

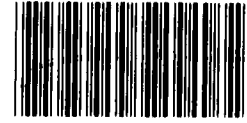


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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

JUN 3 1982



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Edward N. Brandt, Jr., M.D.
Assistant Secretary for Health
Department of Health and Human
Services

Dear Dr. Brandt:

Subject: Administration of Hill-Burton Assurances
and Loan Assistance Program Needs To Be
Improved (GAO/HRD-82-87)

We recently completed a review of several aspects of the administration of the Hill-Burton program under titles VI and XVI of the Public Health Service Act. The review was prompted by a joint request from the Chairmen of the Subcommittee on Health and the Environment and Subcommittee on Oversight and Investigations of the House Committee on Energy and Commerce.

We testified on our review results before the Subcommittee on Health and the Environment on April 30, 1982. We also gave the Subcommittee two background papers--one on the administration and enforcement of the Hill-Burton assurances, the other on the administration of the hospital loan assistance program. Copies of the testimony and background papers are enclosed.

In addition to obtaining information and statistical data from Bureau of Health Facilities (BHF) and Office of Civil Rights officials in HHS headquarters, we reviewed documents and interviewed officials in 4 HHS regional offices, 7 State health agencies, and 14 Hill-Burton facilities. We discussed our findings with program officials and made several recommendations to improve assurances monitoring, loan monitoring, and the recovery/waiver process. Although the testimony and background papers contained no formal recommendations, we have summarized the recommendations we made to program officials so you will know what steps we believe should be taken to improve operations in these areas. The page numbers in parentheses refer to the sections of the appropriate background paper that discuss the detailed information obtained during our review.

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ASSURANCES MONITORING

- To reduce the large backlog of complaints and allow individuals to pursue legal action promptly, BHF should formally dismiss uncompensated care complaints on file for over 12 months. In the future, BHF should strictly adhere to its procedures to formally dismiss complaints not resolved within 6 months (see pp. 13 to 15).
- BHF should develop systematic followup procedures to ensure that facilities correct violations noted during complaint investigations (see p. 14) and compliance assessments (see p. 17).
- Since September 1979, hundreds of facilities were scheduled to reach the end of their 20-year uncompensated care obligation. BHF should obtain uncompensated care compliance information from these facilities to determine (1) why they have not requested closeout assessments and (2) whether they have reached their compliance levels. In the future, BHF should obtain uncompensated care information from facilities as soon as they reach the scheduled completion of their 20-year obligation (see pp. 17 to 18).
- BHF and the Office of Civil Rights should develop procedures for routinely sharing pertinent reports and data relating to compliance assessments and complaint investigations (see pp. 26 to 27).

LOAN MONITORING AND RECOVERIES/WAIVERS

- BHF should focus on verifying the Loan Early Warning System's data base and collecting other necessary data (see p. 20).
- BHF should arrange with the Health Care Financing Administration to systematically receive information on facility ownership changes as it becomes available, rather than relying on regional staff to periodically request the information (see pp. 43 to 44).

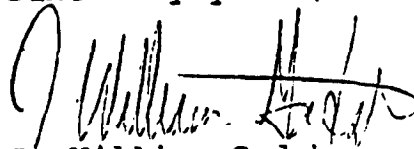
--BHF should finalize its draft title VI waiver/
recovery manual (see p. 48).

--BHF should develop regulations for title XVI
waiver and recovery actions to implement the
1975 legislation (see p. 48).

As discussed on pages 10 and 11 of our testimony, we believe that the Loan Early Warning System--which was developed in response to the recommendations in our June 1979 report entitled "Hospital Loan Assistance Programs: Actions Needed To Reduce Anticipated Defaults"--is conceptually sound and should help detect problem borrowers.

We appreciate the cooperation provided to our staff during our audit. We would like to be advised of any actions taken on these matters.

Sincerely yours,



J. William Gadsby
Group Director

Enclosures - 3