

Hearing Transcript

House Appropriations Subcommittee on Labor, Health and Human Services, Education And Related Agencies Hearing on Management at the Departments of Labor, Health and Human Services, Social Security Administration and Education

March 9, 2017

(JOINED IN PROGRESS)

COLE:

(OFF-MIKE) ...hearing and good morning. It's my pleasure to welcome everybody to the Subcommittee on Labor, Health and Human Services, and Education. We're hearing this subcommittee has not had for a few years and that's to hear from our inspectors general about some of the most pressing management and fiscal challenges facing the agencies under our purview.

The programs administered by these three cabinet agencies, as well as the Social Security Administration, affects the lives of every American. Many people rely on programs they oversee -- that they oversee to see them through tough times in the case of unemployment insurance, to go to school, in the case of Pell Grants, to obtain medical care, in the case of the Indian Health Services and Medicare, and to do something as simple as legally changing their name on their Social Security card.

It is therefore crucially important that these agencies maintain strict security over personally identifiable information, that they insure payments are made properly in the correct amounts and to the person to whom they are intended.

It's critical that the agencies modernize their internal systems to keep one step ahead of criminals and cyber terrorists and to maintain the trust the public places with them both in terms of finances as well as information and in some cases, people's very lives.

The inspectors general have each outlined some of the most pressing challenges confronting each agency and I look forward to hearing their testimony.

Before we begin though, I'd like to -- to turn to my Ranking Member, my good friend, the gentlelady from Connecticut, for any remarks that she'd care to make. And please -- young lady's recognized.

DELAURO:

Thank you very much, Mr. Chairman. Let me say thank you to our four inspectors general who have joined us today. The Department of Education, Department of Health and Human Services, Social Security Administration, Department of Labor.

Today both trust in government and confidence in public institutions are at record lows. And to restore that trust we need to insist on a strong, ethical framework and invest in robust oversight of our federal government.

The work that's carried out every day by the OIG agencies is fundamental for maintaining the integrity and the efficiency of our government programs.

At a time when resources are limited, there are significant management challenges that require the IGs to identify and address the most pressing issues facing our agencies so that it's imperative that our public resources are used effectively and that fraud, waste, and abuse are addressed or eliminated.

I want to focus specifically on the ways in which the taxpayers are victims of fraud and abuse.

As inspector general reports highlight, we have problems with the skyrocketing cost of prescription drugs; the predatory practices of low quality, for-profit education institutions targeting vulnerable students; and we need to uphold our obligation to ensure that American workers have a safe and healthy work place and to protect the Social Security program -- the most successful social program in our nation's history.

With regard to the Department of Health and Human Services -- thank you. I am concerned about funding for program integrity activities.

In 2016, the Budget Control Act allowed for a cap adjustment of \$395 million dollars for health care fraud and abuse control, which acts as a deterrent against fraud and overbilling in our Medicare system, saves billions of taxpayers' dollars, and ensures that our seniors receive the benefits that they have earned.

Unfortunately, the majority did not allow for full funding of this program leaving us \$25 million dollars short. HCFAC has returned \$18 billion dollars to the Medicare Trust Fund since 2009 and to an average of more than two billion dollars per year in 2016, and I quote, "Over \$3.3 billion was deposited with the Departments of Treasury, CMS, transferred to other federal agencies administering health care programs or paid to private individuals."

If we're truly concerned about stopping health care fraud and reducing the deficit, we need to fund the programs that work to do so. And I hope, together with my colleagues, we can commit to fully funding this program this year.

The pattern repeats itself when we looked at the Social Security Administration's cap adjustment.

Budget Control Act allowed for \$1.17 billion dollars. We fell \$13 million dollars short. We should talk about curtailing waste, fraud, and abuse but we need to fully fund the prevention efforts in order to make this happen.

Fraud, waste, and abuse are not just manifested itself in one form. We have the obligation to root it out when it is carried out by large corporations just as we do with individuals.

We cannot pick and choose where we want to apply program integrity. I would note that in 2017, Budget Control Act allows a cap adjustment of \$725 million dollars for health care fraud and abuse control.

However, it allows a cap adjustment of more than \$1.5 billion dollars for efforts to identify fraud and disability in SSI benefits.

