

# Health Reform Oversight Plan

Fiscal Year 2015

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February 2015

U.S. Department of Health and Human Services

Office of Inspector General



# OIG – Who we are

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OIG provides independent and objective oversight that promotes economy, efficiency, and effectiveness in the programs and operations of HHS. OIG's program integrity and oversight activities are shaped by legislative and budgetary requirements and adhere to professional standards established by the Government Accountability Office (GAO), DOJ, and the Inspector General community. OIG carries out our mission to protect the integrity of HHS programs and the health and welfare of the people served by those programs through a nationwide network of audits, investigations, and evaluations conducted by the following operating components with assistance from OIG counsel and management.

## Office of Audit Services

The Office of Audit Services (OAS) provides auditing services for HHS either by conducting our own audits or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement; identify misspent funds for recovery; and promote economy and efficiency throughout HHS.

## Office of Investigations

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. OI actively coordinates with DOJ and other Federal, State, and local law enforcement authorities. OI's investigations often lead to criminal convictions, administrative sanctions, exclusions from participation in Federal health care programs, and/or civil monetary penalties.

## Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of HHS programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues guidance for complying with Federal requirements, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

## Executive Management

Executive Management (EM) is composed of the Immediate Office of the Inspector General and the Office of Management and Policy. EM is responsible for overseeing the activities of OIG's components; setting vision and direction, in collaboration with the components, for OIG's priorities and strategic planning; ensuring effective management of budget, finance, IT, human resources, and other operations; and serving as a liaison with HHS, Congress, and other stakeholders. EM plans, conducts, and participates in a variety of cooperative projects within HHS and with other Government agencies.

**U.S. Department of Health and Human Services, Office of Inspector General,  
Fiscal Year 2015 Health Reform Oversight Plan**

**February 18, 2015**

## **INTRODUCTION**

This fiscal year (FY) 2015 Health Reform Oversight Plan (the Plan) describes the Office of Inspector General's (OIG's) current and planned efforts to oversee the implementation and management of the Department of Health and Human Services' (HHS's) programs under the Affordable Care Act (ACA).<sup>1</sup> The Plan outlines OIG's (1) key tactical considerations; (2) key focus areas, both in the health insurance Marketplaces and in other ACA-related HHS programs; and (3) target timeframes for issuing reports on reviews related to the Marketplaces.

This plan focuses primarily on OIG oversight through audits and evaluations. OIG is also prepared for and engaged in law enforcement operations related to ACA programs, as appropriate.

## **KEY TACTICAL CONSIDERATIONS**

In planning and executing our health reform portfolio we are guided by our four key strategic goals: fighting fraud, waste, and abuse; promoting value, safety, and quality; securing the future; and advancing excellence and innovation.

To advance these goals, we:

- Plan work by assessing relative risks across programs and operations and to beneficiaries; data mining and analysis; monitoring emerging issues and trends; building on experience and insights from completed and ongoing OIG work; and consulting with key stakeholders, including the Administration, Congress, States, and private sector representatives.
- Execute work through audits, evaluations, investigations, and other types of reviews or operations, including multidisciplinary approaches; where appropriate, we coordinate and work with other oversight entities and law enforcement partners, including the Government Accountability Office, other OIGs (such as the Treasury Inspector General for Tax Administration (TIGTA)), State auditors, and the Department of Justice.
- Review allegations of fraud and take appropriate action.
- Communicate results to the Department, Congress, and other stakeholders through a range of tools, including published reports, alerts, briefings, presentations, Web-based documents, and social media.

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<sup>1</sup> P.L. No. 111-148 (Mar. 23, 2010), as amended by the Health Care and Education Reconciliation Act of 2010, P.L. No. 111-152 (Mar. 30, 2010), collectively referred to as the Affordable Care Act, or "ACA."

- Monitor and follow up on HHS agencies' efforts to implement OIG recommendations.
- Provide technical assistance to HHS regarding the prevention of fraud and abuse in new programs.

OIG spent approximately 27 percent of its direct discretionary funding (i.e., OIG's direct appropriation for oversight of programs other than Medicare and Medicaid) on ACA activities in FY 2014, and we will continue to prioritize this work in FY 2015.

## **KEY FOCUS AREAS**

This oversight plan summarizes ongoing and potential work in key focus areas of the health insurance Marketplaces and other ACA-related reforms. Specific ACA reviews underway as of October 31, 2014, are also described, with additional detail, in OIG's FY 2015 *Work Plan*.<sup>2</sup> We anticipate adding 5-10 ACA reviews over the course of 2015, though these estimates may change on the basis of new and emerging vulnerabilities. (For the convenience of the reader, we have attached a copy of the *Work Plan* appendix that lists the ACA reviews.)

