAREDNESS  
AND RESPONSE RISK**

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# *Office of Inspector General*

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The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

# Report in Brief

Date: December 2018  
Report No. A-04-18-02015



## Why OIG Did This Review

Three major hurricanes hit the United States between August and September of 2017. On September 8, 2017, the President signed the first Federal Disaster Assistance package of the 2017 hurricane season following Hurricane Harvey.

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018, which provided disaster relief totaling approximately \$89.3 billion. The Department of Health and Human Services received \$5.97 billion (\$1.07 billion for discretionary programs), of which the Health Resources and Services Administration (HRSA) received \$60 million.

Our objectives were to identify HRSA's potential risks for preparing for and responding to hurricanes and other natural disasters and to determine whether HRSA has designed and implemented controls and strategies to mitigate these potential risks.

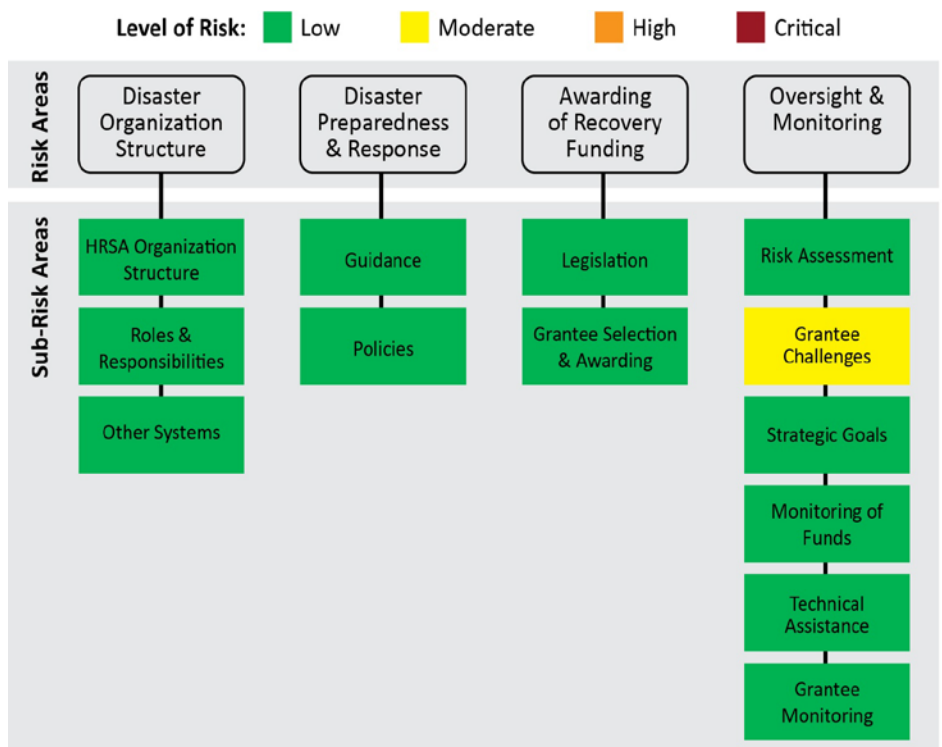
## How OIG Did This Review

We interviewed HRSA management, reviewed documents, and analyzed the information provided by HRSA to describe its current hurricane preparedness and response processes. Although we also reviewed documents from some of HRSA's offices and bureaus, our report focuses on operations at HRSA's administrative level. Based on this review, we identified 4 hurricane preparedness and response risk areas and 13 sub-risk areas.

## The Health Resources and Services Administration Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk

### What OIG Found

Within the 4 risk areas related to HRSA's hurricane preparedness and response activities, we identified 13 sub-risk areas and rated 12 as low risk and 1 as moderate risk.



Even though we rated one sub-risk area as moderate, HRSA had developed various strategies and controls that are designed to mitigate the risks we identified for preparing for and responding to hurricanes and other natural disasters.

### What OIG Recommends

This report contains no recommendations.