While I fully support ensuring that disability in SSI, I reserve further intended recipients. I cannot help but notice that when we spend twice as much blocking predominantly low income Americans from receiving modest benefits than we spend investigating fraud and over billing by large health care providers.

Education -- we have an obligation to protect students at risk from low quality, high debt, for-profit programs that hurt students and veterans.

These programs prey on vulnerable students and men and women who serve our country. This is unacceptable. Students at for-profit colleges represent only 10 percent of their total higher education population, yet they represent 35 percent of all federal student loan default.

Over the past few years, we have seen the collapse of two publicly traded, for-profit colleges: Corinthian and ITT Technical Institute.

The Department of Education IG recently issued an audit report that evaluated the ways in which the department is monitoring these institutions. It concluded that the new Borrower Defense Regulation will help the department better mitigate potential harm to students and taxpayers.

So it's critical that we heed the information and the recommendations that come from your reports because we need to protect the integrity of the Borrower Defense Rule.

I'm interested in your views on Reemployment Services and Eligibility Assessment program. This is an evidence-based program that has shown to help unemployment insurance claimants return to work sooner and save \$3.00 for every dollar spent.

Look, our -- our -- I will conclude, our inspectors general take on management challenges that are sometimes herculean, but they are essential for ethical and effective governance.

These challenges become all the more difficult when budgets are cut. With fewer resources, we have fewer staff to thoroughly review activities in our agencies and fewer opportunities to pursue their very actions that the -- the inspectors general recommend.

The chairman and I have talked about this. We've heard that the administration wants to cut non-defense spending by \$54 billion dollars -- a profound negative impact in my view -- Labor, HHS education programs, and for the OIGs.

Our bill comprises nearly one-third of non-defense discretionary spending, so the administration's proposed reduction would result in the cut of nearly \$18 billion dollars.

The cuts may be even higher since you would not likely to cut veterans or homeland security. So I agree -- and the chairman and I have agreed and we have spoken about this -- is you can't balance the budget on the back of non-defense discretionary funding.

A lot to cover in today's hearing and I thank the four of you for the great work that you do and I look forward to this discussion. Thank you very much.

COLE:

Thank the gentlelady. And I want to begin with an assurance to every -- every member of the committee and certainly to our witnesses -- we are not going to try and compete with Energy and Commerce for the length of our hearing today.

(LAUGHTER)

DELAURO:

Right. Thank you.

COLE:

You will be out at a reasonable time. I expect you to be in your beds tonight and -- and we'll -- we'll -- we'll handle this expeditiously.

But I want to begin -- obviously, we want to hear from our -- our witnesses first. So if we can, we'll recognize you, Mr. Dahl, for your opening statement.

DAHL:

Let me begin by highlighting one of the department's most serious challenges.

In 2015, two students were killed at Job Corps -- in different Job Corps centers allegedly by fellow students.

We found Job Corps had problems with centers reporting serious incidents to law enforcement

We also found that Job Corps required senators to run background checks for a very limited number of positions. To better protect the students and staff, Job Corps needs to update its policies on interactions with law enforcement and expand the use of background checks.

The next challenge is managing the astronomical increase in compounded drugs in the Federal Employees Comp program.

Over five years, the reported costs of compounded drugs skyrocketed from two million dollars a year to \$263 billion dollars -- more than the cost of all the other drugs combined.

With this -- with the exorbitant reimbursement rates, these drugs pose a high risk fraud, including collusion between pharmacies and physicians. In one case alone, we uncovered potential fraud nearly for -- nearly \$100 million dollars.

Department needs to ensure that any compounded drugs that are reimbursed are medically necessary, effective, safe, and reasonably priced.

Another challenge is reducing improper payments in the Unemployment Insurance program.

In 2016, the UI program had \$3.9 billion dollars in improper payments. That was the seventh highest among all federal programs.

The department needs to evaluate the impact of its strategies to reduce improper payments.

The department should also address -- address the systemic weaknesses that make the program more susceptible to fraud.

Many of our criminal investigations around the country identify -- involve identity theft by criminal groups that have found ways to exploit these program weaknesses.

Furthermore, for many years we have reported on recurring information security deficiencies that create unnecessary risk to DOL systems, as the chairman pointed out.

The department needs to place greater emphasis on and prioritize available resources to address these deficiencies.

