

Pursuant to the Joint Explanatory Statement accompanying the Consolidated Appropriations Act of 2014 (the Act), on March 18, 2014, OIG reported on our plan for using discretionary funding provided under the Act for oversight of health care reform activities to the Chairmen and Ranking Members of six congressional committees:

- Senate Committee on Appropriations;
- Senate Committee on Health, Education, Labor & Pensions;
- Senate Committee on Finance;
- House of Representatives Committee on Appropriations;
- House of Representatives Committee on Energy & Commerce; and
- House of Representatives Committee on Ways & Means.

OIG reported the following information along with Appendix A of our 2014 Work Plan, which describes our ongoing and planned work related to the Affordable Care Act.

Pursuant to the Joint Explanatory Statement accompanying the Consolidated Appropriations Act of 2014 (P.L. 113-76, Jan. 17, 2014) (the Act), I am pleased to submit the Office of Inspector General's (OIG) plan for oversight of Department of Health and Human Services (HHS or the Department) activities related to implementation and operations of programs under the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010 (Affordable Care Act, or ACA). The Act provided \$71 million to OIG, an increase of approximately \$23 million from our 2014 discretionary appropriation. The Joint Explanatory Statement explains that with this increase in funding, OIG "is expected to continue and expand its work on discretionary programs along with its other areas of responsibility." In addition, the Joint Explanatory Section asked OIG to describe its plan for use of additional discretionary funding provided under the Act for oversight of health care reform activities. To provide a fuller picture of our ongoing and planned oversight strategy, I am including summary information addressing our oversight of Medicare and Medicaid reforms under ACA, which are funded as part of the Health Care Fraud and Abuse Control program.

The Affordable Care Act enacted a range of new programs affecting HHS and made changes to existing programs. Provisions included, for example, establishment of the new health insurance marketplaces; expansion of and changes to the Medicaid program; changes to several Parts of the Medicare program; and new grant funding for other HHS programs and agencies, such as the Health Resources and Services Administration and the Centers for Disease Control and Prevention. OIG's Affordable Care Act work planning has and will continue to be informed by our assessment of risks and potential vulnerabilities, input from stakeholders, environmental scans, and our strategic goals to prevent fraud, waste, and abuse; promote value, safety, and quality; and secure the future by fostering sound financial stewardship and supporting a high-performing health care system. (OIG's Strategic Plan for 2014-2018 can be found at <http://oig.hhs.gov/reports-and-publications/strategic-plan/files/OIG-Strategic-Plan-2014-2018.pdf>.)

OIG's FY 2014 ACA Oversight Strategy

The additional funds provided by the Act enabled us to put forward a robust fiscal year (FY) 2014 Work Plan and will facilitate its timely execution. Appendix A of the Work Plan, which is enclosed with this letter, describes our ACA oversight strategy and specific ACA-focused work underway or planned to begin within this FY, with products planned for release throughout 2014 and early 2015.

A top priority is oversight of the new health insurance marketplaces and related programs under Title I of ACA. Our goal is to ensure that taxpayer dollars are spent for their intended purposes in a marketplace system that operates efficiently and effectively. As described in Appendix A, our strategy focuses on four key aspects of the marketplaces, each of which pose critically important questions of integrity, efficiency, and economy:

- payment accuracy (including subsidy and premium stabilization payments),
- eligibility systems,
- contracting (pre- and post-October 1, 2013), and
- security of data and consumer information.

We anticipate that oversight work in these four important areas will be necessary and continue in future years; moreover, as data accumulate and become available over time, we will be better positioned to assess the longer term impacts of new policies and programs in accordance with accepted oversight standards. We are also conducting an overarching case study of the implementation of the federally facilitated marketplace, looking comprehensively at HHS's planning, management, oversight, and operations before and after the launch of enrollment in the marketplaces on October 1, 2013. Since publishing our FY 2014 Work Plan, we have commenced work reviewing the Establishment Grant funding provided for the Maryland State-based exchange, and plan to conduct similar reviews of additional State-based exchanges in the future.

Another priority area for FY 2014 and beyond is oversight of the Medicaid program, which is growing in States that expanded their programs under ACA, as well as those that did not. OIG will review the implementation of specific changes under ACA to Medicaid eligibility and Federal financing, as well as conduct broad oversight of Medicaid program integrity. This includes conducting fraud investigations and audits and evaluations that recommend recoupment of overpayments, changes to policies to better protect Medicaid dollars, and improvements that lead to better quality of care for Medicaid beneficiaries. As described further in Appendix A and our Work Plan, specific efforts in 2014 include:

- reviewing the implementation of ACA provisions related to new matching rates and eligibility determinations;
- assessing the effectiveness of the prohibition on reimbursement for healthcare-acquired conditions and Medicaid program integrity activities established under Title VI of ACA; and
- promoting the effectiveness and efficiency of the growing Medicaid program in key risk areas, such as prescription drugs, home- and community-based care and other services, State management of Medicaid information system controls and security, and Medicaid managed care.

While a substantial focus of our ACA oversight will be on the marketplaces and Medicaid, we also plan to review key ACA grant and loan programs, including, for example, the Prevention and Public Health Fund and the Consumer Operated and Oriented Plan (CO-OP) Loan Program.

As described in our FY 2014 Work Plan, we have work planned and underway reviewing several changes to Medicare under ACA, as well as an extensive body of Medicare-focused work addressing all Parts of the Medicare program. We anticipate that this work will provide data on cost, quality, and delivery of Medicare services that can aid the Department as it develops new, value-driven payment and delivery models for the Medicare program, including those being implemented pursuant to the Affordable Care Act.

OIG's Ongoing Work Planning

OIG's FY 2014 Work Plan provides a point-in-time snapshot of planned and ongoing work. OIG engages in a dynamic work planning process that incorporates continuous risk assessment, environmental scans, and re-prioritization of resources. Increased funding has given us additional capacity and flexibility to respond to areas of vulnerability as they arise, such as initiating our new audit of grant funding for the Maryland Exchange. This flexibility and adaptability is particularly important in a fluid and rapidly changing health care environment.

Accordingly, additional work planning for this FY and future FYs is ongoing. We anticipate additional oversight of the health insurance marketplaces and related programs established by Title I of ACA, including the marketplace operations yet to be implemented. We plan to maintain a robust Medicaid portfolio, and to engage increasingly in work that speaks to efficiency and economy in health programs, including the transition to value-based payment and delivery systems and the heightened role of health information technology in health care. We plan to focus on HHS's administration and operation of ACA grants and programs, as well as compliance with program requirements by States, grantees, and others.

Finally, I note that in conducting our work, my office coordinates, as appropriate, with the Government Accountability Office (GAO) and other Federal and State oversight agencies, including other Inspectors General, to foster efficiency in our collective oversight efforts. Particular attention has been paid to this coordination with respect to oversight of health care reform activities, many of which cut across Federal agencies.