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## INTRODUCTION

### WHY WE DID THIS REVIEW

Three major hurricanes hit the United States between August and September of 2017. On September 8, 2017, the President signed the first Federal Disaster Assistance package of the 2017 hurricane season following Hurricane Harvey. This package included approximately \$22 billion in disaster relief funding. The President signed a second Disaster Assistance package on October 26, 2017, which included approximately \$36.5 billion in additional disaster relief funding.

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018 (P.L. No. 115-123), which included division B, subdivision 1, entitled the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act, 2018 (Disaster Relief Act), and provided disaster relief funding totaling approximately \$89.3 billion. The Department of Health and Human Services (HHS) received \$5.97 billion (\$1.07 billion for discretionary programs and \$4.9 billion for Medicaid), of which the Health Resources and Services Administration (HRSA) received \$60 million.

The Disaster Relief Act required the HHS Office of Inspector General (OIG) to perform oversight of activities related to disaster relief, which include response, recovery, preparation, and mitigation. This review is part of OIG's Disaster Relief Act oversight activities (see Appendix B).<sup>1</sup>

### OBJECTIVES

Our objectives were to identify HRSA's potential risks for preparing for and responding to hurricanes and other natural disasters and to determine whether HRSA has designed and implemented controls and strategies to mitigate these potential risks.

### BACKGROUND

#### Health Resources and Services Administration

HRSA's mission is to improve health and achieve health equity through access to quality services, a skilled health workforce, and innovative programs. To accomplish its mission, HRSA supports the training of health professionals, the distribution of providers to areas where they are needed most, and improvements in health care delivery. HRSA received \$60 million in Disaster Relief Act funding. According to the *HHS Hurricane Supplemental Funding Spend Plan*, HRSA plans to use these funds to support alteration, renovation, construction, equipment, and other capital improvement costs as necessary to meet the needs of community health centers (health centers) in hurricane-affected areas.

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<sup>1</sup> We are conducting similar reviews at other HHS components (Centers for Disease Control and Prevention and Administration for Children and Families).

## Federal Requirements

Federal agencies are required to comply with regulations and Office of Management and Budget (OMB) guidance governing Federal grants. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, updated July 15, 2016, provides guidance to Federal managers and defines management's responsibilities for enterprise risk management and internal control. The circular emphasizes the need to integrate and coordinate risk management and strong and effective internal controls into existing business activities as an integral part of managing an agency. The circular states:

Federal leaders and managers are responsible for establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations, and managing both expected and unexpected or unanticipated events. They are responsible for implementing management practices that identify, assess, respond, and report on risks. Risk management practices must be forward-looking and designed to help leaders make better decisions, alleviate threats and to identify previously unknown opportunities to improve the efficiency and effectiveness of government operations. Management is also responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance.

OMB Circular No. A-123 also establishes an assessment framework based on the Government Accountability Office's *Standards for Internal Control in the Federal Government* (The Green Book) and Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Enterprise Risk Management—Integrating With Strategy and Performance* (June 2017) standards that managers must integrate into risk management and internal control functions.