### **Health Insurance Marketplaces**

Marketplaces and related programs are a primary focus of our FY 2015 oversight plan. Our Marketplace work aims to answer critical questions in four key areas:

- Payments—Are taxpayer funds being expended correctly for their intended purposes?
- Eligibility—Are the right people getting the right benefits?
- Management and Administration—Is HHS managing and administering Marketplace programs effectively and efficiently?
- Security—Is consumers' personal information safe?

#### ***Payments – Are taxpayer funds being expended correctly for their intended purposes?***

##### *Ongoing Work*

OIG is overseeing the accuracy and appropriateness of Federal expenditures with one or more reviews in the following areas:

- Financial assistance payments (premium tax credit, advance premium tax credit, and cost sharing reduction)<sup>3</sup>
- Consumer Operated and Oriented Plan (CO-OP) Loan Program
- Establishment grants
- Navigator grants
- Payments to Federal contractors

<sup>2</sup> The FY 2015 *Work Plan* can be found at: <http://oig.hhs.gov/reports-and-publications/workplan/index.asp>. Some reviews listed in the *Work Plan* have been completed and are not reflected in this oversight plan.

<sup>3</sup> A portion of this work is being conducted in coordination with TIGTA.

### *Potential Work*

We will design future work to address vulnerabilities in payment systems and the appropriate use of Federal funds. We also plan to expand our oversight to include additional types of payments, such as premium stabilization program payments. We are considering work to assess HHS's implementation of these programs.

### ***Eligibility – Are the right people getting the right benefits?***

#### *Ongoing Work*

To ensure accuracy in eligibility determinations, OIG is conducting one or more reviews in the following areas:

- Marketplace enrollment safeguards
- Eligibility verifications for premium tax credits
- Resolution of inconsistencies in federally facilitated Marketplace (FFM) applicant data

#### *Potential Work*

We will continue to review internal controls related to eligibility for enrolling in qualified health plans (QHPs) and for financial assistance programs in the Marketplaces. Further, we are considering new work on emerging issues, such as Marketplaces' verification of employer information. We may also review eligibility for hardship waivers if that emerges as a significant issue as this year's tax season progresses. Additional areas for oversight might include reviews of the second open enrollment period.

### ***Management and Administration – Is the Department managing and administering Marketplace programs effectively and efficiently?***

#### *Ongoing Work*

To assess the management and administration of Marketplace programs, we are reviewing:

- HHS's management and implementation of the FFM from enactment of the ACA through the second open enrollment period
- Oversight of Federal contractors

#### *Potential Work*

We will design future work to address management and administration issues associated with Marketplace functionalities. Such reviews may cover the redetermination process for consumers reenrolling in the FFM. Future reviews may also examine various back-end administrative functions, such as the financial reconciliation processes and systems to collect data on financial assistance payments. We may also consider reviewing the operation of the premium stabilization programs and the administration of the FFM user fees.

## ***Security – Is consumers’ personal information safe?***

### *Ongoing Work*

OIG’s security focused reviews include:

- FFM security controls over consumer information, including personally identifiable information
- Information security controls at selected State-based Marketplaces

OIG is working closely with HHS and law enforcement partners in other agencies to monitor for reports of cybersecurity threats and consumer fraud incidents and take appropriate investigative actions.

### *Potential Work*

We will continue oversight of the security of information technology and consumer information in the Marketplaces, and, as appropriate, investigate threats.

## **Health Reform in Other HHS Programs**

Although we are devoting substantial attention to the Marketplaces and related programs under Title I of the ACA, OIG is also conducting and developing oversight work addressing reforms in other programs. This section highlights ongoing and potential work in four key focus areas:<sup>4</sup>

- Medicaid expansion and services
- Medicare payment and delivery reform
- Medicare and Medicaid program integrity
- Public health programs

### ***Medicaid Expansion and Services***

#### *Ongoing Work*

We are conducting oversight of ACA’s Medicaid expansion and reforms designed to improve noninstitutional care options for beneficiaries with reviews of:

- States’ assignments of Medicaid enrollees to the correct Federal matching rate
- The Community First Choice Program and Balancing Incentive Program

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<sup>4</sup> Data, information, and recommendations from our portfolio of general oversight work across HHS programs, including Medicare and Medicaid, also contribute to our oversight of the effectiveness and efficiency of reform efforts for those programs. Additionally, OIG is conducting reviews of some ACA provisions related to programs not covered in this section, as described in our FY 2015 *Work Plan*.

