

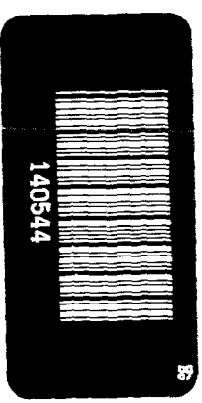
GAO

United States General Accounting Office
Report to the Chairman, Special
Committee on Aging, U.S. Senate

January 1990

AGING ISSUES

Related GAO Reports and Activities in Fiscal Year 1989



GAO HRD-90-56

Human Resources Division

B-217195

January 12, 1990

The Honorable David H. Pryor
Chairman, Special Committee
on Aging
United States Senate

Dear Mr. Chairman:

This report is in response to the Committee's October 11, 1989, request for a compilation of our fiscal year 1989 activities regarding older Americans.

Our work covered a broad range of issues, including income security, health care, housing, nutrition, social, community and legal services, employment and age discrimination. Some of the federal policies that address these issues are directed solely or primarily to the elderly, such as Social Security and Medicare. Other federal policies target the elderly as one of several groups served by a program or funding mechanism, such as social services block grants or Medicaid.

In the appendixes, we describe five types of GAO activities that relate to older Americans:

- Reports on policies and programs directed primarily at older Americans (see app. I).
- Reports on policies and programs in which the elderly were one of several target groups (see app. II).
- Testimonies on issues related to older Americans (see app. III).
- Ongoing activities on issues related to older Americans (see app. IV).
- Other activities by GAO officials, such as speaking engagements and publications, on issues related to older Americans (see app. V).

These products and activities and the issues addressed are presented in table 1. The table shows that income security was the leading issue among activities directed primarily at the elderly, while health was the leading issue across all types of activities and products.

Appendix I lists 59 issued reports on policies and programs directed primarily at the elderly (see table 1). We include in this section reviews of income security, health, social and other services, housing and veterans issues. We also describe GAO's management reviews of the agencies dealing with the elderly, as well as reports on the infrastructures of such agencies, including their computer systems. These aspects of agency

operations determine how well agencies can implement policies relating to the elderly.

Table 1: GAO Activities Relating to the Elderly in Fiscal Year 1989

Issue	Type of activity				
	Reports focused on the elderly	Reports with elderly as one of several target groups	Testimony	Ongoing activities as of 9/30/89	Other activities ^a
Income security	25	4	11	31	17
Health	21	7	10	48	18
Veterans	12 ^b	5 ^b	2 ^b	20 ^b	0
Social and other services	0	8	2	11	2
Housing	0	4	1	3	1
Other	1	0	0	1	1
Total	59	28	26	114	39

^aIncludes speaking engagements and publications.

^bIncludes veterans' health issues.

Appendix II describes 28 reports in which the elderly were one of several target groups for specific federal policies. With the exception of Older Americans Act programs, social and other services are generally financed in conjunction with services to other populations. For example, block grants fund community services or energy assistance for the elderly, as well as services for other age groups; Medicaid finances nursing home care, as well as medical care for poor people of all ages; and Native American programs fund social and health services for Native American elderly, as well as programs for other Native Americans. We also describe two transition reports, which are broad policy overviews of health and human services and housing.

Appendix III describes the 26 testimonies given in fiscal year 1989 on subjects focused primarily on older Americans. We testified more times on income security than any other issue.

In appendix IV we have listed the 114 studies directly related to older Americans that were ongoing as of September 30, 1989. As table 1 shows, we are increasing our activities on all issues relating to the elderly.

In addition to reports and testimonies, GAO officials are called upon to appear on news interviews and professional and academic panels, as

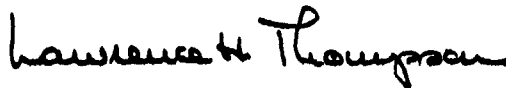
well as to publish on topics for which they have particular expertise. Appendix V describes the 39 times GAO officials spoke or published on aging issues.

You also asked for information on our employment of older Americans. Our policies prohibit age discrimination (see app. VI). On September 30, 1989, 54 percent of our work force was 40 years of age or older. We continue to provide individual retirement counseling and group prereirement seminars.

As arranged with your office, we are sending copies of this report to interested congressional committees and subcommittees. Copies also will be available to others on request.

This report was prepared under the direction of Joseph F. Delfico, Director, Income Security Issues. Should you have any questions concerning this report, please call him on (202) 275-6193. Other major contributors are listed in appendix VII.

Sincerely yours,

A handwritten signature in cursive script that reads "Lawrence H. Thompson".

Lawrence H. Thompson
Assistant Comptroller General

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Abbreviations

AAPCC	adjusted average per capita cost
ACR	adjusted community rate
ADP	automated data processing
ADL	activities of daily living
ALJ	administrative law judge
CHAMPUS	Civilian Health and Medical Program of Uniformed Services
DDS	Disability Determination Service
DOD	Department of Defense
ESOP	employee stock ownership plan
FEHBP	Federal Employees Health Benefit Plan
FERS	Federal Employee Retirement System
FDA	Food and Drug Administration
GAO	General Accounting Office
HCFA	Health Care Financing Administration
HHS	Department of Health and Human Services
HMO	health maintenance organization
HUD	Department of Housing and Urban Development
MIG	Medicare Insured Group
NIMH	National Institute of Mental Health
OPM	Office of Personnel Management
PRO	peer review organization
RAM	resource allocation methodology
SQC	Statistical Quality Control
SSA	Social Security Administration
VA	Department of Veterans Affairs

Fiscal Year 1989 GAO Reports on Issues Primarily Affecting Older Americans

During fiscal year 1989, we issued 59 reports on issues primarily affecting the elderly. Of these, 25 were on income security, 21 were on health, 12 on veterans' issues (including 5 on veterans' health care), and 1 on other issues. An asterisk after the report title indicates that the review was performed at the request of Committees or Members of Congress. Two asterisks indicate that the work was mandated by statute.

Health

Board and Care: Insufficient Assurances That Residents' Needs Are Identified and Met (GAO/ HRD-89-50, Feb. 10, 1989)*

Many elderly and disabled adults reside in board and care homes; little is known nationally, however, about the residents' needs, the care they receive, or the total number of homes operating in the United States. In 1976, the Congress enacted the Keys Amendment to the Social Security Act. The act required states to certify, to the Department of Health and Human Services (HHS), that all facilities in which a significant number of Supplemental Security Income recipients resided or were likely to reside met appropriate standards. HHS is only required to record that it received the states' annual certificates concerning compliance. HHS has done little to monitor state actions or sanction states not in compliance. In the six states we visited, the states continue to find serious problems in some licensed board and care homes. These problems range from very serious situations, such as residents being subjected to physical and sexual abuse, to persistent unsanitary conditions. In some cases residents were denied heat, were suffering from dehydration, were denied adequate medical care, or had food withheld if they did not work. Situations have occurred that have contributed to the death of board and care residents. HHS needs (1) to conduct a comprehensive assessment of states' oversight activities for their board and care population and (2) report to the Congress findings and, if appropriate, recommendations as to further steps needed to assure protection of residents and changes needed to the Keys Amendment to make it more effective.

**Health Insurance:
Bibliography of Studies on
Health Benefits for the
Uninsured (GAO/HRD-89-
27FS, Feb. 24, 1989)***

This annotated bibliography lists studies concerning health benefits for the uninsured. It cites literature, including books, journal articles, and research reports published between 1980 and 1988.

**Information Technology:
Health Care Financing
Administration's Budget
Process Needs
Improvement (GAO/
IMTEC-89-31, Aug. 11,
1989)***

The Health Care Financing Administration's (HCFA's) Information Technology System budget request of \$73.6 million for fiscal year 1990 may not accurately and fully estimate automated data processing (ADP) expenditures. HCFA's cost estimate of \$22 million for an ADP initiative to expand system capacity for the Catastrophic Coverage Act of 1988 was not supported by sufficient analysis because HCFA lacked time to make a more accurate estimate. Fiscal years 1991-92 costs of the PRISM system have been increased by about \$7.2 million. The system is intended to give HCFA additional ADP and telecommunications capacity to improve program operations and supply better data to assess the impact of new health care proposals. Further, HCFA has not included in its information technology systems budget request over \$947 million included in its programmatic budget for Medicaid state and Medicare contractor ADP costs and for a major Medicare project. Although HCFA believes that contractors can contribute to Medicare ADP cost reduction—by cutting the number of systems used and trimming maintenance costs through sharing arrangements or adopting a HCFA-compatible system—HCFA believes that it does not have the legal authority to direct system standardization and consolidation.

**Internal Controls: Need to
Strengthen Controls Over
Payments by Medicare
Intermediaries (GAO/HRD-
89-8, Nov. 14, 1988)**

HCFA is experiencing problems in resolving claims processing errors concerning Medicare payments to institutions and needs to better use the results of external reviews in managing Medicare. HCFA has not ensured that intermediaries resolve potential claims processing errors identified by master record computer edits. This has resulted in a backlog of over 2 million unresolved errors as of July 1987. In reviewing 277 of these potential errors, GAO found 73 overpayments totaling \$272,011 and 7 underpayments totaling \$5,468. GAO projected that the three peer review organizations (PROs) had allowed millions of dollars in overpayments and underpayments. To more adequately ensure the appropriateness of Medicare payments to institutions, HCFA should more effectively use its internal controls and strengthen other controls.

Long-Term Care for the Elderly: Issues of Need, Access, and Costs (GAO/HRD-89-4, Nov. 28, 1988)*

In 1985, an estimated 6.2 to 6.5 million elderly depended on others for help with activities of daily living (ADL) or instrumental activities of daily living. About 20 percent of these dependent elderly lived in nursing homes; the majority lived in the community. Nearly all of the elderly in the community received all or some of their care from informal caregivers—family and friends. A 1982 survey noted that despite help from family and friends, about 40 percent of the elderly with one or more ADL dependencies still had unmet needs for help. Individuals with mental/behavioral problems and/or multiple ADL dependencies who require extra nursing care and for whom payments will be made by Medicaid are likely to wait the longest for help. The majority of public and private expenditures are for nursing home care; in fiscal year 1985, almost \$36 billion of the estimated \$45 billion spent nationally for long-term care was for the dependent in the community. Out-of-pocket payments by individuals and their families were an estimated \$20 billion in 1985 and are expected to continue to rise. Any future strategy for handling the growing long-term care needs of the elderly will need to balance the potentially conflicting goals of access and cost containment.

Long-Term Care Insurance: State Regulatory Requirements Provide Inconsistent Consumer Protection (GAO/HRD-89-67, Apr. 24, 1989)*

Expenditures for long-term care services in the United States are expected to exceed \$46 billion in 1988, principally for nursing home care. Publicly funded health care programs—Medicare for the aged and Medicaid for the poor—pay less than half, with consumers paying the remainder. Private long-term care insurance offers potential to help defray these costs; it is intended to address these gaps and limitations in other insurance. Typically, such policies pay a set amount over a specified period for each day a policyholder uses a covered service. But policies vary considerably in terms of coverage, the amounts payable per day, and other conditions affecting policy value and cost. State approaches to regulating long-term care insurance vary greatly. Half the states have adopted specific legislation, although they vary in the degree to which they meet the National Association of Insurance Commissioners' recommended minimum standards. Many states allow insurers to use policy provisions that offer consumers less protection than recommended. While such provisions can result in lower policy premiums, they can adversely affect policyholders by (1) decreasing the likelihood that needed services will be covered and (2) increasing the risk of policy terminations for reasons other than nonpayment of premiums.

**Medicaid: Recoveries From
Nursing Home Residents'
Estates Could Offset
Program Costs (GAO/HRD-
89-56, Mar. 7, 1989)**

Through asset recovery programs, states can recover from the estates of nursing home recipients or their survivors a portion of the expenses the state incurs in providing nursing home care. Estate recovery programs require Medicaid recipients whose primary assets are their homes to contribute toward the cost of their nursing home care in the same manner required of recipients whose assets are in the form of stocks, bonds, and cash. Unlike the payments made from liquid assets, however, payments from the home's equity are deferred until the recipient and his or her spouse and dependent children no longer need the home. Estate recovery programs provide a cost-effective way to offset state and federal costs, while promoting more equitable treatment of Medicaid recipients. GAO studied Medicaid nursing home programs in eight states to determine the potential financial impact of asset recovery programs on Medicaid and whether they provide a mechanism acceptable to the elderly for sharing the costs of nursing home care.

