



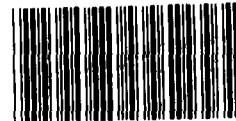
UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES  
DIVISION

December 19, 1983

B-197357



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The Honorable John Heinz  
Chairman, Special Committee on Aging  
United States Senate

Dear Mr. Chairman:

Subject: GAO's Fiscal Year 1983 Audit Work and  
Internal Activities Affecting the Elderly  
(GAO/HRD-84-28)

In response to your November 1, 1983, request for information about our fiscal year 1983 work affecting the elderly, we are enclosing a list of issued reports with summary information (enc. I) and a list of relevant ongoing assignments (enc. II). We are also including information about our internal activities that involve the elderly (enc. III).

Sincerely yours,

*for* *Edward A. Klenzmore*  
Richard L. Fogel  
Director

Enclosures - 3

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GENERAL ACCOUNTING OFFICE ELDERLY RELATED REPORTSISSUED DURING THE PERIOD 10/1/82 THROUGH 9/30/83**AUDIT OF MEDICAID COSTS REPORTED BY AUTUMN HILLS CONVALESCENT CENTERS, INC., HOUSTON, TEXAS (HRD-83-9, October 14, 1982)**

Although the central office costs reported by Autumn Hills for 1978 and 1980 included significant amounts of unallowable and questionable costs, under Texas' rate-setting methodology these amounts had no effect on what Autumn Hills and other homes in the state were or will be paid. GAO believes the state should modify its approach to auditing nursing homes to focus on those facilities whose reported costs are most likely to have the greatest impact on the payment rates.

One Autumn Hills home has had a history of inadequate nursing staff to meet state standards, and this problem was also identified during the more recent period covered by GAO.

**INADEQUATE INTERNAL CONTROLS AFFECT QUALITY AND RELIABILITY OF THE CIVIL SERVICE RETIREMENT SYSTEM'S ANNUAL REPORT (AFMD-83-3, October 22, 1982)**

The Office of Personnel Management did not establish adequate internal control and reporting procedures to ensure the reliability of the financial and actuarial information it presented in the Civil Service Retirement System's annual report for fiscal 1980, required by Public Law 95-595 and published in February 1982.

GAO found that

- controls over computer programs used in performing actuarial valuations were weak,
- poor recordkeeping and processing delays resulted in unreliable records of accounts receivable, and
- relevant information, considered essential for a fair presentation of the annual report, was either omitted or not adequately disclosed.

OPM agreed with the basic thrust of this report and has already taken action or plans to act to correct many of the problems discussed.

MULTIEMPLOYER PENSION PLAN DATA ARE INACCURATE AND INCOMPLETE  
(HRD-83-7, October 25, 1982)

The Multiemployer Pension Plan Amendments Act of 1980 made major changes to the Employee Retirement Income Security Act. The Internal Revenue Service and the Pension Benefit Guaranty Corporation are primarily responsible for administering and enforcing the amendments, and they need complete and accurate data. Multiemployer plans are required to report annually to these agencies.

There is no assurance that all multiemployer plans are reporting as required and, when they do report, data are often missing or inaccurate. In an October 1981 report, GAO pointed out that these same conditions generally existed for data required to be reported by all types of pension plans. This report discusses the continued need for data management improvements.

Officials of the two agencies told GAO that they would continue efforts to improve data management.

CONCERNS ABOUT CONTROLLING UNION EMPLOYEES' BENEFIT FUNDS BY  
THE CARPENTERS COLLECTION AGENCY, YOUNGSTOWN, OHIO  
(HRD-83-8, November 12, 1982)

The Collection Agency, established by union affiliates, collects payments from employers primarily for union employee fringe benefit funds. It is administered by five trustees who are also union trustees of one of the benefit plans served by the Collection Agency. Operating costs are paid from interest earned on employer payments before disbursement to the funds.

The Department of Labor determined that some fringe benefit fund trustees violated their fiduciary responsibilities under the Employee Retirement Income Security Act; however, Labor did not take aggressive action to correct the violations. Also, the Collection Agency may have violated the Labor-Management Relations (Taft-Hartley) Act by accepting employer payments.