Finally, Mr. Chairman, we remain concerned about fraud in the federal -- in the Foreign Labor Certification programs, including H- 1B.

We have investigated many criminal schemes involving fictitious employers filing fraudulent applications.

We have recommended that the -- that the department report suspensions and debarment on the government-wide exclusion list.

We have also partnered with DOJ and other law enforcement to combat human trafficking where workers are often exploited for economic gain.

I want to thank you for your continued support of our work. That support has helped us identify nearly four billion dollars in recoveries and savings over the past five years, representing a return on investment of 9:1.

As the subcommittee has recognized, the work of the OIG offers a solid investment for taxpayers.

That concludes my statement. I'd be pleased to answer any questions.

COLE:

And we'll certainly return for questions. We're going to obviously move through and -- and give everybody a chance to testify.

Mr. Levinson, delighted to have you here. You're recognized for five minutes for any remarks you care to make.

LEVINSON:

Good morning and thank you for the opportunity to testify about top management challenges facing the Department of Health and Human Services.

HHS programs touch the lives of virtually every American. Sound stewardship of these programs depends on strong partnerships within HHS as well as with external organizations including other federal, state, and local government agencies with the private sector.

My testimony today focuses on three key management challenges. One is strengthening the use and security of data and technology.

The right data managed and used effectively can help to ensure the efficient operation of HHS programs as well as support proactive management oversight fueled by data modeling.

To capitalize on growing amounts of data in health care, complete, accurate, and timely data must be available such as to security and privacy protections.

For example, my office has long raised concerns that neither HHS nor the states have completed accurate, national data needed for effective oversight of Medicaid.

Two is effectively administering grants and contracts. HHS has opportunities to improve its oversight of grants and contracts management working with its state partners.

For example, HHS lacks effective mechanisms to share information among its awarding agencies about problematic grantees making it difficult to assess new grant applicants.

Third is maintaining focus on safety and quality of care. My office has recommended stronger quality and safety protections for people receiving services in a variety of settings.

For example, HHS should harness expertise from across its agencies and from stakeholders to address serious and long-standing challenges at Indian Health Service hospitals.

HHS also has opportunities to reduce patient harm through better detection and prevention of adverse events occurring in institutional settings.

In addition, fraud, abuse, and neglect in home and community-based settings has resulted in deaths, hospitalizations, and patient harm.

Finally, OIG management reviews of HHS's implementation of new programs offer lessons for the efficient management of large and complex government programs.

These include having clear project leadership, rigorous contract oversight, close coordination of policy and technical work, and effective planning and prioritization to achieve program goals.

One key step HHS can take is to redouble its efforts to implement pending OIG recommendations.

I thank the committee for its commitment to program integrity and look forward to continued collaboration with HHS and Congress to safeguard taxpayer dollars and promote the welfare of the people served by HHS programs.

I look forward to responding to your questions.

COLE:

Thank you very much and we'll -- is it Ms. Tighe? I wish I could take credit for that. I was going to call you 'T-E-E-G' but fortunately the clerk here corrected me immediately. So Ms. Tighe, you're recognized for five minutes for whatever remarks you care to deliver to the committee.

TIGHE:

Good morning. I'm pleased to be invited here today to discuss the most significant management challenges facing the Department of Education.

In my written testimony, I provided information on all five of the challenges we identified this year. In the time I have this morning, I'd like to focus on one of them as well as highlight an emerging fiscal challenge.

The department must be able to ensure that the billions of dollars entrusted to it are reaching the intended recipients.

However, our work has identified weaknesses in the department's ability to do so. One of those areas is improper payments.

In May, 2016, we reported that the departments and proper payment estimates for both the Direct Loan and Pell Grant programs were inaccurate and unreliable because the department used estimation methodologies that did not include all program reviews that could identify improper payments, did not include improper payments from ineligible programs or locations or other sources.

In response to our recommendations, the department revised its estimates for fiscal year 2016. This resulted in an increase in the improper payment rate for the Direct Loan program from \$1.28 billion dollars to \$3.86 billion dollars. And for the Pell program, from \$560 million dollars to \$2.2 billion.

Although my office believes that the revised rates are more realistic, the significant increases in improper payment rates emphasize the need for the department to more aggressively address this challenge by using a more stable estimation methodology in intensifying its efforts to address root causes of the proper (ph) payments.