## HOW WE CONDUCTED THIS REVIEW

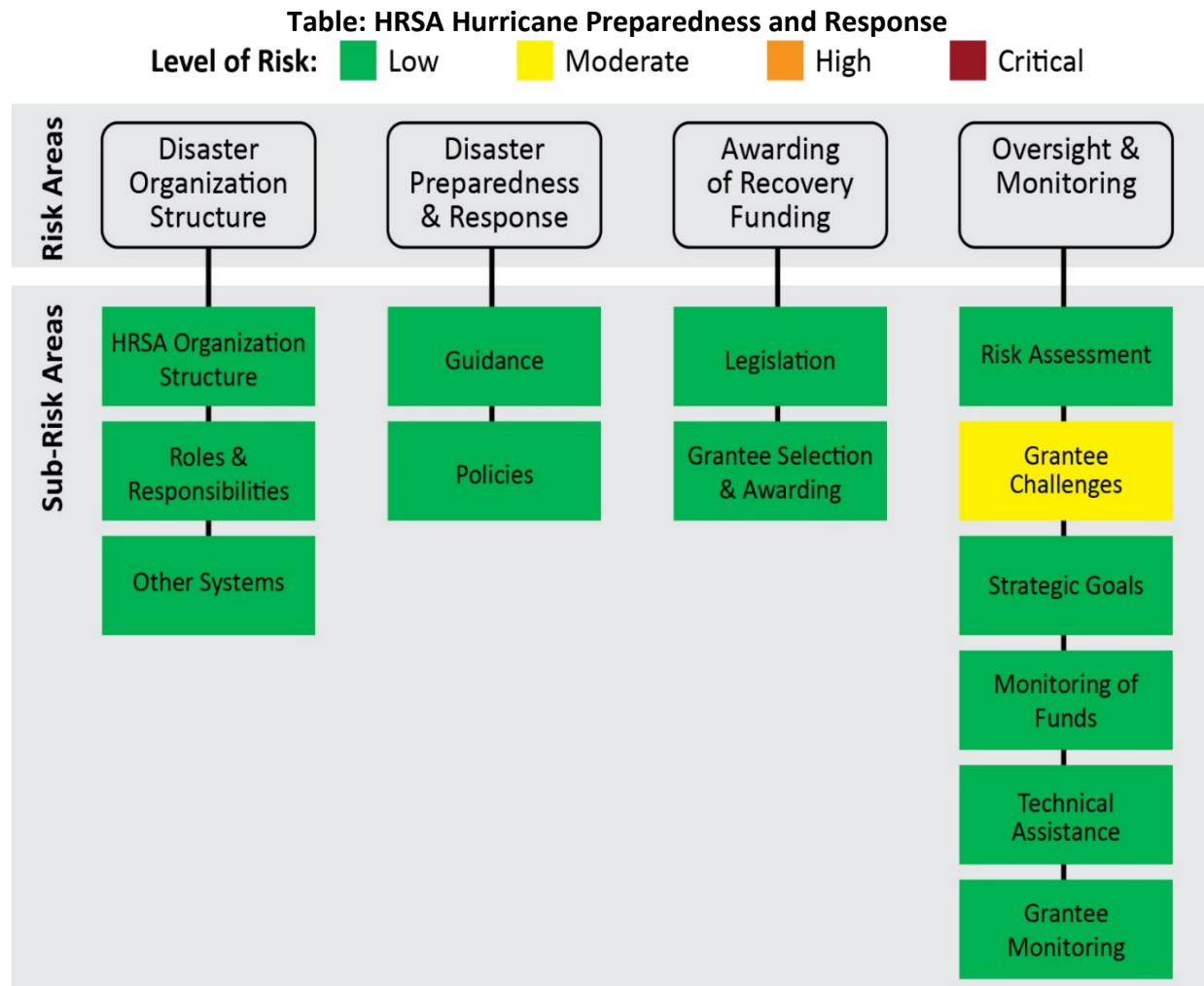
We interviewed HRSA management, reviewed documents, and analyzed the information provided by HRSA to describe its current hurricane preparedness and response processes. Although we also reviewed documents from some of HRSA's offices and bureaus, our report focused on operations at HRSA's administrative level. Based on this review, we identified four potential risk areas at HRSA:

1. **Disaster Organization Structure** – the organizational structure, responsibility and authority of personnel involved, and information technology systems in place related to disaster preparedness and response.
2. **Disaster Preparedness and Response Procedures** – the laws, policies, and guidance used by HRSA when preparing, training for, responding to, and managing risks related to disasters.

3. **Awarding of Recovery Funding** – the legislative authority and funding used by HRSA for disaster preparedness and response efforts, whether internally or awarded to grantees.
4. **Oversight and Monitoring** – HRSA’s responsibilities for ensuring emergency preparedness funds, plans, and processes are functioning as intended.

Using the principles established in COSO’s *Enterprise Risk Management—Integrating With Strategy and Performance* (June 2017) and other sources, we then conducted a high-level risk assessment of the areas that we identified and assigned a level of risk (low, moderate, high, or critical) to each sub-risk area based on our review of documents and responses from HRSA.

