

GAO

Testimony

Before the Subcommittee on Treasury, Postal Service, and
General Government, Committee on Appropriations
House of Representatives

Hearing to be
Held on
Tuesday
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Cost of Health Care Task
Force Related Activities

Statement for the Record of
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Mr. Chairman and Members of the Subcommittee:

I am pleased to submit for the record the information we have collected as of March 9, 1995, concerning the costs incurred by the government in connection with the President's Task Force on National Health Care Reform.

We were requested to develop this information by Rep. Ernest Istook, Rep. William Clinger, Rep. William Lightfoot, Rep. Frank Wolf, Rep. Bob Barr, and Senator Paul Coverdell. Rep. Istook asked that we prepare, and submit in the form of a statement for the record for this hearing, a status report on the costs we have collected to date, even though our work is still ongoing.

BACKGROUND

On January 25, 1993, President Clinton established the President's Task Force on National Health Care Reform. The President charged the Task Force with listening to "all parties" and preparing health care reform legislation to be submitted within 100 days of the start of the new administration. The 12-member Task Force, chaired by the First Lady, consisted of the Secretaries of the Departments of Commerce, Defense, Health and Human Services (HHS), Labor, the Treasury, and Veterans Affairs; the Director of the Office of Management and Budget (OMB); the

Chairman of the Council of Economic Advisors; and three White House advisors.

Also on January 25, the President announced the formation of an Interdepartmental Working Group to gather information and develop health care reform options. Materials prepared by the Working Group were reviewed by the Task Force. The Interdepartmental Working Group was headed by Mr. Ira Magaziner, a Task Force member who was the senior advisor to the President for Policy Development.

The White House Office of Policy Development (OPD) managed the overall effort. OPD was funded by an interagency transfer of funds from HHS to OPD. According to Task Force information, the Interdepartmental Working Group included 628 members, who were primarily permanent federal government employees from both the executive and legislative branches, as well as consultants, special government employees, and volunteers. The Interdepartmental Working Group was organized into 15 Cluster Groups which were subdivided into a number of smaller working groups that worked mainly in the Old Executive Office Building, although meetings were held occasionally at other locations, such as other executive branch offices.

The Task Force, Interdepartmental Working Group, Cluster Groups, as well as the smaller working groups, were disbanded on May 31, 1993, after which the administration's health care reform effort focused on preparing health care reform legislation. The President introduced his health care reform legislation on November 20, 1993.

In February 1993, the Association of American Physicians and Surgeons filed a lawsuit against the Task Force, seeking access to the Task Force meetings under the Federal Advisory Committee Act (FACA). The Association contended that because the First Lady was a private citizen, the Task Force, as a group composed solely of full-time government officers or employees, was not exempt from FACA and, furthermore, that the Interdepartmental Working Group was itself an advisory committee. On March 10, 1993, the U.S. District Court for the District of Columbia held that the Task Force was subject to FACA but held that the Interdepartmental Working Group was not an advisory committee.

Both parties appealed this decision to the Court of Appeals, which on June 22, 1993, held that the First Lady was an employee for purposes of FACA and that the Task Force she chaired was therefore not subject to that statute. The Court of Appeals returned the case to the District Court for further proceedings on the status of the Interdepartmental Working Group.

On December 21, 1994, the District Court dismissed the case as moot after the defendants released the documents created by the Interdepartmental Working Group, treating them as though the Interdepartmental Working Group had been subject to FACA. The Court also indicated that it was requesting the U.S. Attorney for the District of Columbia to determine whether Ira Magaziner, a member of the Task Force and head of the Interdepartmental Working Group, committed the criminal offense of contempt of court or perjury in connection with a declaration he made regarding the membership of the Interdepartmental Working Group.

The Association of American Physicians and Surgeons has applied for reimbursement of attorneys' fees in the amount of \$374,070. The District Court suspended consideration of this request until the question of criminal offense referred to the U.S. Attorney is resolved.

Our requesters asked that we determine the costs incurred by the executive branch in connection with all activities of the President's Task Force on National Health Care Reform, including the costs of developing the options and proposed legislation and engaging in the litigation.

SCOPE

To accomplish our objective, we asked the 10 agencies that worked with the Task Force to provide data on the costs they incurred. These agencies were identified as having members who served on the Task Force, Interdepartmental Working Group, Cluster Groups, or other working groups, and included the Departments of Commerce, Defense, Education, HHS, Justice, Labor, the Treasury, and Veterans Affairs, as well as the Executive Office of the President and, separately, OMB.