THE ELDERLY SHOULD BENEFIT FROM EXPANDED HOME HEALTH CARE BUT  
INCREASING THESE SERVICES WILL NOT INSURE COST REDUCTIONS  
(IPE-83-1, December 7, 1982)

Because families and individuals prefer to have a choice among long-term care options, a larger demand for home health care is likely throughout the 1980's. The growth

in the size of the disabled elderly population, high government expenditures for nursing home and hospital care, and a desire to improve elderly health status all have created interest in expanding or revising the current home health care system.

GAO found that when expanded home health care services were made available to the chronically ill elderly, longevity and client-reported satisfaction were improved. These services, however, did not reduce nursing home or hospital use or total service costs. More research is needed in two areas in which potentially positive findings are indicated: the effects of expanded home health care on those elderly highly at risk of placement in nursing homes and on hospital admission and readmission rates and lengths of stay.

The growing public support for wide diversity in long-term care services indicated that the critical policy issue is not whether expanded home health care services are less costly than institutional care but, rather, how these services should be organized for maximum efficiency and effectiveness.

HOSPITAL LINKS WITH RELATED FIRMS CAN CONCEAL UNREASONABLE COSTS AND INCREASE ADMINISTRATIVE BURDEN, THUS INFLATING HEALTH PROGRAM EXPENDITURES (HRD-83-18, January 19, 1983)

GAO reviewed five hospitals to identify transactions with organizations related to the hospitals by common ownership or control that had not been properly disclosed by the hospitals or identified by the intermediaries and that resulted in Medicare/Medicaid overpayments to the hospitals. Problems were identified in each hospital, and resulting excessive claims for payment quantified as of July 1982 totaled over \$1.2 million. Related organization transactions not only conceal unallowable costs and increase Medicare/Medicaid reimbursements, but also increase the administrative burden on claims payors because of the need to identify and analyze such transactions. Because the transactions are often complex, Medicare and Medicaid paying agents miss some, and overpayments result.

IMPROVING MEDICARE AND MEDICAID SYSTEMS TO CONTROL PAYMENTS FOR  
UNNECESSARY PHYSICIANS' SERVICES (HRD-83-16,  
February 8, 1983)

Some services provided to Medicare and Medicaid recipients by physicians or suppliers are medically unnecessary and, under the law, should not be paid for by these programs. This report discusses the systems to identify, prevent, or recover payments for unnecessary services and describes how they can be improved to reduce program costs.

ELIGIBILITY OF CIVIL SERVICE ANNUITANTS, SURVIVORS, AND  
EMPLOYEES FOR MEDICARE (HRD-83-26, March 10, 1983)

In January 1983, federal employees began paying the Medicare hospital insurance tax of 1.3 percent on the first \$35,700 of their wages and thus become eligible for Medicare hospital insurance based on their federal employment.

This study shows that, as of December 1981, about 81 percent of the Civil Service annuitants, survivors, and employees age 65 and older were eligible for Medicare hospital insurance benefits. About 79 percent of those eligible were eligible on their own account and not as a dependent of another person. Individuals who were eligible on their own account had earned fewer quarters and had paid less in hospital insurance taxes than a random sample of all Medicare beneficiaries who were eligible on their own account.

ISSUES CONCERNING SOCIAL SECURITY BENEFITS PAID TO ALIENS  
(HRD-83-32, March 24, 1983)

There has long been congressional concern about aliens who work only long enough to become eligible for social security benefits and then return to their native countries to collect the benefits for themselves and their dependents. In 1981, the Social Security Administration paid nearly \$1 billion to 313,000 beneficiaries living abroad, more than 60 percent of whom were aliens. Alien retirees abroad generally have worked less time in covered employment, have paid less taxes to social security, and have more dependents than the average retiree, frequently adding such dependents after retirement.

GAO's study also identified an inconsistency between the Social Security Act and the Immigration and Nationality Act--aliens are allowed to earn social security credits under the former act while violating the latter. Accumulation of credits by and the payment of benefits to aliens who worked illegally in the United States could be costly to the trust funds.