In this report we discuss the sub-risk areas we rated as low or moderate. We did not rate any sub-risk areas as high or critical. The following table shows all sub-risk areas that we identified.



We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions



based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains our scope and methodology.

## **RESULTS OF REVIEW**

Within the 4 risk areas related to HRSA's hurricane preparedness and response activities, we identified 13 sub-risk areas and rated 12 as low risk and 1 as moderate risk. To mitigate this moderate risk, HRSA has designed and implemented various controls and strategies.

### **DISASTER ORGANIZATION STRUCTURE**

We rated as low risk each sub-risk area that we identified within the Disaster Organization Structure because of HRSA's organizational structure and the controls that it has in place to mitigate potential risks.

HRSA does not have specific, ongoing authority for natural disaster preparedness and response. Specifically, the statute authorizing the Health Center Program (42 U.S.C. § 254b) does not give HRSA authority to require health centers to respond to natural disasters. However, the Disaster Relief Act<sup>2</sup> provided HRSA with flexibility to award supplemental funding to health centers to aid in strengthening their capacities to mitigate and respond to future emergencies or disasters.

In January 2015, HRSA's Office of Operations reorganized the Office of Emergency Preparedness and Continuity of Operations into the Office of Administrative Management, Division of Security Services. HRSA's Emergency Coordinator falls within this Division. During an event, the Emergency Coordinator engages daily with organizations outside HRSA, works with HRSA bureaus and offices, and offers subject matter expertise to HRSA senior leaders regarding emergent events. Within HHS, the Emergency Coordinator facilitates information flow and serves as HRSA's liaison and primary point of contact for the Office of the Assistant Secretary for Preparedness and Response.

Although HRSA does not have preparedness and response functions, during the 2017 hurricane season HRSA performed advanced mapping techniques of all its health center sites by using data reported by the health centers to produce maps of the affected regions and operational status of each health center. These maps were included in HRSA's situational reports sent to the HHS Office of the Assistant Secretary for Preparedness and Response (ASPR). ASPR used these situation reports when briefing the Secretary of HHS and when interfacing with other Federal agencies during the response.

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<sup>2</sup> Bipartisan Budget Act of 2018 (P.L. No. 115-123), division B, subdivision 1, entitled the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act, 2018.

## DISASTER PREPAREDNESS AND RESPONSE PROCEDURES

We rated as low risk each sub-risk area that we identified within the Disaster Preparedness and Response Procedures process because HRSA follows HHS policies and controls designed to mitigate potential risks.

HRSA does not have specific authority for natural disaster preparedness and response related to its health centers; however, HRSA supports HHS's leadership role in the Federal Emergency Management Agency's (FEMA's) Emergency Support Function #8<sup>3</sup> response to natural disasters. HRSA's standard operating procedures designate staff from the Office of Operations to lead HRSA's activities in support of HHS. In fact, HRSA updated its standard operating policies and procedures in 2014. In response to this update, in 2015 HRSA made some organizational structure changes related to emergency preparedness and response. Although the 2014 operating procedures generally reflect HRSA's emergency management functions, HRSA established more detailed organizational structures and procedures during the 2017 hurricane season. These changes are currently in draft form, and HRSA is in the process of updating its standard operating procedures with this information.

Health centers are community-based health care providers that receive funds from HRSA to provide primary care services in underserved areas. The Centers for Medicare and Medicaid Services (CMS) provides the Federally Qualified Health Center (FQHC) designation on a health center when the majority of the CHC's operating funds come from Medicaid, Medicare, and other sources. HRSA does not have the authority or responsibility to test health centers' emergency preparedness and response procedures. However, CMS requires FQHCs to comply with the *Emergency Preparedness Requirements for Medicare and Medicaid Participating Providers and Suppliers*,<sup>4</sup> which became effective November 2016 and required all providers to be in compliance by November 2017. The CMS Emergency Preparedness Rule, which was issued following CMS's collaboration with HRSA, requires that FQHCs (1) establish and maintain an emergency preparedness program, including an emergency preparedness plan that the health center must review and update at least annually; (2) develop and implement emergency preparedness policies and procedures based on the emergency plan; (3) develop and maintain an emergency preparedness communication plan that complies with Federal, State, and local laws that is reviewed and updated at least annually; and (4) develop and maintain an emergency preparedness training and testing program that is based on the emergency plan. HRSA is not responsible for determining a health center's compliance with CMS's rule. CMS's rule states that health centers must document efforts to cooperate and collaborate with emergency personnel. Additionally, State Survey Agencies, Accreditation Organizations, and CMS