Our requesters asked that we include all direct and indirect costs, including the value of time spent by government employees on these matters and an estimate of future costs of the litigation. Further, we were asked to obtain costs for three phases of the effort: (1) developing the administration's health care reform proposal from January to May 1993, (2) preparing the administration's health care reform legislation from June to November 1993, and (3) working on matters relating to Association of American Physicians and Surgeons et. al. v. Clinton et. al. from February 1993 to January 1995, including an estimate of future costs of litigation.

METHODOLOGY

We began this assignment in November 1994 by meeting with officials from the Executive Office of the President, HHS, and the Department of Labor. At these initial meetings, it became clear that there were differences of opinion regarding who composed the Task Force, what costs were attributable to it, and what time period should be examined. Further, it became clear that the agencies in many cases did not have accounting records from which to obtain the information needed and that, for some costs, agencies would have to rely on estimates, particularly regarding the amount of time spent by employees on Task Force activities.

As a result of those initial meetings, we developed a standard questionnaire that was sent to all 10 agencies on December 2, 1994. The questionnaire described the scope of our inquiry, contained a common definition of terms, and asked that the agencies provide actual or estimated costs in specified categories, such as personnel, office space, telecommunications, travel, procurements, and other expenses. We asked the agencies to reconstruct or estimate costs incurred when no readily available records of costs were available. We also asked that the data be provided to us by January 13, 1995.

To determine personnel costs, we asked the 10 agencies to provide data on time expended by government employees, special government employees, consultants, and Schedule C employees who worked on the Task Force, the Interdepartmental Working Group, the Cluster Groups, and the smaller working groups as well as time data on other agency employees who provided support to them. The value of personnel time was to be calculated using time data and salaries. When detailed records of time spent were not available, the agencies were asked to provide estimates of the amount of time spent by employees.

We also asked agencies to provide the location, cost, and square footage of government owned and leased office space that was used for meetings, as well as the amount of time that this space was used for such meetings. With regard to telecommunications services, we asked agencies to provide the costs of telephone services incurred for the Task Force activities, including the total charges for long-distance calls and the cost of any additional telecommunications equipment and services that were acquired.

Further, we asked agencies to provide the costs of local and official travel incurred by agency employees, special government employees, consultants, and volunteers. We also asked agencies to provide the costs of all procurements that were made for goods

and services, such as those for research, computers, and printing. Finally, we asked agencies to provide the costs of miscellaneous expenses, such as those for postage, couriers, and photocopying.

We asked the agencies to provide all available supporting documentation and, when estimates were used, to provide an explanation of the basis used to make the estimate. Because agencies' accounting systems generally did not allocate costs to functional areas such as the Task Force effort, and because much of the time data was based on employees' personal notes and memories, we were not able to validate the accuracy of the data provided by the agencies.

RESULTS TO DATE

As of March 9, 1995, we had received responses from all 10 agencies. However, much of the information we have received is not complete. More specifically:

- The cost data we have received from HHS is incomplete in that it does not include the amount or value of time spent by all HHS employees working on Task Force matters. HHS has sent a questionnaire to 201 HHS participants to estimate the amount of time spent on Task Force activities and to

identify other HHS employees who provided support services. That data is still being collected. We calculated the value of time spent by 60 HHS employees who provided data as of March 9, 1995, and included those costs in this report.

- The Department of Commerce has not yet provided travel costs for one employee.

- The Department of Justice has not yet provided a list of employees who worked on Task Force activities to support its summary of personnel cost data.

- The Executive Office of the President (EOP) did not provide us with information that we requested in three major categories: (1) costs incurred after May 31, 1993; (2) the amount of time expended by EOP personnel, except for the Office of Policy Development and OMB; and (3) costs associated with litigating Association of American Physicians and Surgeons et. al. v. Clinton et. al. We have renewed our request to EOP to provide us with the omitted information within the next 2 weeks.

- OMB did not provide information on: (1) costs incurred after May 31, 1993; (2) the amount of time expended by OMB personnel, excluding its Health Policy Unit, and (3) costs

associated with litigating Association of American Physicians and Surgeons et. al. v. Clinton et. al. We are asking OMB to provide this information within the next 2 weeks.