INACCURATE FUND TRANSFERS BETWEEN SOCIAL SECURITY  
ADMINISTRATION AND RAILROAD RETIREMENT BOARD  
(HRD-83-2, April 4, 1983)

Since 1958 the Social Security Administration (SSA) has paid more than \$17 billion to the Railroad Retirement Board through an annual fund transfer (financial interchange) required by law. The interchange is designed to place the social security program in the same financial position in which it would have been if railroad employment had not been excluded from social security coverage.

GAO found that the Board, which performs all the interchange calculations, makes frequent errors, uses a statistical method that makes imprecise estimates, and includes inappropriate factors to calculate the amount due. As a result, both over- and underpayments are made by SSA. GAO estimates that the net effect of such errors and inefficiencies in one financial interchange was that SSA paid the Board about \$40 million more than it should have.

GAO recommends that the Board improve its calculations accuracy and that SSA do more to ensure that the amount it pays the Board is proper.

MOST CIVIL SERVICE DISABILITY RETIREMENT CLAIMS ARE DECIDED  
FAIRLY, BUT IMPROVEMENTS CAN BE MADE (FPCD-83-1, April 13,  
1983)

GAO analyzed a sample of applications for benefits under the Office of Personnel Management disability retirement program for the 1-year period ended March 4, 1982. At least 90 percent of OPM's decisions were consistent with program eligibility criteria. However, GAO believes that some improvements can be made. In particular OPM should develop better psychiatric criteria, use revised claims forms and instructions, and inform applicants of specific reasons for the denial of their initial claims.

Additionally, in fiscal years 1981 and 1982, the Merit Systems Protection Board reversed about 50 percent of the 1,172 appealed disability decisions. Although OPM has proposed some actions to alleviate this situation, it needs further strategies for evaluating and defending disability decisions that are appealed to the Board.

OPM management already has made substantial progress toward improving its disability retirement program; it plans still further actions.

ACTION NEEDED TO REDUCE, ACCOUNT FOR, AND COLLECT OVERPAYMENTS  
TO FEDERAL RETIREES (AFMD-83-19, June 28, 1983)

The Office of Personnel Management reported overpayments of about \$214 million to retired federal civilian employees and their survivors, from the Civil Service Retirement and Disability Fund, during the 5 years ended September 30, 1982. Although OPM has recovered a substantial portion of these overpayments, it might have avoided some of the overpayments if better controls had been used to prevent dual payments and promptly identify deceased beneficiaries.

GAO found that (1) little emphasis was placed on eliminating benefit payments to individuals no longer eligible, such as deceased beneficiaries; (2) overpayments were not accurately recorded and reported, once identified; and (3) prompt, aggressive action was not taken to recover overpayments.

GAO recommends establishment of adequate internal controls to minimize, account for, and collect such overpayments from the Fund.

NEED TO ELIMINATE PAYMENTS FOR UNNECESSARY HOSPITAL ANCILLARY  
SERVICES (HRD-83-74, September 30, 1983)

About 6 percent of the charges for ancillary services provided to a sample of Medicare beneficiaries at 16 hospitals represented unnecessary care. All of the unnecessary care was paid by Medicare because of the absence of effective medical necessity reviews.

Medicare's new prospective reimbursement system will provide an incentive for hospitals to eliminate unnecessary ancillary services. A remaining problem, however, is that the reimbursement rates under the new system are based in part on costs of providing unnecessary care. GAO recommends that HHS eliminate the cost of such care from the data base used to establish the rates.

GAO also noted that the Medicaid program was vulnerable to the payment for unnecessary ancillary services.

Letter Reports

GAO's Major Activities in Aging During Fiscal Year 1982  
(HRD-83-25, December 17, 1982)

Improper Hospital Charges for Priority Tests Claimed for  
Medicare Reimbursement  
(HRD-83-36, January 13, 1983)

Opportunities to Reduce Medicare Costs Under the End Stage  
Renal Disease Program for Home Dialysis Patients  
(HRD-83-28, January 21, 1983)

Response to Questions Concerning Percentage Contracts and  
Limited Service Contracts Under Medicare  
(HRD-83-30, February 2, 1983)

Circumstances Under Which Non-Profit Hospitals Are Reviewing  
and Deciding to Terminate Social Security Coverage  
(HRD-83-42, March 2, 1983)