**Medicaid: Some Recipients
Neglect to Report U.S.
Savings Bond Holdings
(GAO/HRD-89-43, Jan. 18,
1989)**

In a limited test in Massachusetts, GAO identified 143 Medicaid nursing home residents whose individual bond holdings could render them ineligible for benefits. Their combined outstanding bond holdings totaled about \$1.5 million. Most of the holdings were not reported on the individuals' Medicaid applications, even though the form used in Massachusetts specifically asks recipients to list government bonds/notes. Although the Social Security Act requires state agencies that administer certain federal benefit programs to verify income by comparing the income declared by program applicants and beneficiaries with information obtained from the Internal Revenue Service and the Social Security Administration (SSA), it does not require verification of U.S. savings bond holdings. The Department of the Treasury maintains such information on the value of savings bond holdings, but this information is not currently available to the states. To help prevent ineligible individuals from obtaining Medicaid benefits, GAO recommends that (1) procedures for verifying saving bond holdings be included in an Income and Eligibility Verification System and (2) the Secretary of the Treasury, upon request, make such information available to the states.

**Medicare: An Assessment
of HCFA's 1988 Hospital
Mortality Analyses (GAO/
PEMD-89-11BR, Dec. 13,
1988)***

HCFA has made several refinements in its analytical approach to hospital mortality analyses. It has (1) modified the composition of the 17 broad categories used to characterize the principal diagnosis of all Medicare patients, (2) reported outcomes of each hospital over several years rather than a single year, and (3) initiated studies to validate its analytical approach. However, its current analytical approach and associated

validation efforts still have several limitations that diminish its ability to ensure the validity of its analyses. Until HCFA expands on its current efforts to validate its approach and to examine the effect of data deficiencies, it will be difficult to determine the actual proportion of hospitals that are correctly identified as having, or not having, quality of care problems.

**Medicare Catastrophic
Act: Options for Changing
Financing and Benefits
(GAO/HRD-89-156,
Sept. 15, 1989)***

Members of Congress and the public have expressed concern about the Medicare Catastrophic Coverage Act of 1988, particularly about the amount of supplemental premium that higher income Medicare beneficiaries will pay. In this report, which provides a summary of options available to either revise the benefits and financing under the act or phase out the program, GAO finds no "painless way" to reduce beneficiary funding. Revenues from other sources will need to be raised or benefits provided under the act will need to be cut. Compounding the problem from a budget standpoint is that the act was designed to build a contingency reserve so that estimated revenues exceed estimated costs for the catastrophic program in its early years. Therefore, repeal of the program would increase the federal deficit for Gramm-Rudman-Hollings deficit reduction purposes for the next few years.

**Medicare: Health
Maintenance Organization
Rate-Setting Issues (GAO/
HRD-89-46, Jan. 31,
1989)****

The report provides an overview to three broad topics of concern relating to current rate-setting methodology. These issues are the (1) accuracy of the forecasted adjusted average-per-capita cost (AAPCC) rates; (2) appropriateness of tying health maintenance organization (HMO) payment levels to county fee-for-service Medicare cost levels; and (3) potential of the current capitation payment system to adversely affect Medicare, its beneficiaries, and HMOs.

Forecasts of future costs are made using relatively old data for the base period, because complete data on actual Medicare payments are generally not available until 3 years after a given time period. Thus, the data must be inflated to account for price increases over time and adjusted for factors such as changes in utilization rates and patterns. Questions have been raised about whether the county is the appropriate unit of local rate-setting, and whether there are alternatives to using local fee-for-service Medicare cost as the means of setting HMO payment rates. While the capitation payment system creates strong incentives for the efficient use of resources and cost containment, AAPCC capitation in a fee-for-service environment also creates incentives that may hamper the

achievement of Medicare's cost containment and quality-of-care goals. GAO will present the results of its analysis in later reports.

**Medicare: Impact of State
Mandatory Assignment
Programs on Beneficiaries
(GAO/HRD-89-128,
Sept. 19, 1989)***

Mandatory assignment laws reduced out-of-pocket health care costs for covered beneficiaries in four states that enacted laws requiring physicians, under certain circumstances, to accept Medicare's approved amount as payment in full. The Massachusetts law eliminated all billing by physicians that exceeded the amounts allowed under Medicare; the amount of savings in the other three states (Connecticut, Rhode Island, and Vermont) was less clear. Indicators developed by GAO suggest that physicians have not offset reducing bills for covered beneficiaries by increasing bills for noncovered beneficiaries. The volume and intensity of services provided by physicians to Medicare beneficiaries in three states did not increase as some people had feared. In Massachusetts, the volume and intensity of services increased, but the law's relative importance in causing this increase is not clear. Access to care was not reduced in the four states as a result of the mandatory assignment laws.

**Medicare: Incentives
Needed to Assure Private
Insurers Pay Before
Medicare (GAO/HRD-89-
19, Nov. 29, 1988)**

Medicare saved about \$1.4 billion in fiscal year 1987 by paying beneficiaries' medical bills only after other responsible insurers had paid, but it is still paying many claims that other insurers should pay. While Medicare has taken steps to improve the information available for identifying claims that others should pay, insurers and contractors do not have adequate incentives to comply. Until they do, Medicare secondary payer provisions will not achieve all possible savings.

**Medicare: Indirect Medical
Education Payments Are
Too High (GAO/HRD-89-
33, Jan. 5, 1989)****

Under Medicare's prospective payment system, teaching hospitals receive extra payments. These payments are to compensate for higher patient care costs associated with providing graduate medical education. In fiscal year 1986, the additional payments were about \$2.1 billion—\$1 billion for direct medical education costs and \$1.1 billion for the indirect cost of medical education. GAO's analysis showed that the add-on payments to teaching hospitals for the indirect cost of medical education are too high, and GAO recommends reducing the teaching adjustments factor, which helps determine these payments.

Medicare: Physician Incentive Payments by Prepaid Health Plans Could Lower Quality of Care (GAO/HRD-89-29, Dec. 12, 1988)*

Concerns have been raised that the incentive payments made to physicians participating in Medicare may be so strong that they represent a potential threat to the quality of care by encouraging inappropriate reductions in service. Incentive features most likely to adversely affect quality are (1) shifting HMOs' risk to physicians, (2) distributing incentives based on individual physician cost performance, (3) paying a percentage of HMO savings on patients, and (4) measuring physician cost performance over a short time period. Strong HMO management controls are needed to identify and prevent physician behavior that adversely affects quality of care.

Medicare: Program Provisions and Payments Discourage Hospice Participation (GAO/HRD-89-111, Sept. 29, 1989)*

This report discusses why hospices are not participating in Medicare, the reasonableness of hospice payment rates, and hospice quality requirements. At least one-half of the nonparticipating hospices sampled during GAO's national survey said the main concerns that led them not to participate in Medicare were (1) the language required in hospices' certification of terminal illness related to the certainty of the physician's prognosis of death, (2) the requirement that hospices obtain contracts with hospitals for inpatient services, (3) limits placed on aggregate payment amounts and inpatient days, and (4) payment rates.

Medicare PROs: Extreme Variation in Organizational Structure and Activities (GAO/PEMD-89-7FS, Nov. 8, 1988)*

The Utilization and Quality Control PROs operating under contract with HCFA and provide nurse and physician review of hospital medical records for discharged Medicare patients. In fiscal year 1987 these contracts totaled \$155 million. This fact sheet describes four aspects of PRO operations: (1) organizational characteristics, (2) review activities, (3) PRO objectives and interventions, and (4) relationships with other health and consumer groups in the state where the PRO is located.

Medicare: Reasonableness of Health Maintenance Organization Payments Not Assured (GAO/HRD-89-41, Mar. 7, 1989)

Under risk contracts, HMOs agree to provide all Medicare-covered services for a fixed monthly amount per beneficiary (capitation payment) and to experience a profit or loss depending on their cost to do so. Medicare law provides a payment safeguard to help ensure the accuracy of the methods used to calculate capitation rates. This safeguard, the adjusted community rate (ACR) process, is intended to prevent HMOs from retaining excessive profit from Medicare's payments. HCFA's process for reviewing, validating, and approving ACR submissions provides little assurance that the ACR process is meeting its payment safeguard objective. GAO's case studies of ACRs submitted by 4 HMOs and review of a

random sample of ACRs submitted by 15 other HMOs showed that the process is susceptible to HMO manipulation and error. This is because HCFA does not always enforce its requirements that an HMO (1) use its own historic cost and utilization data as a basis for calculating its ACR, (2) follow the prescribed computational methods to account for differences between Medicare and commercial members' volume and cost of services, and (3) document the calculations.

**Medicare: Status Report on
Medicare Insured Group
Demonstration Projects
(GAO/HRD-89-64, June 27,
1989)****

The Secretary of HHS is authorized to conduct demonstrations of contracting on a prepaid capitation basis with Medicare Insured Groups (MIGs) to provide Medicare benefits to retirees. A MIG must agree to provide the full range of Medicare-covered services to its Medicare-eligible retirees for a per capita rate of payment. The MIG's loss or surplus for servicing these retirees depends on whether its costs to provide the Medicare services are more or less than the capitation payment. HCFA has entered into cooperative agreements with Chrysler Motors Corporation, Southern California Edison Company, and Amalgamated Life Insurance Company to establish the three MIG projects authorized by the Omnibus Budget Reconciliation Act of 1987. In April 1989, HCFA officials told GAO that they were not certain when any of these projects would become operational.

**Medicare: Statutory
Modifications Needed for
the Peer Review Program
Monetary Penalty (GAO/
HRD-89-18, Mar. 30,
1989)***

Medicare seeks to ensure that beneficiaries receive hospital care that is medically necessary and meets professionally accepted standards. To detect any violations of such standards, Medicare contracts with PROs to examine beneficiaries' inpatient hospital records. If they identify instances of improper or unnecessary care that are gross and flagrant or numerous, PROs must report them to HHS's Office of the Inspector General (OIG) and provide appropriate recommendations. In the most serious cases Medicare can exclude the provider from the program. If exclusion is not warranted Medicare can impose monetary penalties instead. The dollar penalty, however, is based on the cost to Medicare of the improper or unnecessary care, and this cost can be very small. In a 1987 memorandum, the OIG advised PROs not to submit cases with recommendations for monetary penalties unless the penalty would be cost effective. Specifically, the memorandum indicated that PROs should not recommend such penalties unless, among other things, (1) the provider displayed a pattern, rather than one or two instances, of unnecessary or poor-quality care and (2) the Medicare program improperly reimbursed the provider a significant amount of money. To make the PRO monetary penalty a useful alternative when exclusion is not appropriate, the

Social Security Act should be amended by substituting a fixed dollar limit on monetary penalties for the current cost-based limit.

U.S. Employees Health Benefits: Rebate for Duplicate Medicare Coverage (GAO/HRD-89-58, Mar. 23, 1989)*

The Medicare Catastrophic Coverage Act of 1988 extends catastrophic insurance protection to about 33 million elderly and disabled beneficiaries, including Medicare-eligible federal retirees. Many of these federal retirees are also enrolled in the Federal Employees Health Benefits Program (FEHBP). To finance the cost of the new catastrophic benefits, additional Medicare premiums were imposed. Because federal employees already pay premiums to have many of these medical costs covered under FEHBP, the Office of Personnel Management (OPM) was directed to reduce FEHBP premiums to prevent federal retirees from paying twice for the same benefits.

Income Security

ADP Budget: SSA's Fiscal Year 1990 Information Technology Systems Budget Request (GAO/IMTEC-89-60, June 28, 1989)*

SSA's fiscal year 1990 information systems budget request for \$204 million provides \$160.5 million to fund ongoing data processing and telephone operations and maintenance. The request includes \$43.5 million to fund capital investment projects directed at enhancing the capabilities of its information systems, such as acquiring additional ADP and telephone equipment, new software development, and related contractor services.