### *Potential Work*

We plan to follow our work on the Federal matching rates with complementary work examining the accuracy of States' eligibility determinations. We will also consider additional work reviewing the effectiveness of changes in critical beneficiary care areas, such as long term services and supports, managed care, care coordination models, and coordination for dual eligible beneficiaries.

### ***Medicare Payment and Delivery Reform***

#### *Ongoing Work*

We are continuing to develop oversight work on Medicare's transition to value-based payment and coordinated delivery of care to address the spectrum of payment reform, including reforms to traditional fee-for-service payment as well as broader reforms involving shared savings, population-based payments, bundled payments, and capitated payments. We are currently examining:

- Federal Medicaid reimbursement for hospital-acquired conditions
- The Centers for Medicare & Medicaid Services' (CMS) administration of the Pioneer Accountable Care organization model.

#### *Potential Work*

We will continue to develop and pursue work across the spectrum of Medicare payment and delivery reform. For new models, our goal is to conduct work that will promote sound administration, integrity of data, accuracy in payments, and quality of care. As models mature, we expect to review the effectiveness of the linkage of payments to quality outcomes. Over time, we anticipate focusing on accountable care organizations, medical homes, and bundled payment models, among others. We are also considering work looking at expenditures and administration for grants programs of the Center for Medicare and Medicaid Innovation.

### ***Medicare and Medicaid Program Integrity***

#### *Ongoing Work*

We are examining the implementation and effectiveness of provisions of Title VI of the ACA designed to strengthen transparency and program integrity in Medicare and Medicaid. Our work includes reviews of:

- Enhanced provider screening systems
- Provider payment suspensions
- Provider terminations
- Managed care encounter data

### *Potential Work*

We will consider oversight of CMS' new Open Payments Database and other Title VI transparency initiatives.

### ***Public Health Programs***

#### *Ongoing Work*

We are examining ACA reforms designed to improve public health, prevention, and wellness through oversight of the following grant programs:

- Community Health Centers Fund
- Prevention and Public Health Fund (Centers for Disease Control and Prevention grants)

#### *Potential Work*

We are exploring additional oversight of key ACA grant programs. Other potential focus areas include operations and/or expenditures for research programs and workforce development programs.

### **TARGET TIMEFRAMES FOR ISSUING REPORTS ON ONGOING MARKETPLACE WORK**

Below are target timeframes for issuing reports related to our ongoing Marketplace work.<sup>5</sup> Timeframes for our Marketplace oversight reviews typically range from 9 to 18 months, but may take less or more time depending on the complexity of the review, the timeliness with which we obtain data, and other factors. Topics listed below may encompass multiple reviews.

#### **Winter 2015:**

- Accuracy of Aggregate Payments to Qualified Health Plan Issuers for Advanced Premium Tax Credits and Cost Sharing Reductions, and Effectiveness of Related Internal Controls (Payments)
- Payments to Federally Facilitated Marketplace Contractors (Payments)
- Information System Security Controls at State-Based Marketplaces – CA (Security)
- Review of Affordable Care Act Establishment Grants for State Marketplace – MD (Payments)
- Programmatic Justification for CMS' Involvement in Premium Tax Credit Obligations Under the ACA (Payments)

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<sup>5</sup> These target timeframes do not include the broader range of OIG's ACA oversight portfolio.



**Spring 2015:**

- CMS' Internal Controls Over Advance Premium Tax Credit Obligations and Payments Under the ACA (Payments)
- Oversight of Federally Facilitated Marketplace Contractors (Management and Administration)
- Review of Affordable Care Act Establishment Grants for State Marketplaces (Payments)
- CO-OP Loan Program-Eligibility Status and Use of Startup and Solvency Loans – 6-month period (Payments)
- Enrollment Safeguards at Additional State Marketplaces (Eligibility)
- Information System Security Controls at State-Based Marketplaces – CO (Security)
- CMS Implementation of Security Controls Over Consumer Information Obtained in the Federally Facilitated Marketplace (Security)
- Review of the Federally Facilitated Marketplace's Eligibility Verifications for Premium Tax Credits (Eligibility)

**Summer 2015:**

- Implementation of the Federally Facilitated Marketplace (Case Study) (Management and Administration)
- CO-OP Loan Program-Eligibility Status and Use of Startup and Solvency Loans – 12-month period (Payments)

**Fall 2015:**

- Review of Grant Awards to Navigators in Federally Facilitated or State Partnership Marketplaces (Payments)
- Information System Security Controls at State-Based Marketplaces – NY (Security)

**To Be Determined:**

- Accuracy of Advance Premium Tax Credits and Cost Sharing Reductions Payments for Individual Enrollees (Payments)
- Inconsistencies in the Federally Facilitated Marketplace Applicant Data (Eligibility)