Now I'd like to talk to you a little bit this morning about an emerging fiscal challenge.

The department has developed a set of complex financial and economic models to estimate the cost of its student loan programs.

The audits of the department and FSA's financial statements this past year, however, determine that the department did not have fully developed modeling activities, in particular those involving the new income-driven repayment plans.

Given the size, growth, and changes to this program, ineffective controls over the design of the new models can impact the reliability of any data, but particularly the overall cost to the federal government.

As an example, the Direct Loan program loan costs, called the subsidy cost, was adjusted upward nearly \$22 billion dollars in fiscal year 2016 based on a number of factors including program changes in the percentage of discretionary income to be paid under the income-driven repayment options, lower than anticipated collection rates, and the fact that a greater percentage of borrowers chose these costlier programs.

My office is currently conducting an audit of the department's disclosures of cost related to these programs. We will share the findings of that audit once it's completed.

This concludes my statement this morning.

COLE:

Thank you very much for your testimony. And Ms. Stone, we'll turn to you now and you have five minutes to deliver any remarks you care to the committee.

STONE:

Thank you. Good morning, Chairman Cole, Ranking Member DeLauro, members of the subcommittee.

Thank you for the invitation to testify. Today I will highlight three challenges that Social Security needs to prioritize in these times of limited resources.

First, SSA must modernize its IT infrastructure. The agency relies on old programming code and applications to process core workloads.

Modernization is critical to meet current and future workloads. By effectively implementing new technologies, SSA could improve efficiency, customer service and program integrity.

In the past, SSA has outlined multi-year goals to modernize specific applications and databases. And while the agency does have some modernization efforts underway now, the agency still needs to develop a comprehensive IT plan with specific objectives and deliverables.

Secondly, SSA must address service delivery challenges. In 2015, the average time SSA -- the average wait time in SSA field offices was 26 minutes and this was an increase of about 37 percent since 2010.

SSA plans to offer more of its services online, however, the agency must ensure that these services are secure and that customers understand how to use them.

With regard to the disability process, SSA has made progress in completing more initial disability claims. However, there is a need to reduce the average time for a hearing decision as well as reduce the number of hearings that are pending.

At the end of 2016, it took 543 days for a claimant to receive a hearing decision and SSA had 1.1 million hearings pending.

Third, SSA must continue to strengthen program integrity. Given the overall dollars in SSA programs, a slight error can result in significant losses. For that reason, we have encouraged SSA to prioritize integrity workloads that prevent and identify improper payments and fraud.

Recent legislation such as the Bipartisan Budget Act of 2015 now authorizes SSA to access wage data for disability applicants.

It also mandates that SSA expand the Cooperative Disability Investigations program. Additionally, I want to thank Congress for the IG Empowerment Act which will allow us to pursue timely data matches with other agencies so that we may identify potential fraud and waste.

In conclusion, these challenges are complex and difficult to resolve. However, SSA must address them in order to serve its customers effectively and promote program integrity.

We will work with both SSA and this subcommittee to address these challenges. Thank you and I'd be happy to answer any of your questions.

COLE:

You all four are remarkable because you're well under five minutes. We're not used to that around here.

(LAUGHTER)

So thank you for that -- allowing us to get to the questions even more quickly.

I'm going to ask you something that's probably not a fair question. I'm going to ask you each in -- in turn, because it's really not your purview and it's a question I'll -- I'll frankly be putting to the respective secretaries and administrator when -- when they come before us in the future.

Just -- and -- but you know these departments intimately. If we really did have a 15 to 20 percent cut in the funding level for each of your respective agencies, how would they respond and would they be able to meet their missions and commitments in your view?

We'll start with you, Mr. Dahl, if we may?

UNKNOWN:

He's shy.

(LAUGHTER)

DAHL:

As the chairman and members know, we use an evidence-based approach in our work and the -- the methodologies that we use would lend themselves to making the findings that we do and recommendations that we do.

So it's -- it's difficult to -- to come at this from a theoretical perspective. I think that the challenges that -- that I identified this morning will only be compounded by fewer resources.

And I -- I think that it would be difficult for them to -- to -- to address many of them in -- in ways that -- in many, many of them -- or where additional resources are required.

But what we do identify in our work is -- are recommendations that are resource neutral that would allow them to make improvements in the program with existing resources.