ADP Planning: SSA's February 1989 Report on Computer Modernization Is Incomplete (GAO/IMTEC-89-76, Sept. 25, 1989)

This report presents the results of a review of SSA's ADP report, which showed the context in which the agency's fiscal year 1990 information technology budget supports the larger mission of SSA and prepares the agency to meet its service demands through the year 2000. The report, however, does not identify the specific long-term ADP activities to be undertaken; the objectives of each activity; the personnel, equipment, and financial resources needed to accomplish them; or their milestones. SSA officials estimated that it could take the agency until September 1990 to develop such detailed information on its computer modernization activities.

**ADP Systems: SSA Efforts
in Implementing Its Field
Office Modernization
(GAO/IMTEC-89-45,
May 17, 1989)***

In 1982, SSA began the field office modernization project to provide for more rapid client service. The project called for increasing the number of computer terminals available to provide automated capabilities for entering information and making benefits calculations on new accounts, thereby eliminating the paper-oriented manual process. GAO found that: (1) SSA met its initial field office hardware installation schedule by installing 22,892 computer terminals and the new communications network in some 1,300 field offices and (2) SSA had redesigned portions of its retirement software and planned to complete this redesign by 1992. Also, SSA field office personnel believed the increased quantity of terminals and the ability to quickly access data base information for retirement and supplemental income accounts allow personnel to promptly answer client inquiries while clients are in a field office or on the phone.

**Age Discrimination: Use of
Waivers by Large
Companies Offering Exit
Incentives to Employees
(GAO/HRD-89-87, Apr. 18,
1989)***

GAO reviewed Fortune 100 companies' use of waivers to release employers from certain legal claims under the Age Discrimination in Employment Act of 1967 in special short-term exit incentive programs. These programs were designed to encourage employees' early departure through some form of financial incentive. About 80 percent of Fortune 100 companies sponsored an exit incentive program at least once during 1979-88. About 30 percent of these companies required their employees to sign a waiver as a condition for receiving enhanced benefits. Overall, the use of waivers increased during the years 1985-88 and was highest in 1987 and 1988. During those peak years, 35 percent of the companies with exit incentives used them. Officials from companies that required waivers said such a practice protected the company from lawsuits. Companies not using waivers contended that they were unnecessary because of the voluntary nature of exit incentive programs and the adverse effect that waivers would have on employee relations.

**Computer Operations:
Improvements Needed in
Social Security's Capacity
Management Program
(GAO/IMTEC-89-8,
Jan. 18, 1989)**

SSA has estimated that since 1982, it has spent about \$643 million for its computer systems and planned to spend about \$170 million in fiscal year 1989 to maintain and further modernize its systems. SSA has not effectively performed capacity management activities needed to accurately assess its computer capacity needs. For instance, while the agency prepares various reports on total system utilization, these reports do not have sufficient detail at the transaction level; therefore, SSA cannot determine whether the current computer processing environment is operating effectively and efficiently. The agency has initiated improvements, but until they are completed, SSA cannot determine its

ongoing capacity requirements and provide assurance that future computer acquisitions are justified.

**District's Workforce:
Annual Report Required
by the District of Columbia
Retirement Reform Act
(GAO/GGD-89-57, Mar. 22,
1989)****

The District of Columbia Retirement Reform Act provides for annual federal payments to the District of Columbia's Police Officers and Fire Fighters' Retirement Fund. These payments, however, are to be reduced when the disability retirement rate exceeds an established limit. An enrolled actuary determined the disability retirement rate to be 0.733 percent. Since this rate is less than the established limit of 0.8 percent, no reduction is required in the fiscal year 1990 payment to the fund.

**Employee Benefits:
Company Actions to Limit
Retiree Health Costs
(GAO/HRD-89-31BR,
Feb. 1, 1989)***

Company group health plans, generally financed at least in part by the companies, play a major role in giving retirees and their dependents access to life-saving services. However, significant and increasing costs, and the potential adverse effects on business operations from disclosing unfunded benefits, could prompt companies to take action to change their health plan provisions. GAO looked at the retiree health plans of 29 medium and large companies in the Chicago area and found the following. All 29 companies have the right to modify or terminate health benefits for active workers and retirees due to specific language in the plans. During the 4-year period 1984-88, all the companies changed their plans by adding cost-containment measures to help ensure that the health services provided are medically necessary and qualify for coverage or by raising the amount plan participants pay for health coverage and for medical services received.

**Employee Benefits:
Companies' Retiree Health
Liabilities Large, Advance
Funding Costly (GAO/
HRD-89-51, June 14,
1989)***

Companies have been financing retiree health care for years. Although seen as a low-cost employee benefit decades ago, such care now has become a major concern for employers because of demographic and economic trends. Retiree health costs have skyrocketed, in part because there are more retirees than ever before—workers retire earlier and live longer. The growing cost has raised questions about the security of retiree health benefits and companies' ability to pay future costs. In contrast to pension plans, where moneys are set aside to pay future benefits, companies generally handle costs for retiree health benefits on a pay-as-you-go basis out of current revenue. By and large, companies do not prefund retiree health care costs. The Congress may wish to protect retirees' health care coverage by requiring employers to advance-fund such benefits or provide coverage that retirees can buy at group rates.

Federal Employees: Early Retirements at the Defense Department in Fiscal Year 1988 (GAO/GGD-89-53FS, Feb. 23, 1989)*

This fact sheet examined certain aspects of the Department of Defense's (DOD's) management of the voluntary early retirement program authorized in fiscal year 1988 at the Army Material Command, the Army Aviation Systems Command, the Army Troop Support Command, and the Air Force Air Logistics Center. The fact sheet focused on the cost and possible adverse affects of large numbers of DOD employees electing early retirement.

Federal Retirement: Use of Contractors to Implement the Federal Employees Retirement System (GAO/GGD-89-29, Feb. 1, 1989)*

The use of contractors and other agencies by OPM, SSA, and the Federal Retirement Thrift Investment Board to implement the Federal Employees Retirement System (FERS) was appropriate. OPM paid about \$3.8 million primarily to develop and print information to help federal employees better understand and compare the features of the new system and the Civil Service Retirement System. SSA contracted through the Government Printing Office for an automated system, using machine-readable forms to respond to federal employees' requests for social security earnings and coverage information at a total cost of \$621,506. The Thrift Board paid about \$14.6 million primarily to develop and operate an automated recordkeeping system and to prepare, print, and distribute materials and forms.

Federal Workforce: Positions Eligible for Law Enforcement Officer Retirement Benefits (GAO/GGD-89-24, Feb. 2, 1989)*

Concern was raised that agencies may be inappropriately classifying jobs as law enforcement positions to help employee recruitment and retention, since federal employees in the law enforcement officer retirement program receive more generous benefits that are more costly to provide than the retirement program for other employees. Various laws enacted since 1947 allow employees in such positions to retire earlier and to receive higher annuities for the same length of service to maintain a young and vigorous law enforcement work force. The most recent data available showed that 44,646 employees were covered by the special retirement benefits as of June 30, 1987. From January 1985 through June 1987, the Department of Justice's law enforcement work force increased by 5,580, and the Department of the Treasury's U.S. Customs Service law enforcement work force increased by 817. The majority of the new hires were placed in previously approved positions; thus, the new positions generally did not appear to contribute to the work force increase or to aid in recruitment and retention.

**Leveraged Buy-Out Funds:
Investments by Selected
Pension Plans (GAO/HRD-
89-121, Aug. 1, 1989)***

GAO's review of the extent to which eight selected pension plan sponsors participated in limited partnerships, or leveraged buyout (LBO) funds, which pool capital for buy-outs, showed that they have invested a relatively small portion of their assets in LBO funds. Most sponsors have received higher returns than achieved on other plan investments. Further, the sponsors appear to be selective in choosing the funds to invest in, and most had diversified their investments among different funds.

**Pension Plans: Labor and
IRS Enforcement of the
Employee Retirement
Income Security Act
(GAO/HRD-89-32, Jan. 23,
1989)***

The Employee Retirement Income Security Act of 1974 was enacted to eliminate mismanagement and abuses of private pension plan assets and to ensure that participants of these plans receive the benefits to which they are entitled. The Department of Labor and the Internal Revenue Service are responsible for enforcing the act's provisions. Labor's enforcement activities included: (1) an increase in the number of individual pension plan investigations closed from 1,259 in fiscal year 1985 to 1,323 in fiscal year 1987 and (2) an increase from about \$42 million in fiscal year 1985 to about \$106 million in fiscal year 1987 in the value of plan assets restored and transactions reversed as a result of its actions against plans with fiduciary violations. The Internal Revenue Service's efforts included increasing (1) the amount of excise taxes and penalties assessed from \$7.9 million in fiscal year 1985 to \$12.5 million in fiscal year 1987 and (2) the proportion of plans examined that were cited for violations from 20.5 percent in fiscal year 1985 to 32 percent in fiscal year 1987.

**Poor Performers: How
They Are Identified and
Dealt With in the Social
Security Administration
(GAO/GGD-89-28, Jan. 27,
1989)***

This report provides insight into how the SSA identifies and deals with poor performers. SSA's performance management system provides supervisors with a mechanism for dealing with poor performers. Generally, the system produced positive results in cases where poor performance was identified. Although SSA experienced some success, GAO also learned that poor performers were not always identified and that the process for dealing with poor performers was not always used. Moreover, some supervisors said they would be reluctant to initiate performance actions against unsatisfactory performers in the future.

Private Pensions: Plan Provisions Differ Between Large and Small Employers (GAO/HRD-89-105BR, Sept. 26, 1989)*

Employer-sponsored pension plans that qualify for preferential tax treatment must meet several federal rules designed to improve the equity and security of pension benefits. The Joint Committee on Taxation has estimated that tax preferences for these plans will result in a \$46 billion loss in tax revenue in 1989. The report focuses on the most prevalent types of pension plans in industries having most employer-sponsored plans. It describes some of the options that large and small companies sponsoring these plans chose in designing their pension plans to meet federal rules. GAO focuses on four provisions: (1) how long workers must wait to participate in the plans, (2) how long workers must wait to gain a legal right to receive earned benefits, or "vest," (3) how plans coordinate or "integrate" benefits with social security, and (4) how long workers must wait to be eligible for full retirement benefits. The report also discusses the impact of some of the changes mandated by the Tax Reform Act of 1986.

Private Pensions: Portability and Preservation of Vested Pension Benefits (GAO/HRD-89-15BR, Feb. 3, 1989)*

This briefing report answers questions about pension portability and preservation. Portability refers to the ability to transfer years of service credits or pension benefits from one employer to another. Preservation refers to encouraging workers to save cashed-out pension benefits for retirement income.

Railroad Retirement: Future Rail Employment and Trust Fund Solvency (GAO/HRD-89-30, Apr. 5, 1989)*

Rail employment has steadily declined, from 1,680,000 in 1945 to 307,000 at the end of 1988. A number of forces are at work that likely will cause this decline to continue to 200,000 or less. The overall drop in rail employment since 1945 has been influenced somewhat by this country's evolution toward a more service-oriented economy. The principal causes were the losses of passenger and freight traffic to other means of transportation. Despite lower employment levels in the future, current projections show that the railroad retirement account should be able to pay benefits into the first decade of the next century. These projections show an improvement in the financial status of the program because of a 1988 payroll tax increase, the extension of federal contributions from general revenues, and changes in certain other actuarial assumptions.

Social Security: Leadership Structure for an Independent Social Security Administration (GAO/HRD-89-154, Sept. 13, 1989)*

On the basis of its own reviews of the management experiences of different agencies and studies by others, GAO concludes that a single administrator rather than a board would be the best management structure for SSA. Under a board form of organization, board members are, in principle, able to bring different points of view and different experiences to the decision-making process. GAO's work, however, suggests that, in practice, boards have not proven effective in providing stable leadership, insulating decisions from political pressures, and ensuring that diverse viewpoints are considered in the decision-making process. Conversely, the single administrator form of organization offers the advantage of allowing for clear delineation of authority and responsibility—an operational characteristic found in most successful public enterprises.

Social Security: Results of Required Reviews of Administrative Law Judge Decisions (GAO/HRD-89-48BR, June 13, 1989)*

Social Security disability claimants whose initial benefit applications are denied may appeal through several layers of administrative and judicial review. The appeal process, however, is very time-consuming. For some claimants, even favorable decisions by administrative law judges (ALJs) are delayed because they are chosen at random for further review by SSA's Appeals Council. This random review process is carried out under the Bellmon Amendment. Early reviews under the amendment were directed at ALJs who issued favorable decisions in 70 percent or more of their cases and were so controversial they led to a lawsuit by the Association of ALJs. GAO studied 5,860 cases reviewed by the Appeals Council in fiscal year 1985. About 91 percent of the decisions reviewed were approved without objection. Over 80 percent of the cases not approved initially by the Council eventually became benefit awards anyway. In total, only 1.6 percent of the cases reviewed initially were kept off the benefit rolls. Nonetheless, benefit savings resulting from Bellmon reviews appear to be significantly greater than estimated costs.