- The Treasury Department provided the least information of the 10 agencies. It did not provide information on:
 - (1) the amount of time expended by Treasury personnel and their salaries;
 - (2) costs incurred after May 31, 1993; and
 - (3) costs associated with litigating Association of American Physicians and Surgeons et. al. v. Clinton et. al. We are asking Treasury to provide this information within the next 2 weeks.

The cost information received to date shows that the 10 agencies reported spending about \$9.6 million on matters relating to the Task Force. As shown in table 1, reported costs ranged from \$43 at the Treasury Department to about \$6.4 million at HHS, although the cost information from these agencies, as well as some of the others, is incomplete.

Table 1: Health Care Task Force Costs by Agency

Agency	Cost
Commerce	\$235,798 ^a
Defense	523,617
Education	49,733
Executive Office of the President	211,095 ^b
HHS	6,419,653 ^c
Justice	462,330
Labor	333,150
OMB	142,135 ^d
Treasury	43 ^e
Veterans Affairs	1,262,158
Total	\$9,639,712

^aExcludes one employee's travel costs, which have not yet been provided.

^bThe EOP cost excludes the Office of Management and Budget costs which we have asked for separately and also excludes the value of EOP personnel time; costs incurred after May 31, 1993; and litigation costs, which have not yet been provided. EOP costs reported above were paid by an interagency transfer of funds from HHS to the White House Office of Policy Development.

^cExcludes \$211,095 in costs incurred by EOP but ultimately paid by HHS. Includes the value of time spent by 60 HHS employees. Time data on at least 141 other HHS employees are still being collected.

^dThe OMB cost excludes the value of OMB personnel time (except for members of its Health Policy Unit); costs incurred after May 31, 1993; and litigation costs, which have not yet been provided.

^eThe Treasury Department cost excludes the value of all Treasury personnel time; costs incurred after May 31, 1993; and litigation costs, which have not yet been provided.

Source: Data provided by the Departments of Commerce, Defense, Education, HHS, Justice, Labor, the Treasury, and Veterans Affairs, as well as the Executive Office of the President and OMB.

Table 2 shows the costs received to date, broken down by phase of effort. The 10 agencies reported that they spent about \$3.5 million on developing the administration's health care reform proposal from January to May 1993, \$5.8 million preparing the administration's health care reform legislation from June to November 1993, and over \$300,000 working on matters relating to Association of American Physicians and Surgeons et. al. v. Clinton et. al. from February 1993 to January 1995.

None of the agencies reported as a future cost the possible reimbursement of attorneys' fees for the Association of American Physicians and Surgeons or any other possible litigation. Until the District Court decides this request, it is not possible to determine what amount, if any, will have to be paid or what funds, if any, will be used.

Table 2: Health Care Task Force Costs by Phase of Work

Agency	Develop proposal January-May 1993	Prepare legislation June-November 1993	Support litigation February 1993- January 1995	Total
Commerce	\$224,229 ^a	\$11,569	\$0	\$235,798
Defense	508,849	14,768	0	523,617
Education	0	49,733	0	49,733
Executive Office of the President	211,095	Not yet provided	Not yet provided	211,095 ^b
HHS	893,561 ^{c,d}	5,520,766 ^d	5,326 ^d	6,419,653
Justice	69,205	67,605	325,520	462,330
Labor	187,341	145,809	0	333,150
OMB	142,135 ^e	Not yet provided	Not yet provided	142,135
Treasury	43 ^f	Not yet provided	Not yet provided	43
Veterans Affairs	1,262,158	0	0	1,262,158
Total	\$3,498,616	\$5,810,250	\$330,846	\$9,639,712

^aExcludes one employee's travel costs, which have not yet been provided.

^bThe EOP cost excludes the Office of Management and Budget costs, which we have asked for separately, and also excludes the value of EOP personnel time; costs incurred after May 31, 1993; and litigation costs, which have not yet been provided. EOP costs reported above were paid by an interagency transfer of funds from HHS to the White House Office of Policy Development.

^cExcludes \$211,095 in costs incurred by EOP but ultimately paid by HHS.

^dHHS sent questionnaires to 201 HHS Task Force participants to estimate the amount of their time spent on Task Force activities and to identify other HHS employees who provided support services. Sixty HHS employees have returned the questionnaires to date. All 60 reported they worked on preparing the health care reform proposal, 44 indicated they worked on preparing legislation, and 7 indicated they worked on the litigation. Another 141 HHS employees have not yet responded to the questionnaire.