So you know, not to dodge the question but it's difficult for us to answer that in a theoretical manner.

COLE:

It is difficult to answer. I'm going to just move down the line because time is limited. Mr. Levinson, what would be your response to a question like that?

LEVINSON:

I think one of the key complications, Mr. Chairman, for HHS in responding to that question would be that 80 percent or 90 percent of the money is on the non-discretionary side, so we're dealing with Medicare and . . .

COLE:

Yeah, and let me be clear. I'm not talking about the non- discretionary . . .

LEVINSON:

You're not talking about that so we're -- we're in a much smaller percentage but these are very -- nonetheless, we're talking about an excess of \$100 billion dollars covering a vast range of -- of human services: research and so forth.

So while we work daily to, you know, find where the inefficiencies could be had and to uncover dollars wrongly or unnecessarily spent, it would be an enormous challenge at this point, I think, for each of those components represented on the discretionary side to be able to do their jobs effectively.

COLE:

Ms. Tighe?

TIGHE:

Well, I would point out first that the Department of Education has -- already has the smallest staff of any cabinet level department, but the third largest discretionary amount of money it has to disperse. It is also the third largest grant making agency -- largest portfolio of grant making (ph) agencies.

It is already challenged to meet some of the -- the things we point out through our management challenges works (ph) such as oversight and monitoring of the money that goes out -- the billions of dollars that go out.

It also has only, you know, very few -- it has a few large pots of money: the Title I money idea, the special education money, and Pell Grant.

And -- and it's hard to think about cutting sort of what that might mean for -- for students.

COLE:

That would be pretty dramatic on just IDEA, that's almost a \$12 billion dollar program. So if we cut . . .

TIGHE:

As a -- as a mother of a -- a son -- a special needs child, that's -- it's a hard one. It's a hard one to think about.

But I think that a lot would depend on how those cuts are -- are made. Are they across the board? Are you going to take away programs?

COLE:

We would, you know, if we ended up, that's what you would have to do. I mean, you wouldn't just do it across the board. This committee would be called upon to make an extraordinarily range of difficult decisions about letting whole programs go in some cases.

I don't see how you could manage cuts like that any other way.

TIGHE:

One area I would really worry about for the department, in particular, is IT security. It's been a management challenge -- challenge since 2006.

You can't fix that on a cheap. It has to -- money has to be put in and it's a never ending -- keeping one step ahead of technology and of the bad guys who find new ways into our systems, I think, is -- is a hard one to do without sufficient resources.

COLE:

Thank you. Ms. Stone? And obviously, this wouldn't apply to Social Security payments but to the administrative apparatus that we appropriate money for here.

STONE:

As I've highlighted in both the oral and written, modernizing IT is a huge challenge for the agency.

And any reduction would force the agency to have to make some very tough decisions about do we modernize so that we can sustain our business process and service to the community in the future or do we just try to make it to the next step?

So those will be some pretty touch management challenges.

COLE:

I assume that this would probably compound our -- our problem with wait lists and backlogs in cases pretty dramatically.

STONE:

That would be a -- a good assumption considering that we've seen wait times go up by about 37 percent, as I indicated.

And we've also seen the number of individuals coming into our field offices increase over the past year.

COLE:

Appreciate that. And with that let me turn to my good friend, the Ranking Member, for any questions she cares to ask.

DELAURO:

Thank you very much, Mr. Chairman. Let me just make a very quick point that in the present (ph) 2017 budget, each of these departments would have an increase. Some pretty substantially for the inspectors general -- HHS, Social Security.

Now -- already -- and we don't have -- the 2017 budget hasn't been passed yet, but already there is a cut in some instances of fairly significant in terms of the work that you do.

So if you compound that with what could potentially happen in 2018, you need to think very carefully about what you can and what you cannot do.

The -- to my question. The White House does not have an inspector general. My view, this is a serious concern given the avalanche of questions about unethical relationships, investments, activities in this administration that have gone unanswered.

I have introduced a bill to create an IG in the White House to ensure the Executive Office of the President acts in the public interest.

Similar legislation did pass the House in a landslide in the 104th Congress.

On a similar note, many of the cabinet appointments have been plagued by ethical conflicts.

So I expect that many of future political appointments (ph) may be trailed (ph) by complicated financial arrangements that could lead to personal conflicts of interest.