Savings Possible by Modifying Medicare's Waiver of Liability  
Rules  
(HRD-83-38, March 4, 1983)

GAO Staff Views on the President's Fiscal Year 1984 Budget  
Proposals  
(OPP-83-1, March 4, 1983)

Updated Estimates of the Savings If the Social Security  
Benefit Formula Which Favors Short-Term Workers Was Revised  
(HRD-83-54, May 6, 1983)

VA Is Making Efforts to Improve Its Nursing Home Construction  
Planning Process  
(HRD-83-58, May 20, 1983)

Death Benefits Restored to Veterans' Widows Whose Remarriages  
End  
(HRD-83-51, May 27, 1983)

Federal Funding of Long-Term Care for the Elderly  
(HRD-83-60, June 15, 1983)

Comments on a Health Care Financing Administration Regional  
Office Report on New Jersey's Diagnostic Related Group  
Prospective Reimbursement Experiment  
(HRD-83-63, June 15, 1983)



Self-Employed Fiscal Year Taxpayers Can Receive an Advantage Compared to Self-Employed Calendar Year Taxpayers at the Social Security Trust Funds' Expense  
(HRD-83-45, June 30, 1983)

Analysis of Durable Medical Equipment Claims at Kansas City Blue Shield  
(HRD-83-73, July 8, 1983)

Comments on the Legislative Intent of Medicare's Hospice Care Benefit  
(HRD-83-72, July 12, 1983)

Medicare/Medicaid Funds Can Be Better Used to Correct Deficiencies in Indian Health Service Facilities  
(HRD-83-22, August 16, 1983)

Effect of Requiring New Federal Employees To Be Temporarily Covered by Both Social Security and Civil Service Retirement  
(OCG-83-1, August 31, 1983)

GENERAL ACCOUNTING OFFICE AUDITS INPROCESS WHICH CONCERN THE ELDERLY

\*Review of Social Security Administration's Title II  
Computerized Application Systems

Survey of Retirees' Dependents' Benefits

\*Review of Social Security Administration's Earnings  
Recomputations

Review of Social Security Administration's Annual Reporting  
Requirements and Earnings Enforcement

\*Review of the Railroad Retirement Board's Awards of Disability  
Claims

Review of Medicare Reimbursement Differential for General  
Practitioners and Specialists

Review of Physician Reimbursement in the End Stage Renal  
Disease Program

Review of Utilization Review Efforts for Respiratory/  
Inhalation Therapy

Review of Medicaid Reimbursement Systems for Nursing Homes

\*Review of Cost Increases Resulting from Purchases of Hospital  
Assets

Survey of Medicare/Medicaid Controls over Payments for  
Prosthetic Lenses

\*Survey of Purchasing Arrangements under Hospital Full-Service  
Management Contracts

\*Survey of the Cost of Cardiac Pacemakers and Related Services  
under Medicare

Survey of Third Party Liability for Medicare/Medicaid  
Crossover Claims

\*Follow-up Review of Durable Medical Equipment

Survey to Identify What Can Be Done to Contain Total Health  
Care Costs

Survey of Payment Controls for Inpatient Hospital Visits

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\*Being Performed at the Request of Committees or Individual  
Members of Congress.

Survey of the Impact on the Medicare and Medicaid Programs of Individual State Licensing Sanctions

\*Prospective Reimbursement for Home Health Care

Survey of Carrier Controls over Medicare Part B Duplicate Payments

Monitoring HCFA's Hospice Program Evaluation Project as Required by TEFRA

\*Review of the Impact of Diagnostic Related Groups on Quality of Care

Survey of Medicaid Waivers Granted by HHS under Sections 2175 and 2176 of the Omnibus Budget Reconciliation Act of 1981

Survey of Alcohol Abuse Detoxification and Rehabilitation Services

Survey of Medicare Part B

\*Review of Effect on Medicare/Medicaid Costs of Hospital Conversions from Not For Profit to Proprietary Status

Survey of Costs in Ambulatory Versus Inpatient Surgical Settings

\*Survey of SSA's Corrective Action Planning Process and Follow-up Actions on GAO Recommendations

Assessment of Eligibility Verification Techniques for Insuring Entitlement Program Integrity

Follow-up on Agencies' Action on Questionable Benefit Payments and on HHS' Action to Implement Requirement for Death Certificate Reporting

Review of Recovery Techniques in Public Assistance

\*Survey of the Office of Human Development Services' Coordinated Research and Demonstration Grants Management

\*Review of National Institute of Mental Health Clinical Training Program

Review of Veterans Administration Retroactive Benefit Payments

Review of Inconsistent Veterans Administration Pension Program Provisions

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\*Being Performed at the Request of Committees or Individual Members of Congress.