^eIncludes 5 months of staff time for 5 OMB employees who were members of its Health Policy Unit. OMB reported that these 5 members of OMB's Health Policy Unit "devoted substantially all of their efforts to HCTF activities." OMB did not provide the value of time spent by other OMB employees who worked on Task Force activities.

^fThe Treasury Department cost excludes the value of Treasury personnel time; costs incurred after May 31, 1993; and litigation costs, which have not yet been provided.

Source: Data provided by the Departments of Commerce, Defense, Education, HHS, Justice, Labor, the Treasury, and Veterans Affairs, as well as the Executive Office of the President and OMB.

Table 3 shows costs by category. The largest cost categories were for personnel--\$3.8 million--and for procurements--\$5.3 million. HHS reported \$5.0 million of the \$5.3 million in procurements. HHS's procurement costs included \$3.3 million in outlays for research contracts by the Public Health Service, the Health Care Financing Administration, and the Assistant Secretary for Planning and Administration during fiscal years 1993 and 1994, as well as \$1.6 million for computer time.

Table 3: Health Care Task Force Costs by Category

Agency	Personnel	Telecom- munications	Travel	Procure- ments	Office space	Other expenses	Total
Commerce	\$173,419	\$0	\$1,379 ^a	\$36,000	\$0	\$25,000 ^b	\$235,798
Defense	298,746	200	12,016	211,920	115	620 ^c	523,617
Education	48,207	Data not available	1,526	0	0	0	49,733
Executive Office of the President	Not yet provided	31,525 ^d	41,419 ^d	46,093 ^d	86,748 ^d	5,310 ^d	211,095 ^d
HHS	1,237,713 ^e	4,706	140,259	4,975,978 ^f	57,092	3,905 ^g	6,419,653
Justice	462,280	Data not available	0	0	0	50 ^c	462,330
Labor	319,429	Data not available	1,721	12,000	0	Data not available	333,150
OMB	128,320 ^h	Data not available	35 ⁱ	0	13,780	Data not available	142,135
Treasury	Not yet provided ^j	Data not available	43	0	0	Data not available	43
Veterans Affairs	1,162,158	Data not available	100,000	0	0	Data not available	1,262,158
Total	\$3,830,272	\$36,431	\$298,398	\$5,281,991	\$157,735	\$34,885	\$9,639,712

^aExcludes one employee's travel costs, which have not yet been provided.

^bComputer time.

^cPhotocopying.

^dThe EOP cost excludes the Office of Management and Budget costs, which we have asked for separately, and also excludes the value of EOP personnel time; costs incurred after May 31, 1993; and litigation costs, which have not yet been provided. EOP costs reported above were paid by an interagency transfer of funds from HHS to the White House Office of Policy Development. The "other" category includes costs reported by EOP for "transportation of things, rent, and utilities," which were not reported in the other categories.

^eIncludes Schedule C employees, special government employees, and consultants. HHS sent questionnaires to 201 HHS employees to estimate the amount of their time spent on Task Force activities and to identify other HHS employees who provided support services. This cost includes the value of time spent by 60 HHS employees who have returned the survey to date.

^fIncludes outlays for research contracts during fiscal years 1993 and 1994. HHS reported that because health policy research is an ongoing activity of the Department, officials evaluated and identified all contracts undertaken by the Public Health Service, Health Care Financing Administration, and the Office of the Assistant Secretary for Planning and Evaluation to determine which ones were designed or, if previously under way, were substantially modified, in order to be used in developing the President's proposal.

^gRemainder of \$215,000 interagency transfer from HHS to the White House Office of Policy Development, of which EOP incurred \$211,095 in costs.

^hIncludes 5 months of staff time for 5 OMB employees who were members of its Health Policy Unit. OMB reported that these 5 members of OMB's Health Policy Unit "devoted substantially all of their efforts to HCTF activities." OMB did not provide the value of time spent by other OMB employees who worked on Task Force activities.

ⁱReported cost to OMB of the Deputy Director's travel with the First Lady on Air Force One on March 15, 1993.

Although the Treasury Department provided the names of 50 Departmental employees who worked on Task Force activities, it did not provide the amount of time they spent or their salaries.

Source: Data provided by the Departments of Commerce, Defense, Education, HHS, Justice, Labor, the Treasury, and Veterans Affairs, as well as the Executive Office of the President and OMB.

As previously mentioned, we are waiting to receive additional information from the Departments of Commerce, HHS, Justice, and the Treasury, as well as EOP and OMB. We will issue a final report after all of the costs have been provided.

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