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<sup>3</sup> *National Response Framework, Emergency Support Function #8*, outlines the coordination responsibilities of U. S. Government agencies when responding to a disaster. Accessed at <https://fema.gov/pdf/emergency/nrf/nrf-esf-08.pdf> on September 28, 2018.

<sup>4</sup> 42 CFR § 491.12. Additional information at <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertEmergPrep/Emergency-Prep-Rule.html>, accessed on November 7, 2018.

Regional Offices are involved in monitoring compliance, as is the case with all other requirements for participation in Medicare and Medicaid.

## **AWARDING OF RECOVERY FUNDING**

We rated as low risk each sub-risk area that we identified within the Awarding of Recovery Funding process because of HRSA's procedures and the controls that it has in place to mitigate potential risks.

After each of the 2017 hurricanes made landfall, HRSA Project Officers communicated with health centers in the hurricane-affected areas to determine the status of each health center. Using this information, HRSA developed Capital Assistance for Hurricane Response and Recovery Efforts (CARE) grants, a non-competitive funding opportunity limited to eligible health centers. HRSA's practice is to target supplemental funding to known areas of need.

To address health center needs, HRSA made Disaster Relief Act funding available to all current health center grantees in the hurricane-impacted areas. To determine the award amount of CARE grants to each eligible health center, HRSA took into account the total dollar amount appropriated by the Disaster Relief Act, applied the Disaster Relief Act language regarding eligibility for use of the funds, identified the health centers in FEMA-designated hurricane-affected areas, and considered the number of hurricanes affecting those areas. Two hurricanes affected the health centers in Puerto Rico and the United States Virgin Islands (Virgin Islands), so those health centers received double funding. Eligible health centers were able to request funding to support their proposed project(s) up to the amount made available to them:

- up to \$280,000 for eligible health centers in Alabama, Florida, Georgia, Louisiana, South Carolina, and Texas and
- up to \$560,000 for eligible health centers in Puerto Rico and the Virgin Islands

At the time of our audit, HRSA was reviewing applications to award the CARE grants. Health centers have 2 years to use the funds for minor alterations, renovations, and/or equipment costs. According to HRSA, these grants are not just for recovering from the hurricanes; they may also be used to enhance the capacity and capabilities of affected health centers to better respond to and recover from future disasters.

## **OVERSIGHT AND MONITORING**

Of the six sub-risk areas that we identified within the Oversight and Monitoring process, we rated one as moderate risk: grantee challenges. HRSA identified several challenges that its grantees experienced when preparing for and responding to hurricanes, such as the variability in emergency resources across States and communities, which affects health centers' ability to continue providing critical services to their target populations; whether health centers have the personnel to provide services immediately after a disaster; facility and structural issues; and

infrastructure issues. Through oversight and monitoring, HRSA provided support and resources to health centers in mitigating some of these challenges.

## **Emergency Resources**

Following the 2017 hurricanes that hit Alabama, Florida, Georgia, Louisiana, South Carolina, Texas, Puerto Rico, and the Virgin Islands, all health centers experienced similar initial problems, but the more robust infrastructures in Texas and Florida allowed for a quicker recovery. However, in Puerto Rico, the Federal emergency response plan focused on hospitals rather than health centers. Nevertheless, hundreds of patients across the island sought access to urgent care, primary care, and pharmacy services at health centers because they could not travel to hospital emergency rooms for treatment. As these patients continued to present themselves for treatment at health centers, the loss of electricity and lack of generators and fuel to maintain operations combined with the disruption of medication and health care supplies were all factors in the health centers' inability to provide services. To aid health centers in mitigating these issues, HRSA emphasized the need for health centers to collaborate with local emergency management and public health agencies. HRSA advocated for health centers by increasing outreach and awareness to other Federal partners, such as the Centers for Disease Control and Prevention, FEMA, and the Environmental Protection Agency regarding the role that health centers can play in responding to and recovering from disasters.