Social Security: Staff Reductions and Service Quality (GAO/HRD-89-106BR, June 16, 1989)*

Morale at SSA has been identified as a problem in various surveys since 1986. SSA employees and managers attribute the low morale primarily to staff reductions, which have been underway since fiscal year 1985. In a 1988 GAO survey, SSA field office managers and employees ranked the quality of SSA's service in processing post-entitlement work loads lower than most of its other services. The agency has asserted that its quality of service has remained high over the last several years. Its most recent service quality reports submitted to the Congress in March 1989, generally indicates stable performance in the agency, with a major exception being the backlogs and processing time for hearings before ALJs, which

have remained relatively high over the last 2 years. (See GAO/HRD-89-37BR.)

Social Security: Status and Evaluation of Agency Management Improvement Initiatives (GAO/HRD-89-42, July 24, 1989)

In March 1987, GAO issued a report on the management of SSA; it contained recommendations to improve program operations and better prepare for the future. SSA has made good progress in beginning to implement these recommendations. The Commissioner and her staff have exhibited much needed leadership in establishing agencywide goals and objectives and developing tracking systems to assure accountability. SSA has made a number of organizational changes, appointed a senior executive officer, and set up offices for financial management and strategic planning. It has also made substantive progress in setting up a structured planning process and taken steps to integrate planning with budgeting. The Commissioner has instituted several major changes to improve the management of ADP, but SSA needs to appoint a full-time information resource manager to ensure that efforts are integrated and coordinated and support long-range goals. In some areas, however, additional management action is needed to redirect initiatives or to take more effective actions to correct the problems pointed out in the management report.

Social Security: Time Required to Approve and Pay Attorney Fees Can Be Reduced (GAO/HRD-89-7, Oct. 18, 1988)*

A median of 7 months is needed for attorney fees to be approved and paid by SSA. The approval and payment process involves five steps: (1) notice of disability decision, (2) benefit calculation, (3) fee petition, (4) fee approval, and (5) fee payment. SSA can shorten the process by requiring attorneys to have claimants sign fee petitions before they are sent to the hearing offices, which could save up to 30 days and by performing a detailed review of the entire process to determine where other efficiencies may shorten the process time.

Social Security: The Trust Fund Reserve Accumulation, the Economy, and the Federal Budget (GAO/HRD-89-44, Jan. 19, 1989)*

The Social Security Amendments of 1977 and 1983 moved the Old-Age, Survivors' and Disability Insurance trust funds away from their traditional, pay-as-you-go financing basis toward the accumulation of a substantial, though temporary, reserve. Revenues (mainly payroll taxes) were set higher than needed to cover current expenditures (mainly retirement benefits), causing the trust fund balance to grow. As annual trust fund surpluses accumulate, they are invested in special issue U.S. Treasury securities. That is, the cash receipts that are not currently needed to pay benefits are loaned to the Treasury, which uses that cash to meet its current requirements.

In 1985, legislation was enacted that removed social security from the unified budget. Now budget documents routinely report separate totals for the on-budget programs and the off-budget social security program. At the same time, however, the budget documents routinely combine the on-budget and off-budget financial results and projections into a single series of numbers, labeled the "total deficit." In fiscal year 1988 the social security trust funds had a surplus of \$39 billion. The rest of the government ran a deficit of \$194 billion, and together with the social security surplus, this produced a combined deficit of \$155 billion.

The budgetary reality is that the payroll taxes are being used to finance the current operations of the government and are masking the size of the on-budget deficit. The economic reality is that the trust fund reserves consisting of Treasury securities that are financing current consumption rather than productive investment are illusory. They will remain so until the rest of the government achieves approximate balance between revenues and outlays.

**Social Security: Views of
Agency Personnel on
Service Quality and Staff
Reductions (GAO/HRD-89-
37BR, Feb. 10, 1989)***

GAO was asked to obtain the views of SSA personnel on the quality of the agency's service to the public and the impact of staff reductions. Questionnaires were mailed to a sample of 467 managers and 643 employees in SSA's district, branch, and hearing offices in June 1988. Both employees and managers said that quality of service to the public has gone down and that morale had gone down due to staff reductions. (See GAO/HRD-89-106.)

**Software Maintenance:
SSA's Use of Its Software
Maintenance Package
(GAO/IMTEC-89-38,
June 15, 1989)**

One important measure of a computer program's quality is how well it is structured. A well structured program is clearly organized; its logic is apparent and easily understood by a programmer. In contrast, a poorly structured program is not well organized; its logic is complex, making it difficult to understand, and increasing maintenance time and cost. Between June 1987 and September 1988, SSA periodically evaluated the quality of the batch programs supporting its retirement system using a measurement package. GAO analyzed the package's evaluation of these programs and found that 1,992 of the 2,441 retirement systems programs evaluated appeared to be poorly structured. SSA had not taken full advantage of the benefits of the measurement package because it had not (1) developed a complete inventory of its programs, (2) ensured that programs are consistently named, or (3) issued specific written guidance to managers on using the package.

Veterans

Financial Audit: Veterans Administration's Financial Statements for Fiscal Years 1988 and 1987 (GAO/AFMD-89-69, Sept. 15, 1989)

This report presents the results of GAO's audit of the consolidated financial statements of the Veterans Administration (which became, in March 1989, the Department of Veterans Affairs (VA)) for the fiscal years ended September 30, 1988 and 1987. In addition, it addresses the financial condition of VA's life insurance and housing credit assistance programs, which are designed to be financed primarily from self-generated revenues. The report contains separate reports on VA's system of internal accounting controls and on its compliance with laws and regulations.

Financial Management: Opportunities for Improving VA's Internal Accounting Controls and Procedures (GAO/AFMD-89-35, Aug. 11, 1989)

VA has demonstrated a commitment to strengthen financial management and was one of the first federal agencies to prepare consolidated financial statements in accordance with generally accepted accounting principles for the federal government. However, GAO's audit disclosed weaknesses in internal controls, which VA has subsequently initiated actions to correct. The principal weaknesses GAO found were: (1) a lack of financial reporting systems that automated the financial system consolidation process and financial statements; (2) a lack of effective internal controls in the medical care, veterans' benefits, and housing credit assistance areas that are intended to ensure proper recoveries of cost and accuracy of account balances; and (3) inadequate automated payroll system controls for ensuring that all VA employees are paid correctly and on time.

VA Benefits: Law Allows Compensation for Disabilities Unrelated to Military Service (GAO/HRD-89-60, July 31, 1989)

In fiscal year 1986, the VA paid about \$8.4 billion in compensation benefits to 2.2 million veterans disabled by injuries or diseases incurred or aggravated during military service. On the basis of a random sample of 400 veterans receiving compensation, GAO estimated that about 19 percent of the compensated veterans had disabilities resulting from diseases that were probably neither caused nor aggravated by military service. Many of the diseases were related to heredity or lifestyle rather than to military service. Based on the sample, GAO estimates that benefits paid for these types of disabling diseases totaled about \$1.7 billion in 1986. Current law does not require VA to determine if military service was a contributing factor in the cause of a disease; the Congress may wish to reconsider whether these diseases should be compensated as service-connected disabilities. Any such changes should be prospective in order not to affect veterans already receiving compensation benefits.

**VA Health Care:
Allegations Concerning
VA's Patient Mortality
Study (GAO/HRD-89-80,
May 18, 1989)***

GAO was asked to examine allegations that the VA altered the design of its patient mortality study to obtain results more favorable to the agency. It was alleged in a newspaper article that VA's Chief Medical Director ordered that the confidence level used in calculating the number of VA medical centers that had higher-than-expected mortality rates be changed from 95 to 99 percent in order to arrive at a lower number of hospitals with potential quality assurance problems. Based on information provided by VA, GAO cannot conclude that the Chief Medical Director or any agency official inappropriately attempted to give the appearance that it had fewer hospitals with higher-than-expected mortality rates than actually exist.

**VA Health Care: Delays in
Awarding Major
Construction Contracts
(GAO/HRD-89-75, Mar. 31,
1989)***

VA was given funding in fiscal year 1988 for 15 major construction projects, each estimated to cost \$2 million or more. Public Law 100-202 required that (1) working drawings contracts be awarded by September 30, 1988, and (2) construction contracts be awarded by September 30, 1989. VA reported that, as of September 30, 1988, working drawings contracts for 2 of the 15 fiscal year 1988 projects and construction contracts for 3 of the 11 fiscal year 1987 projects had not been awarded as required. Information provided by VA officials indicated that various programmatic considerations caused the contracting delays. The most common reasons cited for delays were changes in the projects' scope or design or receipt of bids that exceeded the available funds.

**VA Health Care: Few
Veterans Denied Care at
Florida Clinics (GAO/HRD-
89-69, May 31, 1989)***

Concern was raised that VA clinics might be denying care to large numbers of veterans who apply for outpatient medical care in high-demand areas. GAO visited 4 of the 14 VA clinics in Florida, which VA considers to be a high-demand area. GAO estimates the four clinics denied outpatient care to less than 1.4 percent of the applicants during fiscal year 1988. These applicants were denied care because either they were not eligible to receive care at VA clinics or the services needed were not available.

**VA Health Care:
Improvements Needed in
Procedures to Assure
Physicians Are Qualified
(GAO/HRD-89-77, Aug. 22,
1989)***

Verifying physicians' credentials and examining their ability to perform specified procedures are important elements of an effective quality assurance program. Despite legislation requiring VA to improve its credentialing and privileging processes, GAO found after reviewing eight medical centers during 1987-88, that problems still exist. State licenses were not being consistently verified with state boards; residents' backgrounds were not being adequately checked; privileges were not reviewed in a timely manner; credentialing and privileging decisions

were not documented; physicians found to be deficient did not have their privileges formally reduced; and the names of physicians found to be incompetent were either not submitted to state licensing boards and/or the Federation of State Medical Boards or not submitted in a timely manner.

VA Health Care: Language Barriers Between Providers and Patients Have Been Reduced (GAO/HRD-89-40, Mar. 8, 1989)*

Public Law 95-201 requires the Secretary of Veterans Affairs to ensure that VA health care personnel have the basic proficiency in spoken and written English to carry out their responsibilities satisfactorily. VA's efforts since the law was enacted have significantly reduced the problems with English language proficiency among its direct health care providers.

VA Health Care: Resource Allocation Methodology Has Had Little Impact on Medical Centers' Budgets (GAO/HRD-89-93, Aug. 18, 1989)*

VA's Resource Allocation Methodology (RAM) is designed to link medical centers' budgets to actual work load and to provide a financial incentive for centers to improve their efficiency. Since 1985, VA has used RAM to transfer funds, through its budget formulation process, from less efficient medical centers to centers judged to be more efficient. The RAM-related adjustments to medical centers' fiscal year 1989 budgets generally represented less than 2 percent of the total dollars budgeted. The budget adjustments were small in relation to the centers' budgets because VA established a maximum amount that a center's budget would be increased or reduced in order to cushion the RAM's financial impact. In addition, as medical centers incur expenses that cannot be financed through their existing budgets, the centers' directors can request further funds from regional directors. The regional directors thus serve as safety nets to help centers cope with financial pressures caused by RAM-related budget adjustments.

Veterans' Benefits: Improvements Needed in Processing Disability Claims (GAO/HRD-89-24, June 22, 1989)*

Each year VA pays more than \$14 billion for disability benefits and processes more than 600,000 initial and reopened applications for these benefits. GAO investigated numerous allegations about VA's claims-processing practices and found that the rate of occurrence for most of the alleged problems was very low or did not appear to adversely affect benefit decisions. Significant problems, however, were found in these areas: notices to veterans concerning VA decisions on disability claims did not give veterans meaningful information; development of claims was sometimes inadequate; and claims were not always controlled promptly. Overall, these problems resulted in adverse effects on veterans in about 13 percent of both the compensation and pension claims.