Question is this: what will you do to raise and uncover any conflicts of interest or other unethical activities? Let's go for it, guys.

(LAUGHTER)

LEVINSON:

Well, I think it would be useful to keep in mind that there are agencies within the executive branch, especially the Office of Government Ethics, that serves as a government-wide . . .

DELAURO:

I'm reminded that that was one that we wanted to have eliminated at the outset of this Congress. Fortunately, that didn't happen. But go ahead.

LEVINSON:

Yeah, it's a -- it's a very important part of the infrastructure, if you will, of the executive branch.

DELAURO:

Right.

LEVINSON:

And you know, Congress crafts these so that it, you know, it's arranged so that there is maximum coverage of the executive branch notwithstanding that there are certain things that are carved out . . .

DELAURO:

What about agency secretaries?

LEVINSON:

Well, as IGs, you know, we are embedded in our departments and agencies so our jurisdiction generally stops at . . .

DELAURO:

At the secretary level.

LEVINSON:

. . . at the door -- well, and it includes everyone up to the secretarial level.

DELAURO:

But excludes the secretary?

LEVINSON:

No. No. It would include the secretary -- everyone who works at -- at the department. Again, there are some exceptions in areas like national security and so forth so I'm speaking far more general than may be the case comprehensively.

But -- no, it includes everybody within the department. But because we stop the department when there are issues that, in effect, that transcend the department or that connect with other players, that's where sometimes IGs face difficulties in being able to really get a full handle on a particular investigation or review.

DELAURO:

Ms. Tighe?

TIGHE:

Well, I think the, you know, strong ethics program is important for our agencies. I do believe it is a partnership though with -- Mr. Levinson mentioned the Office of Government Ethics, but also our in-house ethics group that are responsible for doing the training -- the mandatory training that should go on every year.

That's an important aspect of, I think, of achieving good ethics because you need to -- to make sure there's awareness of the rules of the road that we all have to abide by.

And then the responsibility really of the IGs office is when we have complaints is that we go investigate those.

DELAURO:

The conflicts of interest?

TIGHE:

Including conflicts of interest.

DELAURO:

And that is all the way up to the top?

TIGHE:

Yes, we -- we -- our jurisdiction, as -- as Mr. Levinson . . .

DELAURO:

We're not going to have much time, so let me get to Mr. Dahl.

DAHL:

Like Kathy and Dan mention, we would have a vigorous, as we do now, a vigorous conflict of interest approach to any allegation that we would get, no matter what level that we would pursue it.

DELAURO:

I'm going to hold on Social Security for a second. Each of you has asked for a funding increase. Ten percent DOL, 13 percent HHS, five percent education, two percent SSA.

You've got a hiring freeze which was established on January 23, 2017. That has got to -- well, you tell me -- impacting the vital mission and work of the OIG.

Have you been forced to scale back your oversight work based on the hiring freeze? Yes or no and I can ask you to get me in writing.

TIGHE:

Yes.

LEVINSON:

Yes.

DAHL:

Yes.

STONE:

Yes.

DELAURO:

Yes. OK. In writing, I would like to know, and I think this committee would like to know, what is it that you are not now able to do, each of these departments, because of a hiring freeze which can only be compounded by a cut in 2017 and a potential cut in 2018? Thank you, Mr. Chairman.

COLE:

Thank you. Thank the gentlelady. That's a great question and it would help the committee to know that.

Now let me turn to my good friend, the gentleman from Idaho, recognized for five minutes for any questions he cares to ask.

SIMPSON:

Thank you, Mr. Chairman. And thank all of you for being here today and thanks for the work that you do. We appreciate it very much.

Just to set the record straight, there was no effort to eliminate the Ethics Office earlier in this Congress.

Some changes, some reforms maybe, but there was no effort. Just so that we have that on the record.

I want to -- but I do want to thank you for the work you do. And I don't really have any questions specifically for you. But as I read these reports and stuff, I'm curious -- we're in kind of a strange state in that we have a new administration coming in that is -- said they're going to make significant changes in the direction of a lot of these things.

And a lot of the recommendations that you make will probably still be valid when new secretaries do new programs and those kind of things. But I suspect that even with the request that you've made for increases with the inspector general, that your job is going to become significantly more difficult as we change programs, change directions, change the way we do things.