## **Personnel**

Another challenge health centers face following a hurricane involves a lack of resources, especially personnel and the funds to provide health care services. In past disaster responses, OMB issued guidance providing flexibility for grantees affected by disasters, which HRSA implemented. Likewise, on October 26, 2017, OMB issued a memo detailing flexibilities that Federal agencies could implement for grantees in affected areas. Following OMB's direction, HRSA provided health centers with immediate flexibility to redirect funding to address the current needs of health centers and health center personnel costs. For example, HRSA notified health centers in impacted areas that it would consider requests to shift a portion of the Zika Expanded Service funding for activities not described in the health centers' original proposals as long as those activities align with the original intent of the Zika funding, which was to enable health centers to expand services in response to urgent and emergent primary health care needs.

In addition to flexibilities to cover personnel costs, HRSA has been working to address volunteer health professional (VHP) costs at health centers. Medical malpractice costs associated with providers—both paid and volunteer, are major expenses for health centers. HRSA has been working to mitigate this issue. In December 2016, Congress enacted the 21st Century Cures Act (P. L. No. 114-255), which extended liability protections for the performance of medical, surgical, dental, and related functions to HRSA VHPs. In essence, this act allows health centers to expand the workforce available to assist them in responding to patients' needs without the additional expense of malpractice coverage for VHPs.

## CONCLUSION

Of the 4 risk areas related to HRSA's hurricane preparedness and response activities, we identified 13 sub-risk areas and rated 12 as low risk and 1 as moderate risk because of HRSA's long-standing organizational structure and adherence to laws and regulations when preparing for and responding to disasters.

Even though we rated one sub-risk area as moderate, HRSA has developed various controls and strategies that are designed to mitigate the risks we identified for preparing for and responding to hurricanes and other natural disasters. Therefore, this report contains no recommendations.

## APPENDIX A: SCOPE AND METHODOLOGY

### SCOPE

We interviewed HRSA management, reviewed documents, and analyzed the information provided by HRSA to describe its current hurricane preparedness and response processes and subprocesses. While we also reviewed documents from some of HRSA's offices and bureaus, our report focuses on the hurricane preparedness operations at HRSA's administrative level. We identified four potential hurricane preparedness and response risk areas at HRSA.

Using COSO's *Enterprise Risk Management – Integrating with Strategy and Performance* (June 2017) and other sources, we then conducted a high-level risk assessment of the risk areas that we identified and assigned a level of risk (low, moderate, high, or critical) to each sub-risk area based on our review of documents and responses from HRSA.

We focused our review on HRSA's internal controls, including policies and procedures related to disaster relief funding under the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act of 2018.

We performed our fieldwork at HRSA in Washington, D.C.

### METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, policies, and guidance;
- reviewed related reports published by other Federal Government agencies;
- developed a risk assessment questionnaire, reviewed HRSA's responses, and analyzed these responses in light of COSO's risk assessment guidelines;
- held discussions with HRSA about emergency planning and implementation;
- reviewed HRSA's internal planning documents, internal control plan, and internal reports;
- identified risk areas and sub-risk areas and assigned a level of risk to each sub-risk area;
- assessed mitigating controls and strategies for reducing identified risks; and
- discussed the results with HRSA officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained will provide a reasonable basis for our findings and conclusions based on our audit objectives.

**APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>The Centers for Disease Control and Prevention Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk</i>	<a href="#"><u>A-04-18-02014</u></a>	11/2018
<i>The Administration for Children and Families Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk</i>	<a href="#"><u>A-04-18-02013</u></a>	12/2018