With the exception of notice problems, it was difficult to identify any single cause of these problems.

**Veterans' Benefits:
Improvements Needed to
Measure the Extent of
Errors in VA Claims
Processing (GAO/HRD-89-
9, Apr. 13, 1989)**

Each year VA pays about \$14 billion in compensation and pension benefits to about 3.8 million veterans and their dependents or survivors, and about \$125 million in burial benefits to veterans' survivor or estates. VA relies on Statistical Quality Control (SQC) system to determine the extent of errors made in adjudicating claims for these benefits. VA's SQC system does not provide reliable estimates of the extent of errors made in processing claims because (1) its case sampling is not consistently random; (2) regional staff performing SQC reviews are not independent of claims processing; and (3) the central office does not ensure that the regions comply with SQC procedures or that they report errors accurately. Moreover, the system does not break out error rate data by program. As a result, VA lacks the information needed to produce accurate reports or take corrective actions within a given program. VA can improve the reliability of its measurements of claims adjudication quality by addressing these problems.

**Veterans' Benefits: Need to
Update Medical Criteria
Used in VA's Disability
Rating Schedule (GAO/
HRD-89-28, Dec. 29, 1988)**

VA cannot ensure that veterans are given accurate and uniform disability ratings because the rating schedule has not been adjusted to incorporate the results of many recent medical advances. Without current medical criteria, it is difficult for rating specialists to classify a disease or injury correctly. As a result, veterans may be assigned inconsistent ratings, and some veterans may be undercompensated or overcompensated. To better ensure that the rating schedule serves as a practical tool in assigning uniform disability rates, VA should (1) prepare a plan for a comprehensive review of the rating schedule and, based on the results, revise medical criteria accordingly and (2) implement a procedure for systematically reviewing the rating schedule to keep it updated.

Other

**Aging Issues: Related GAO
Reports and Activities in
Fiscal Year 1988 (GAO/
HRD-89-38, Jan. 26, 1989)***

This report lists GAO issued products—35 reports, 10 briefing reports, and 3 fact sheets—concerning activities of the elderly. It also lists 59 assignments in process as of September 30, 1988. The reports cover various topics, such as age discrimination and health care.

Fiscal Year 1989 GAO Reports on Issues Affecting the Elderly and Others

GAO issued 28 reports in fiscal year 1989, on policies and programs in which the elderly were one of several target groups. Of these, 8 were on social and other services, 7 on health, 5 on veterans issues, 4 on income security, and 4 on housing issues. An asterisk after the report title indicates that the review was performed at the request of Committees or Members of Congress. Two asterisks indicate that the work was mandated by statute.

Health

ADP Planning: FDA's Plans to Improve Processing of Medical Device and Drug Applications (GAO/IMTEC-89-58, June 13, 1989)

As part of its mission, the Food and Drug Administration (FDA) is responsible for assuring consumers that medical devices and drugs are safe and effective for their intended uses. Responsibility for reviewing and approving medical device and drug applications is divided between two centers within FDA. The Center for Devices and Radiological Health, which reviews medical device applications, has prepared an automated data processing system to improve the quality and timeliness of its application reviews. The Center estimates that carrying out its plan will cost \$3 million through fiscal year 1993. The Center for Drug Evaluation and Research, which reviews drug applications, has not prepared a plan. The Center is, however, participating in several activities aimed at improving its drug-review process, and Center officials say that they are developing a plan.

ADP Systems: Better Control Over States' Medicaid Systems Needed (GAO/IMTEC-89-19, Aug. 2, 1989)*

The Health Care Financing Administration (HCFA) and the states depend heavily on automated systems to manage and control the annual \$48 billion in Medicaid program costs. GAO reviewed 129 state requests for federal funds, submitted between November 1985 and July 1988, to either acquire or enhance automated Medicaid systems. GAO found that because HCFA has not issued guidelines concerning the requirement for states to prepare cost-benefit analyses, HCFA approved 116 of these requests—costing about \$119 million—without the means to determine if the projects would be worth their costs or whether the most cost-effective alternative was selected. In addition, GAO noted that HCFA funds 90 percent of the costs of approved state enhancements to automated Medicaid systems, rather than 75 percent, as specified in federal guidelines.

**Health and Human
Services Issues (GAO/
OCG-89-10TR, Nov. 1988)**

This report highlights actions that should be taken in four critical areas affecting the large and diverse operations of the Department of Health and Human Services. The areas include improving departmental management, containing the cost of health care, enhancing the financing and delivery of social security benefits, and implementing the recently enacted welfare reform legislation.

**Medicaid: Federal
Oversight of Kansas
Facility for the Retarded
Inadequate (GAO/HRD-89-
85, Sept. 29, 1989)**

One month after it was terminated from the Medicaid program in 1987 for deficiencies deemed to pose an "immediate and serious threat" to the health and safety of its residents, the Winfield (Kansas) State Hospital and Training Center for the mentally retarded was reinstated as a Medicaid provider. Staff abuse of residents, resident neglect, inadequate medical and nurse services, inadequate dental services, and poor sanitation were the deficiencies cited for termination. Controversy surrounding the reinstatement of the facility, after so short a time, led to a request for GAO to determine whether the regional office complied with Medicaid requirements in its oversight of Winfield. This report contains our analysis of the facility's termination from the Medicaid program and its subsequent reinstatement.

**Mental Health: Prevention
of Mental Disorders and
Research on Stress-Related
Disorders (GAO/HRD-89-
97, Sept. 12, 1989)***

In 1980, the Congress amended the Public Health Service Act to give special attention to efforts, both at the national and at the state and local levels, to prevent mental disability. As of April 1989, however, GAO found that the national prevention goals, priorities, policies, and programs required by the 1980 amendment had not been established. The Deputy Director for Prevention and Special Projects at the National Institute of Mental Health (NIMH) is responsible for carrying out the requirements of the amendment. GAO believes that the Deputy Director lacks the resources and authority to accomplish the task. In addition, only one person has served as the Assistant Administrator for Prevention at the Alcohol, Drug Abuse, and Mental Health Administration since the position's creation in 1983; he was appointed in August 1985 and served until June 1987. During fiscal year 1987, NIMH funded 42 grants, totaling over \$9 million, that investigated loss-related stress and effective measures to prevent the development of stress-related disorders. However, the Institute's stress-related activities were spread among several divisions with no central direction.

**Prescription Drugs:
Information on Selected
Drug Utilization Review
Systems (GAO/PEMD-89-
18, May 25, 1989)***

GAO was asked to provide information on the extent to which drug utilization review systems can identify adverse reactions that may result from (1) the interaction of the prescribed drug with one or several other drugs, (2) the interaction of the prescribed drug with a known physical condition or illness, (3) the interaction of a prescribed drug with over-the-counter drugs, (4) incorrect dosages, and (5) the under- and over-utilization of the prescribed drug. The systems reviewed were those at Giant Pharmacies, Long Pharmacies, Thrift Pharmacies, Walgreen Pharmacies, National Data Corporation, Clinical Screening Program, Home Shopping Network, and the Tri-Service Mirco Pharmacy System of the Department of Defense. In summary, the information needed to identify adverse reactions through the drug utilization review system and the patient profiles is currently available in at least some operating systems. In addition, issues concerned with data security were dealt with, to some degree, by all systems.

**Prescription Drugs:
HCFA's Proposed Drug
Utilization Review System
Ignores Quality of Care
Issues (GAO/PEMD-89-
26BR, July 13, 1989)***

Current research on prescription practices for the elderly clearly indicates that inappropriate drug prescription can cause adverse drug reactions, which can lead to drug-induced illness, hospitalization and even death. In addition, inappropriate drug prescription leads to enormously wasteful expenditures by the government, private insurance companies, and of course, the recipients of these prescriptions. The Medicaid Catastrophic Coverage Act of 1988 covers outpatient prescription drug costs for an estimated 17 percent of the elderly and provides a mechanism for checking the safety of drugs for all the elderly who use a participating pharmacy. This mechanism is an electronic drug utilization review system for prescription at the point of sale. The review system function proposed by HCFA is very basic with regard to drug information to be produced: it will only compare drug-to-drug interactions for a limited number of drugs. Several important issues remain unresolved. It is also questionable whether HCFA's system will meet the legislative objectives of being operational by January 1, 1991, and be consistent with the law's requirements.

Housing

Housing and Urban Development Issues (GAO/ OGC-89-22TR, Nov. 1988)

This report on the Department of Housing and Urban Development (HUD) describes GAO's concerns about two important issues that need closer attention—low-income housing and homelessness. If these issues are not addressed, the Secretary of HUD can expect (1) continuing decreases in the supply of rental housing that is available and affordable to low-income people and (2) a growing national homelessness problem. In this report, we offer a wide range of observations and suggestions on how the Secretary can best address these concerns.

Housing Conference: National Housing Policy Issues (GAO/RCED-89-174, Aug. 1989)

For many years, the federal government has played an important role in ensuring and providing an adequate and affordable supply of decent, safe, and sanitary housing for many citizens. However, since 1980, federal funding for housing programs has been reduced substantially for some programs, and others have been targeted for further reduction or even elimination. The Congress and the administration have again begun to emphasize the need for immediate attention to programs that would provide an adequate and affordable supply of housing, including housing for the homeless. This staff study was sponsored by GAO to help it plan its future work on the problems of availability and affordability of housing for low-income households, homeless individuals and families, and first-time buyers. In view of the recently disclosed problems in mismanagement at HUD, GAO also plans to undertake studies of internal controls in various HUD programs.

Partnership Projects: Federal Support for Public- Private Housing and Development Efforts (GAO/PEMD-89-25FS, Sept. 14, 1989)*

This fact sheet focuses on federal programs that support public-private partnerships in housing and community development. It describes federal programs currently supporting partnerships and, in particular, four characteristics of those programs: (1) purpose, (2) types of assistance, (3) mediating agents, and (4) target populations.

**Tax Policy: Costs
Associated With Low
Income Housing Tax Credit
Partnership (GAO/GGD-
89-100FS, July 10, 1989)**

The 19 publicly offered partnerships being marketed for low income housing tax credit projects on average use a higher proportion of equity to pay fees and expenses than those for residential and residential/commercial investments. The low income housing partnerships devote an average 27 percent of equity for fees and expenses, while the other types of investments use about 21 percent for this purpose. According to industry analysts, the proportion of fees and expenses spent by these low income housing partnerships are generally within guidelines issued by the North American Securities Administrators Association, Inc.

Income Security

**Employee Stock
Ownership Plans:
Allocation of Assets in
Selected Plans (GAO/HRD-
89-91, June 5, 1989)***

Employee Stock Ownership Plans (ESOPs) are recognized under the Employee Retirement Income Security Act as a type of defined contribution plan. Unlike other defined contribution plans, ESOPs have multiple purposes. In addition to providing retirement or deferred income to participants, their objectives include (1) improving productivity by giving workers an owner's stake in the success of the company, (2) broadening stock ownership and transferring company ownership to employees, and (3) providing a way to finance company operations or buy out existing owners. GAO reviewed nine ESOPs established in 1985. The data obtained on the nine plans showed that their ownership of company stock ranged from 2.2 to 100 percent; five plans owned less than 15 percent and four owned over 50 percent. Individual participant account balances ranged from \$467 to \$38,311. All nine plans allocated assets based on participant salaries. In three plans, the participants with the highest percentage of ESOP assets were company officers who also held company stock that was not in the plan.

**Federal Compensation:
Premium Taxes Paid by
the Health Benefits
Program (GAO/GGD-89-
102, Aug. 8, 1989)***

State and other governmental entities impose premium taxes on insurance underwriters that service participating plans in the Federal Employees Health Benefits Program. In 1987, 22 of the 25 participating fee-for-service plans charged the health benefits program about \$44 million for premium taxes imposed by the 50 states and other entities, including the District of Columbia and the Republic of Panama. These taxes are included in the plans' premiums charged to enrollees and the federal government. In 1980, the Congress exempted Federal Employees Group Life Insurance Program premiums from similar premium-based taxes because it considered the program to be self-insured and because

states generally do not tax self-insured programs. Since the health benefits program operates in a similar fashion, the Congress may want to consider exempting the health insurance program from premium taxes as well.