- \*Review of the Department of Labor's Management of the Senior Community Service Employment Program
  - \*Survey of Labor's Investigation of Allegations of Abuse of Trust Funds Involving the Southern Nevada Culinary Workers and Bartenders Pension Trust
  - \*Survey of Labor's Coordination with Justice on Criminal Investigations
  - \*Review of Labor's Solicitor's Handling of Non-ERISA Allegations of Union Corruption
  - \*Review of Labor's Handling of Corruption of Union Pension Funds
  - \*Request for GAO to Update Labor's Overseeing the Management of Teamsters' Pension and Health and Welfare Funds
  - \*Review of the General Rules for Employers' Multiemployer Pension Plan Withdrawal Liability
  - \*Review of the Special Rules for Construction, Trucking, and Entertainment Industries' Multiemployer Pension Plans
  - \*Review of the Actuary's Role in Administering Multiemployer Pension Plans
  - \*Impact of Multiemployer Amendments on Pension Benefits
  - \*Review of the Distribution of Terminated Pension Plan Assets
  - \*Review of Reorganization Provisions of the Multiemployer Pension Plan Amendments Act
  - \*Survey of the Department of Labor's Enforcement and Administration of ERISA
  - \*Review of Multiemployer Pension Plans' Financial and Statistical Data Gathered During MPPAA Study
  - \*Follow-up on GAO Recommendations to Improve FLSA Enforcement  
Legislative Changes Needed to Financially Strengthen Single-Employer Pension Plan Insurance Program
  - Review of the Pension Benefit Guaranty Corporation's Progress  
Toward Improving Accounting and Internal Control Weaknesses
  - Evaluation of Low-Income Weatherization Program
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- \*Being Performed at the Request of Committees or Individual Members of Congress.

GENERAL ACCOUNTING OFFICE ACTIVITIESAFFECTING THE ELDERLY

Effective May 15, 1983, the Comptroller General created the position of Assistant to the Comptroller General for Retirement Matters. The Assistant to the Comptroller General for Retirement Matters is responsible for monitoring activities in the Congress and the executive branch dealing with federal retirement matters, providing the Congress with GAO's views on proposed changes, and keeping GAO staff informed of activities in this area.

In continuing our policy regarding employment of the elderly, during the period January 1, 1983, through November 28, 1983, GAO appointed 644 persons to permanent and temporary positions. Of that number 36 persons were age 40 and older. As of November 28, 1983, GAO had 1,905 persons age 40 and older (36 percent of our workforce) on the rolls.

Equal Employment Opportunity and Merit Promotion, two programs covered by GAO orders, provide the basis for our policy regarding employment of the elderly. Our policies and practices prohibit age discrimination in employment and in selection for job vacancies. In addition, our Civil Rights Office provides information and advice to persons regarding complaints of alleged age discrimination.

Employees nearing retirement age have available individual preretirement counseling. In addition, GAO provides semiannual preretirement seminars. The seminars are intended to help employees

- calculate retirement income available through the Civil Service and Social Security systems and understand options involving age, grade, and years of service,
- understand health insurance and survivor benefit plans,
- acquire information helpful in planning a realistic budget based on income, tax obligations, and benefits and make decisions concerning legal matters,
- gain insights and perspectives on adjustments to retirement,
- increase awareness of those community resources which might support preretirement planning, second careers, and financial planning, and

--increase awareness of lifestyle options during the transition from work to retirement.

Also, the Employee Health Maintenance Examination, a comprehensive and professional medical examination, is available on a 2-year cycle for all employees age 40 and older.