Social Security: Selective Face-To-Face Interviews With Disability Claimants Could Reduce Appeals (GAO/HRD-89-22, Apr. 20, 1989)*

Nearly two-thirds of the people who apply to SSA for disability benefits are initially denied them. The state Disability Determination Service (DDS) makes the initial disability determinations for claimants. Many appeal this decision, asking for reconsideration; some appeal to an administrative law judge (ALJ). ALJs reverse DDS decisions in over 60 percent of the cases they decide, often disagreeing with DDS determinations about claimants' remaining ability to work. Some of these appeals might be avoided if DDS interviewed selected claimants at the reconsideration stage. To date, the limited experience with face-to-face interviews at the reconsideration stage suggests that these interviews improve decisional quality and resolve some cases that would otherwise go to ALJs for appeal.

Social and Other Services

Block Grants: Federal-State Cooperation in Developing National Data Collection Strategies (GAO/HRD-89-2, Nov. 29, 1988)*

Current flexibility of states in collecting data on block grant programs contrasts markedly with data collection requirements under previous programs, which required states to adhere to federal standards. The Congress, in an effort to receive uniform data, legislated the development of model criteria and standardized forms for some block grants that rely heavily on voluntary state cooperation. Through this approach the data were timely, and officials in the six states GAO reviewed—California, Maryland, Pennsylvania, Rhode Island, Texas, and Virginia—perceived the collection efforts to be less burdensome. However, data collected through this approach for block grants were not always comparable across states. National leadership in developing standard forms and definitions can improve data comparability.

**Community Development:
Distribution of Small Cities
Funds by Pennsylvania
(GAO/RCED-89-111,
May 3, 1989)***

Under the Community Development Block Grant, Small Cities Program, funds are allocated to the states on a formula basis for the development of viable communities by providing decent housing and a suitable living environment and expending economic opportunities for low- and moderate-income persons. GAO was asked to review the methodology Pennsylvania used to distribute its funds. Some of GAO's findings showed that the state's methodology for estimating the percentage of low- and moderate-income persons is not consistent with the Housing and Community Development Act of 1974. The act says that estimates should be developed using income criteria and income data for the same year. Pennsylvania's methodology compared 1979 income levels with 1983 income criteria. The result is that the number of communities that are predominately of low and moderate income is higher than if HUD's estimates were used. The Department believes that the methodology the state uses overestimates the low- and moderate-income population in certain areas and has required the state to use HUD's estimates or some other appropriate alternative to distribute Small Cities funds.

**Financial Audit: Food and
Nutrition Service's
Financial Statements for
1987 (GAO/AFMD-89-22,
Mar. 15, 1989)**

This report examines the statement of financial position of the Food and Nutrition Service, an agency of the Department of Agriculture, as of September 30, 1987. This is the first year that the Service's financial statements have been subjected to an audit in accordance with generally accepted government auditing standards. In addition, we also report on our study and evaluation of the Service's internal accounting controls and on its compliance with laws and regulations.

**Food Stamp Program:
Administrative Hindrances
to Participation (GAO/
RCED-89-4, Oct. 21, 1988)***

States have adopted a number of procedures to assure eligibility for Food Stamp Program benefits and ensure that needy people receive the appropriate amount of assistance in the most economical and efficient way possible. However, under certain circumstances, procedures adopted by the states GAO visited (California, Illinois, Maryland, Oklahoma, and Texas) have prevented or delayed eligible households from applying for food stamps and participating in the program. For example, GAO found that two offices conducted normal business only four days each week, which limited access to food stamp services; all local offices in one state and one local office in each of two other states did not consider applicants for expedited benefits or provide expedited benefits on time; and three local offices in one state did not always help applicants obtain the documents they needed to complete their applications.

**Food Stamp Program:
Participants Temporarily
Terminated for Procedural
Noncompliance (GAO/
RCED-89-91, June 22,
1989)***

The Food Stamp Program is designed to provide low-income household members additional food-purchasing power to help them acquire an adequate low-cost diet. However, eligible program participants can be temporarily terminated from the program if they do not comply with procedural requirements. GAO, on the basis of its sample, estimates that about 49 percent of the households in Georgia and about 68 percent in Wisconsin experienced breaks in service. Participant-caused breaks resulting in benefit losses were caused by participants not (1) submitting timely monthly reports, (2) providing requested verification documents, (3) notifying their local office regarding the nonreceipt of stamps, or (4) meeting work requirements. Other participant-caused breaks were due to participants not filing timely or complete new applications for recertification.

**Food Stamps: Reasons for
Nonparticipation (GAO/
PEMD-89-5BR, Dec. 8,
1988)***

In both 1979 and 1986 slightly more than half of the households eligible for food stamps did not participate in the program because they did not think they were eligible. Approximately one-third of the 50 percent who did not think they were eligible thought their assets or income were too high for the program. About two-thirds of the eligible nonparticipants who thought they were eligible for benefits did not try to get food stamps. The reasons this group gave most frequently for not participating in the program were: (1) they did not need the benefits and (2) they were concerned about the likely administrative "hassles."

**Montana Indian
Reservations: Funding of
Selected Services,
Taxation of Real Property
(GAO/HRD-89-1BR,
Oct. 11, 1988)***

This briefing report contains information applicable to the Blackfeet, Flathead, Fort Balknap, and Northern Cheyenne Indian Reservations in Montana. Specifically, it mentions (1) state and county health care and social services for Indians, (2) funding information for school districts serving Indian students, and (3) taxes billed by counties for real property located on the reservations and taxes not billed due to the tax-exempt status of trust and tribally owned properties.

**Parental Leave: Revised
Cost Estimate Reflecting
the Impact of Spousal
Leave (GAO/HRD-89-68,
Apr. 6, 1989)***

GAO was asked to estimate the cost of adding a provision allowing 10 weeks of unpaid leave to care for a seriously ill spouse to H.R. 770, the Family and Medical Leave Act of 1989. H.R. 770 permits an employee to take up to 10 weeks of unpaid leave over a 2-year period upon the birth or adoption or placement for foster care of a child, or the serious health condition of a child or parent, and up to 15 weeks every year for personal illness. Upon returning to work, the employee is guaranteed the

same or equivalent job. The legislation requires employers to continue health benefits for workers while on unpaid leave on the same basis as if they were still working, but does not require the continuation of other employee benefits. The proposed provision would provide the same job protection and health benefits for spousal leave.

The estimated cost of H.R. 770 to employers having 50 or more workers would be about \$188 million annually. If the legislation is expanded to include leave to care for a seriously ill spouse, the cost increases by \$142 million to about \$330 million annually. When firms employing between 35 and 49 people are included, the cost of H.R. 770 is estimated to be \$212 million annually, which increases to \$368 million annually when the provision to care for seriously ill spouses is included.

Veterans

Defense Health Care: Patients' Views on Care They Received (GAO/HRD- 89-137, Sept. 13, 1989)*

Overall, patients expressed satisfaction with the care they received in all nine military treatment facilities GAO surveyed. High percentages of patients said they would want to go again to the same facility, for both inpatient and outpatient care. Despite generally favorable ratings, 53 percent of the outpatients and 39 percent of the inpatients commented negatively on some element of the care they received. Each facility surveyed had established patient representative programs to handle complaints and conduct surveys.

Defense Health Care: Workload Reductions at Military Hospitals Have Increased CHAMPUS Costs (GAO/HRD-89-47, July 10, 1989)**

The first priority of military hospitals is to treat active duty members. When space, staff, and other resources are available, however, they also care for military retirees and dependents. For outpatient care, these beneficiaries can choose between military facilities and civilian hospitals and physicians under Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The amount and cost of care provided under CHAMPUS have increased in part because the amount of care provided to beneficiaries at military facilities has declined. Other reasons for CHAMPUS cost increases include increases (1) overall in the cost of providing medical care, (2) in the number of military beneficiaries, and (3) in the rate at which they utilize the medical care system. DOD has initiated several actions designed to increase the availability of services at military facilities and reduce CHAMPUS costs. These initiatives, however, have not been in operation long enough to determine their impact.

**DOD Health Care: Issues
Involving Military Nurse
Specialists (GAO/HRD-89-
20, Mar. 29, 1989)***

Various private sector nursing organizations had expressed concern that military nurse specialists—nurse anesthetists, nurse midwives, and nurse practitioners—are not being granted the administrative and clinical responsibilities that their training justifies. Nurse specialists are individually privileged or authorized to perform specific functions (e.g., initiate, alter, or terminate medical care regimens) within established medical protocols and service guidelines. As matter of practice, however, DOD physicians are ultimately responsible for the care provided to patients in military treatment facilities. For this reason, a health care provider who is not a physician may not practice totally independent of a physician. Other issues raised involved military nurse specialists' promotions and their input to DOD policy. According to DOD officials, nurse specialists who are promoted to the rank of lieutenant colonel (Army and Air Force) or commander (Navy) and higher ranks may be required to assume supervisory or management responsibilities. In most instances, however, they will also continue to do clinical work within their specialties. Concerning input to policy, according to most specialty advisers, their input is solicited and used by the services but less so in DOD.

**DOD Health Care:
Occurrence Screen
Program Undergoing
Changes, but Weaknesses
Still Exist (GAO/HRD-89-
36, Jan. 5, 1989)***

Occurrence screening is one of several elements in the DOD's hospital quality assurance program. It involves a review of patient records by trained personnel who use designated criteria to identify occurrences that represent deviations from normal procedures or expected outcomes. Examples include a patient who had a drug or transfusion reaction or was unexpectedly returned to an operating room after initial surgery. Substantial numbers of occurrences were not being identified during the initial screening process. DOD's recent policy changes were designed to improve the utility of the program at the hospital level and were needed to achieve greater acceptance of the program by the hospitals. The extent to which these changes help to improve individual hospitals' programs will depend on how the hospitals and services design and implement their programs within the revised policy framework.

**DOD Health Care: Extent
to Which Military
Physicians Perform
Administrative Tasks
(GAO/HRD-89-53, Feb. 13,
1989)***

Concern was raised that military physicians were spending time performing office management tasks, such as answering phones and typing documents, that would be better spent providing medical care. There is general agreement within DOD and the military services that physicians are performing clerical and administrative tasks and that this detracts from their clinical practice time and adversely affects their productivity. Although the full extent of the administrative support problem and its effects are unknown, DOD health care professionals agree that it is a serious matter requiring priority attention. Each service has initiated or planned various actions to address this issue, but the impact of these actions may not be felt for a long time.

Fiscal Year 1989 GAO Testimony Relating to Issues Affecting the Elderly

GAO testified 26 times before congressional committees during fiscal year 1989 on issues relating to older Americans. We testified 11 times on income security issues, 10 times on health issues, twice on social service issues, twice on veterans' issues, and once on housing issues related to the elderly.

Health

Federal Employees Health Benefits Program, by Bernard L. Ungar, General Government Division, before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service (GAO/T-GGD-89-26, May 24, 1989).

Insufficient Assurances That Board and Care Residents' Needs Are Being Identified and Met, by Janet L. Shikles, Human Resources Division, before the Senate Special Committee on Aging (GAO/T-HRD-89-9, Mar. 9, 1989).

Medicare: Cutting Payment Safeguards Will Increase Program Costs, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Labor, Health and Human Services, and Education, Senate Committee on Appropriations (GAO/T-HRD-89-6, Feb. 28, 1989).

Medicare: GAO Views On the Payment System For Outpatient Cataract Surgery, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health, House Committee on Ways and Means (GAO/T-HRD-89-16, Apr. 10, 1989).

Medicare: Indirect Medical Education Payments Too High, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health, House Committee on Ways and Means (GAO/T-HRD-89-14, Apr. 11, 1989).

Medicare: Physician Incentive Payments by Prepaid Health Plans Could Lower Quality of Care, by Sarah F. Jaggar, Human Resources Division, before the Subcommittee on Health, House Committee on Ways and Means (GAO/T-HRD-89-19, Apr. 25, 1989).

Medicare: Referring Physicians' Ownership of Laboratories and Imaging Centers, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health, House Committee on Ways and Means (GAO/T-HRD-89-24, June 1, 1989).

Medicare: Referring Physicians' Ownership of Laboratories and Imaging Centers, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health and Environment, House Committee on Energy and Commerce (GAO/T-HRD-89-26, June 8, 1989).

Medigap: Insurance Effects of the Catastrophic Coverage Act of 1988 on Future Benefits, by Michael Zimmerman, Human Resources Division, before the Senate Committee on Finance (GAO/T-HRD-89-22, June 1, 1989).

Medigap Insurance. Effects of the Catastrophic Coverage Act of 1988 on Benefits and Premiums, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Commerce, Consumer Protection, and Competitiveness, House Committee on Energy and Commerce (GAO/T-HRD-89-13, Apr. 6, 1989).

Housing

GAO Audits of Accounting and Financial Management Systems at the Federal Housing Administration, by Charles A. Bowsheer, Comptroller General of the United States, before the Subcommittee on Housing and Urban Affairs, Senate Committee on Banking, Housing and Urban Affairs (GAO/T-AFMD-89-13, Aug. 2, 1989).

Income Security

Age Discrimination: Use of ADEA Waivers by Large Corporations, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Labor, Senate Committee on Labor and Human Resources (GAO/T-HRD-89-11, Mar. 16, 1989).

Employee Benefits: Companies' Retiree Health Liabilities Large, Even With Medicare Catastrophic Insurance Savings, by Lawrence H. Thompson, Human Resources Division, before the Subcommittee on Oversight, House Committee on Ways and Means (GAO/T-HRD-89-29, June 14, 1989).

Federal Employees Health Benefits Program, by Bernard L. Ungar, General Government Division, before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service (GAO/T-GGD-89-26, May 24, 1989).

GAO's Views on H.R. 791, A Bill to Establish the Social Security Administration As an Independent Agency, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Social Security, House Committee on Ways and Means (GAO/T-HRD-89-7, Mar. 1, 1989).

GAO's Views on an Independent Social Security Administration and the Personal Earnings and Benefit Statement, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Social Security and Family Policy, Senate Committee on Finance (GAO/T-HRD-89-23, June 2, 1989).

H.R. 2514: Federal Retirement Thrift Savings Plan, by Bernard L. Ungar, General Government Division, before the Subcommittee on Compensation and Employee Benefits, House Committee on Post Office and Civil Service (GAO/T-GGD-89-35, July 25, 1989).

Pension Plans and Leveraged Buy-Outs, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Oversight, House Committee on Ways and Means (GAO/T-HRD-89-20, Apr. 27, 1989).

Pension Plan Participation in Leveraged Buyout Funds, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Labor-Management Relations, House Committee on Education and Labor (GAO/T-HRD-89-5, Feb. 9, 1989).

Social Security Administration's System Modernization Plan, by Michael Zimmerman, Information Management and Technology Division, before the Subcommittee on Social Security, House Committee on Ways and Means (GAO/T-IMTEC-89-11, Sept. 28, 1989).

Social Security Administration—The First 6 Months of 800 Phone Service, by Joseph F. Delfico, Human Resources Division, before the Senate Special Committee on Aging (GAO/T-HRD-89-15, Apr. 10, 1989).

The Social Security Notch Issue, by Joseph F. Delfico, Human Resources Division, before the Subcommittee on Social Security and Family Policy, Senate Committee on Finance (GAO/T-HRD-89-2, Jan. 23, 1989).

Social Services

GAO's Cost Estimate of the Family and Medical Leave Act of 1989 (H.R. 770), by William J. Gainer, Human Resources Division, before the Subcommittee on Labor-Management Relations, House Committee on Education and Labor (GAO/T-HRD-89-4, Feb. 7, 1989).

GAO's Cost Estimate of the Family and Medical Leave Act Proposal, by William J. Gainer, Human Resources Division, before the Subcommittee on Children, Families, Drugs, and Alcoholism, Senate Committee on Labor and Human Resources (GAO/T-HRD-89-3, Feb. 2, 1989).

Veterans

Implementation of the CHAMPUS Reform Initiative, by David P. Baine, Human Resources Division, before the Subcommittee on Military Personnel and Compensation, House Committee on Armed Services (GAO/T-HRD-89-17, Apr. 18, 1989).

Implementation of the CHAMPUS Reform Initiative, by David P. Baine, Human Resources Division, before the Subcommittee on Manpower and Personnel, Senate Committee on Armed Services (GAO/T-HRD-89-25, June 5, 1989).

Ongoing GAO Work as of September 30, 1989, Relating to Issues Affecting the Elderly

At the end of fiscal year 1989, GAO had 114 ongoing jobs that were directed primarily at the elderly, or had older Americans as one of several target groups. Of these, 48 were on health issues, 31 on income security issues, 20 on veterans' issues, 11 on social and other services, 3 on housing issues, and 1 on other issues. One asterisk after the title indicates that the activity was requested by Committees or Members of Congress. Two asterisks indicate that the work was mandated by statute.

Further information on these studies is available from the following: Joseph F. Delfico, 275-6193, Director, Income Security Programs, for income security and veterans issues; Janet Shikles, 275-5451, Director, Public and National Health Issues for general health issues; David P. Baine, 275-6027, Director, Federal Health Care Delivery Issues, for Department of Defense and veterans' health studies; Linda Morra, 275-1665, Director, Intergovernmental Issues and Management, for social and other service issues; John Ols, 275-5525, Director, Housing and Community Development Issues, for housing studies; Robin Nazarro, 275-3198, Issue Area Coordinator, Information Management and Technology, for ADP studies; Kay Drake, 275-9422, Issue Area Planner, Accounting and Financial Management Division, for financial studies. For studies followed by a "+," contact Carl E. Wisler, 275-1854, Director, Planning and Reporting, Program Evaluation and Methodology Division.

Health

Alternatives to the Current Method of Computing Beneficiary Coinsurance for Outpatient Surgery*

Analysis of Initiatives to Increase Provider Participation in Medicaid

Analysis of Medicare's Automated Data Processing System*

Assessing PRO Review of Ambulatory Surgery Under Medicare by Analyzing Patient-Reported Outcomes—Development and Testing of a Patient Survey Instrument* +

Characteristics of the Uninsured in Michigan and Other Selected States

Comparative Analysis of Hospital Costs and Revenues*

Costs of Home Dialysis When Paid on a Reasonable Charge Versus Prospective Rate Basis*

Effects on Medicare and Beneficiary Costs of Implementation of Durable Medical Equipment Fee Schedule**

Evaluating the Relative Effectiveness of Alternative Medical Review Protocols* +

Evaluation of Impact of Medicare Secondary Payer Provisions on Disabled Beneficiaries**

Evaluation of the Existing Hospital Cost Reporting System and the Costs and Benefits of the Reporting System Developed in the Required Demonstration Project**

FDA's System and Procedures for Assuring the Safety and Effectiveness of Medical Devices* +

Identification of Characteristics of Rural Hospitals Vulnerable to Closure and Impact of Loss of Services on Community and Federal Reimbursement Systems*

Identification of Federal, State, and Hospital-Specific Programs/Strategies Addressing Problems for Rural Hospitals*

Identifying Goals and Information Needs for Effective Health Care Decisions* +

Impact of Applying Home Health Cost Limits by Discipline**

Impact of Changes in the Medicare Part B Appeals Process*

Impact of Uncompensated Care and Changes in the Nature of Emergency Patient Loads on Major Urban Area Hospitals*

Medicare Carriers and PROS and State Medicaid Agencies Need to Exchange Information on Problem Providers

Medicare Reimbursements for Conventional Eyeglasses Following Cataract Surgery*

Medigap Insurance and Employer Maintenance-of-Effort Actions Under Medicare Catastrophic Coverage*

Quality Assurance Issues in Expanding Health Coverage** +

Quality Assurance Under Arizona's Long Term Care Medicaid Demonstration Project*

Quality of Care of Screening Mammography in Different Settings

Review of Denials by Medicare Intermediaries of Home Health Care Claims*

Review of HCFA Oversight of State Income Eligibility Verification System

Review of Home Health Agency Certification Including the OBRA 1987 Changes*

Review Implementation of Medicare Insured Group Demonstration Projects**

Review of Independent Clinical Laboratories' Profits under the Medicare Fee Schedule**

Review of Legislative History of the Current Medicare Reimbursement Methodology for Risk-Based HMOs*

Review of Medicaid-Funded HMOs in the Chicago Area*

Review of Medicare Payments to Anesthesiologists**

Review of Medicare's Professional Review Organization Program for Health Maintenance Organizations*

Review of Methodological Soundness and Technical Adequacy of Clinical Trials Performed in Connection with Drug Applications Submitted to FDA* +

Review of Quality Assurance Requirements and Practices for Health Care Delivered in Nonhospital Settings*

Review of the Appropriateness of Medicare Payments for Durable Medical Equipment*

Statistics on the Medicare Part B Administrative Law Judge Hearings Process

Survey of Alternatives for Increasing Access to Nursing Homes for Medicaid Beneficiaries*

Survey of Cost and Use of Contracting with Noncertified Nursing Agencies to Provide Medicare Home Health Services*

Survey of Drug Acquisition Costs and Overhead Costs of Retail Pharmacies**

Survey of Effects of Employer and Insurer Health Insurance Coverage Initiatives on Employees*

Survey of FDA's Drug-Application Processing Systems

Survey of Medicaid Third Party Recovery Issues

Survey of Medicare's HMO Rate Setting Methodology**

Survey of Recoveries in Michigan for Services Covered by Private Insurers*

Survey of the Paperwork Requirements Associated with Medicare Claims*

Survey of Transfer Problems Associated with the Expanded Skilled Nursing Facility Benefit Under the Medicare Catastrophic Coverage Act of 1988**

Survey of Wholesale Pricing Practices of Prescription Drug Manufacturers*

Housing

Evaluation of Processing Delays in the Section 202 Elderly Housing Program*

Review of the Elderly's Use of Housing Vouchers as Compared With Other Forms of Assisted Housing*

Review of the Chronically Mentally Ill in Public Housing and Their Impact on Elderly Tenants*

Income Security

America's Underclass: Size, Causes, and Cures

Benefit Distribution in Small and Large Employers' Pension Plans**

Comparing Vesting Status Under the Tax Reform Act of 1986 Rules and Analysis of Impact of Top-Heavy Minimum Benefit and Contribution Rules**

Demographic and Economic Characteristics of Social Security Disability Program Participants: Observations and Policy Implications*

Effect of Tax Reform Rules on Workers' Pension Benefits

Effects on Social Security, Unemployment Insurance, and Federal Budget of Misclassifying Employees as Independent Contractors

Effects of Tax Reform Rules on Workers' Pension Benefits**

Evaluation of Staffing and Productivity Issues Involving SSA's Office of Hearings and Appeals*

IRS Enforcement of the Employee Retirement Income Security Act of 1974

Leveraged Buy-Outs' Effect on Pension Benefit Security*

Offsetting Excise Tax Rates for a Small Sample of Pension Plan Sponsors Who Terminated Overfunded Plans for Reversions*

Review of Employers' Implementation of Retirement Equity Act's Rules on Survivor Pension Plan Benefits*

Review of the Extent that Employers Provide Retiree Health Benefits*

Review of the Extent that Private Employers Provide Retiree Health Benefits Through Multiemployer Plans*

Social Security Independence—Effectiveness of Board Leadership*

Some Provisions in Retiree Health Plans Overlap Provisions in the Medicare Catastrophic Coverage Act of 1988*

SSA/IRS Cooperative Efforts to Resolve Uncredited Earnings Cases*

Study of Tenant Income Reporting and Verification in HUD Assisted Housing*

Survey of Black Lung Benefits Program

Survey of Employee Stock Ownership Plans as a Defense Against Corporate Takeovers

Survey of Feasibility of Enhancing SSA's Enumeration Verification System to Detect Dual Welfare Benefit Claims

Survey of Improvements Needed in SSA Debt Management Systems

Survey of SSA Death Notice Procedures

Survey of the Accuracy of the Answers Provided via SSA's 800 Telephone Service*

Survey of the Activities of the Social Security Protection Bureau*

Survey of the Nature and Extent of SSA Outreach Activities*

Survey of the Pension Benefit Guaranty Corporation's Benefit Approval Process*

Tax-Recapture from the 15-Percent Excise Tax on Pension Assets Reverting to Plan Sponsors

Testimony on Nonqualified Deferred Compensation Provisions of the Tax Code as Related to Collecting Social Security Taxes*

The Results of SSA's Efforts to Telephone Employers to Resolve Wage Reporting Errors*

What Are the Alternatives to the Combined Annual Wage Reporting Process?

Social and Other Services

Americans with Disabilities Act

An Analysis of Alternative Methods for Defining a Household Within the Food Stamp Program

Elderly Community Services*

Food and Nutrition Problems on Indian Reservations

Implementation of Commodity Distribution Reform Provisions

Review of the General Management of HHS

Review of Intrastate Funding Formulas Used to Distribute Title III Older Americans Act Funds*

Review of Internal Control Weakness Associated with Food Stamp Issuance and Redemption

Review of IRS's Implementation of Its Integrated Test Call Survey System

State In-Home Services for the Elderly*

Survey of Low Income Home Energy Assistance Program Block Grant*

Veterans

Effect of Staffing Shortages on VA's Budget and Health Care Delivery

Evaluation of VA's Program for Homeless Chronically Mentally Ill Veterans*

Evaluation of VA's Processing of Appealed Benefit Claims*

Evaluation of VA's Estimates of the Demand for and Supply of Nursing Home Beds*

Evaluation of VA's Implementation of Public Law 99-272 to Identify and Collect Medical Care Costs from Private Health Insurers*

Examination of the Financial Statements of the VA for Fiscal Year 1989

Financial Management Review of the VA

HCFA's and Joint Commission on Accreditation of Health Care Organizations Efforts to Assure Hospitals Meet Medicare's Requirements*

How Does VA Assure That Veterans in Its Psychiatric Facilities Receive Quality Care?

Monitoring of VA Mortality Study Follow-up*

Quality of Care Issues Raised by Nurses at VA's Albuquerque Medical Center*

Recovery of Copayments from Veterans Receiving Medical Care and VA Facilities*

Review of HCFA's Process for Validating the Joint Commission on Accreditation of Health Care Organizations Accreditation of U.S. Hospitals Receiving Medicare Benefits

Review of Staffing and Use of Resources at Military Hospitals*

Review of VA's Ability to Assess the Quality of Care Provided in State Veterans' Homes*

Study of the VA's Infection Control Program*

Survey of Medical Reports Used for VA Disability Compensation Eligibility Determinations*

Survey of Medical Technicians Acting as Providers in DOD Outpatient Treatment Facilities

Survey of the Present Supply of Nurses in U.S. Labor Force and Effect of Permanent and Temporary Foreign Nurses*

Termination of VA Benefits to Deceased Beneficiaries

Other

FAA's Age 60 Rule for Commercial Pilots

Other Fiscal Year 1989 Activities by GAO Officials Relating to Issues Affecting the Elderly

During fiscal year 1989, GAO officials spoke or published 39 times on issues relating to aging: 18 times on health, 17 times on income security issues, twice on social services, once on housing, and once on age discrimination. Specifically, we presented 22 papers, published 7 articles and chapters in books, participated in 6 panels, and were interviewed on 4 radio and television programs.

Health

Mary Brecht, Human Resources Division, spoke on "National Health Policy Issues: Impact on Nursing," at the annual meeting of the Association of State and Territorial Directors of Nursing, Honolulu, April 25, 1989.

James Cantwell, Human Resources Division, discussed "Medicare and HMOs: What Have We Learned From Five Years of Research?" at the meeting of the American Public Health Association, Boston, November 16-17, 1988.

Mary Ann Curran, Human Resources Division, discussed GAO's reviews of actions by the Health Care Financing Administration and the Joint Commission on the Accreditation of Healthcare Organizations to assure quality of care in hospitals, at the annual meeting of the Association of Health Facility Licensing and Certification Directors, Orlando, Florida, October 13, 1989.

Terry Davis, Human Resources Division, spoke on GAO's use of national health data bases in its reviews of Medicare payment policies, at a data base users conference sponsored by the Health Care Financing Administration, in Baltimore, June 15, 1989.

Linda Demlo, Program Evaluation and Methodology Division, discussed implications for research and policy at a conference on "Measuring Health Care Effectiveness: The Use of Large Data Sets for Technology Assessment and Quality Assessment," sponsored by the International Society for Technology Assessment in Health Care, Washington, D.C., September 8, 1989.

Gerald Dillingham and James Solomon, Program Evaluation and Methodology Division, are coauthors of the article, "Medicare's Outpatient Prescription Drug Benefit," in the winter 1989 issue of the Pride Institute of Long-Term Health Care.

Darryl Dutton and David Lewis, Los Angeles Regional Office, spoke on GAO's mission and responsibilities and its reviews of health related

issues, before the Institute of Internal Auditors, in Los Angeles, January 24, 1989.

Mitchell Karpman and Timothy Armstrong, Program Evaluation and Methodology Division, presented a paper, "The Relationship Between Health Status, Social Support, and Health Beliefs on Physical Activity in the Healthy Elderly," at the annual meeting of the American Public Health Association, Boston, November 16, 1988.

Susan Labin, Program Evaluation and Methodology Division, discussed GAO's briefing report, Medicare: Catastrophic Illness Insurance, (GAO/PEMD-87-21BR, July 30, 1987), and state catastrophic illness programs, before the American Sociological Association, Atlanta, August 25, 1988.

Marsha Lillie-Blanton, Human Resources Division, spoke on

- "Medicare and Medicaid Program Barriers in Meeting Minority Health Care Needs," before the First National Conference on Access and Health Care Financing Alternatives for Minorities, sponsored by HHS's Office of Minority Health, Washington, D.C., September 11, 1989.
- "Rural Hospital Closures" before the Comptroller General's Health Advisory Committee, Washington, D.C., May 17, 1989.

Sushil Sharma, Program Evaluation and Methodology Division, is author of a chapter, "Attritions in the Baltimore Longitudinal Study of Aging During the First Twenty Years," in the text Special Research Methods for Gerontology.

Janet Shikles, Human Resources Division, was interviewed on GAO's report, Board and Care: Insufficient Assurances That Residents' Needs Are Identified and Met (GAO/HRD-89-50, Feb. 10, 1989), by WWJ radio, Detroit, April 12, 1989.

Sheila Smythe, Human Resources Division:

- spoke on "Shaping a System for Universal Access to Health Care," before the annual conference of the Task Force on Life and the Law, New York, May 15, 1989.
- participated in a panel on "Changes in the Health Care System: Implications for Government." 50th national conference of the American Society for Public Administration, in Miami, April 8-12, 1989.

- participated in a panel on "Health Care—Quality, Access, and Cost—and the Value of Caring," sponsored by the University of Colorado and the Rocky Mountain Health Care Corporation, Denver, October 27, 1989.

Elizabeth Wennar and Marsha Lillie-Blanton, Human Resources Division, spoke on GAO's reviews of issues affecting rural hospitals, before the annual meeting of the Rural Health Research Centers, sponsored by the Office of Rural Health Policy, Rockville, Maryland, May 22, 1989.

Fred Wiener and Karyn Bell, Chicago Regional Office, discussed rural hospital closures and the impact on access to care, before the Illinois Governor's Health Care Summit on Medicaid Reform, Chicago, May 19, 1989.

Housing

Mark Rom, Program Evaluation and Methodology Division, presented a paper, "Federalism, Welfare Policy, and Residential Choice," at the Association for Public Policy Analysis and Management's national research conference, Seattle, October 27-29, 1988.

Income Security

Joseph F. Delfico, Human Resources Division:

- discussed "Social Security and the Deficit," before students and faculty of the Master of Public Administration program at the Rio Pedras campus of the University of Puerto Rico, April 20, 1989.
- spoke on "Financing Retiree Health Plans," before the Washington Journalism Center, Washington, D.C., January 26, 1989.

Burma Klein, Human Resources Division, discussed GAO's testimony, Future Security of Retiree Health Benefits in Question (GAO/T-HRD-88-30, Sept. 15, 1988), at a policy forum sponsored by the Employee Benefits Research Institute, Washington, D.C., October 5, 1988.

Daniel McCafferty, Cincinnati Regional Office, spoke on GAO reviews of the disability review process, before the regional conference of the National Association of Disability Examiners, Columbus, Ohio, May 5, 1989.

Cynthia Maher, Human Resources Division, participated in a round table discussion on "Company Actions to Limit Retiree Health Costs," before AARP's National Legislative Council, Dearborn, Michigan, August 2, 1989.

Donald Snyder, Human Resources Division:

- spoke on "Retiree Health Benefits: More Costly Than Pensions?" at the 1989 Health Care Compliance Conference, Chicago, September 18, 1989.
- is the author of a chapter, "Measuring Corporate Liabilities," in the Bureau of National Affairs' publication, Retiree Benefits: The Complete Guide to FASB Compliance & Health Care Cost Control.
- discussed "The Funding Dilemma," at a conference on the retiree health care crisis, sponsored by the University of California, Los Angeles, Institute of Industrial Relations, January 23, 1989.
- is the author of an article, "A Data Base with Income and Assets of New Retirees by Race and Hispanic Origin," published in the spring 1989 Review of Black Political Economy.
- is the author of an article, "The Benefits and the Costs," published in Institutional Investor's, July 1989 Retiree Health Benefits Forum.

Lawrence H. Thompson, Human Resources Division:

- participated in a panel on "Can We Afford to Age?" in "FutureView: The 1990s and Beyond," the sixth general assembly of the World Future Society, Washington, D.C., July 16-20, 1989.
- discussed legislation to put Social Security on an off-budget status, on a call-in television program, "Ask Senator Heinz," carried on cable TV systems throughout Pennsylvania, April 18, 1989.
- discussed GAO's report, Social Security: The Trust Fund Reserve Accumulation, the Economy, and the Federal Budget (GAO/HRD-89-44, Jan. 19, 1989), on a call-in radio show on WARM, Wilkes-Barre, Pennsylvania; and was interviewed by CBS radio news, Detroit.
- participated in a panel discussion on "Should Accrual Accounting Be Used to Recognize Federal Retirement Costs?" in the American Association for Budget and Program Analysis fall symposium on "Good Budgeting Is Good Government," Washington, D.C., November 3, 1988.
- was interviewed for CNN's nightly business news program on the unfunded liability for retirees' health benefits, September 15, 1988.
- spoke on retiree health liabilities in the session "Issues in Employer Health Benefits" of The Foundation of Health Services Research, Chicago, June 19, 1989.

Mark Rom, Program Evaluation and Methodology Division, authored "The Family Support Act of 1988: Federalism, Developmental Policy, and Welfare Reform," Publius, Summer 1989, and coauthor of "Federalism, Welfare Reform, and Residential Choice," in the fall 1989 American Political Science Review.

Social Services

Deborah Ritt and Carolyn Boyce, Resources, Community and Economic Development Division, moderated panels on food and nutrition on Indian reservations and conducted focus group discussions with Indian recipients of federal food assistance at the Fort Berthold, Navajo, Pine Ridge, and White Earth Reservations during June and July 1989.

Ben Ross, Human Resources Division, and Peter Plumeau, Albany Sub-Office, discussed GAO's review of support services for the homeless mentally ill, before the National Association of State Mental Health Program Directors, Arlington, Virginia, December 13, 1988.

Other

Linda Morra, Human Resources Division, spoke on "The Quality of EEOC and State Agencies' Investigations of Employment Discrimination Charges," before faculty and students at the Mayaguez campus of the University of Puerto Rico, April 25, 1989.

GAO Activities Affecting Older Workers

GAO appointed 725 persons to permanent and temporary positions during fiscal year 1989, of whom 123 (17 percent) were age 40 and older. Of GAO's total work force of 5,627 on September 30, 1989, 3,095 (55 percent) were age 40 and older.

GAO employment policies prohibit discrimination based on age. GAO's Civil Rights Office continues to (1) provide information and advice and (2) process complaints involving allegations of age discrimination.

GAO continues to provide individual retirement counseling and preretirement seminars for employees nearing retirement. The counseling and seminars are intended to assist employees in

- calculating retirement income available through the Civil Service and Social Security systems and understanding options involving age, grade, and years of service;
- understanding health insurance and survivor benefit plans;
- acquiring information helpful in planning a realistic budget based on income, tax obligations, and benefits, and making decisions concerning legal matters;
- gaining insights and perspectives concerning adjustments to retirement;
- increasing awareness of community resources that deal with preretirement planning, second career opportunities, and financial planning; and
- increasing awareness of lifestyle options available during the transition from work to retirement.

Major Contributors to This Report

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