Would you say that's true? Go ahead.

TIGHE:

Well, we -- every time, sort of, new programs come in and we have to sort of shift gears, right? And it entails learning about those new programs and -- and planning, audit work, and -- and other anticipating potential fraud and things that may be associated with the program.

So I think it is a -- a -- a -- we can really expect some challenges for our work.

LEVINSON:

And I think one of the overarching challenges in these, what you call 'strange times' -- and I think that that is accurate -- is -- is the technology transformation that we are not at the beginning of and absolutely not at the end of -- we are truly in the middle of.

And it -- it affects a variety of perhaps, in one form or another, virtually all public programs.

But certainly at HHS we feel it enormously. And it -- it holds great threat and it holds great promise.

So it requires a -- a very dedicated and sophisticated approach to being able to handle the challenge of technology in a way that actually creates the inefficiencies, ultimately, that will allow programs to be delivered in a very cost-effective way.

We're not -- we're not there, although in many respects we can kind of see it. We just can't get there yet because we -- we simply don't have the infrastructure in place.

And I think that is -- that's really the challenge of the 21st Century, at least this period of it.

And I think it does make it difficult for those who try to administer and oversee the programs, like us and for policymakers like you, who are trying to make the most of what we have right now.

SIMPSON:

I suspect with Social Security Administration, IT security and cyber security is a huge issue because, you know, every time that any release goes, whether it's with -- at some department store or whatever -- everybody says, "They've got your Social Security number now." That's got to be huge within the department.

STONE:

It is. And in fact, each year when we do our financial statement audit, at least for the last three years, we've noted deficiencies in the IT infrastructure there or IT security infrastructure.

And it's -- it can range from making sure that the right people have access to certain systems or to a more global practice of how the agency monitors its network to identify vulnerabilities and to remediate those vulnerabilities immediately.

And if you can, prevent them from happening again in the future. So yes. And that is why, even with IT modernization, security has to be a part of the development. It cannot be an after thought.

SIMPSON:

Well, again, thank you all for being here and testifying on this. It is going to be, as I said, challenging in the future, particularly for -- for all of you.

I would hope that the slow down in the Senate of getting the nominees and the Under-Secretaries and stuff that do so much of the work halts and that we can get the administration in place so that they can address these issues as well as the ones that are going to be coming up as we make probably significant changes in the direction that a lot of these departments are going. So thank you.

COLE:

Thank the gentleman. Again, just reminding members, obviously, we -- we move according to who was here at the beginning of the hearing, so Mr. Pocan, you're actually next up.

POCAN:

Thank you -- thank you, Mr. Chairman. Thanks for being here today. So I'm new to the subcommittee -- new to the committee so if I ask something that you've maybe done a previous review on just, you know, please give me a quick update on where that's at.

The first question I just have on the management side is to Ms. Tighe. In the Department of Education, you know, Wisconsin's one of these states that was early on putting public dollars into private schools through voucher programs.

I was in the legislature in the very, very beginning -- now like 18 years ago on this. And it -- it hasn't been the smoothest ride.

We had the GAO do a study, I believe it was last year, I don't know if you've had a chance to see the GAO review -- it's a first part of it. But one of the things they found is that in the four states they visited with these programs, that the administrators said they're having a problem getting the resources for educational services like speech therapy and reading tutors.

Specifically, a lot of these schools don't take children with disabilities and yet the funds that we have specifically for disabilities are used going to these schools.

So is there anything that we're doing to kind of ensure that the dollars that are supposed to go to these programs are -- students with disabilities are actually getting there given that a lot of these dollars are siphoning off to programs that aren't taking the children with disabilities but it's still the same dollars?

TIGHE:

Well, the -- the special education money is done under a formula for each state every year and it goes, you know, based on numbers of -- of anticipated numbers of needed students to service.

And I think that -- I -- I do recall reading that GAO report and I think it pointed out some, you know, very good issues.

But I think that is -- and there is oversight by the department on -- on ensuring that the special education requirements are met.

There is no sort of federal voucher program that -- that is being, you know, administered in any fashion by the Department of Education currently. So . . .

POCAN:

Just ensuring that because the schools aren't taking -- that's what the report came (ph) and it's true in my state -- children with disabilities but they're still getting the public dollars.

What's happening is the public system is left then with more children and they have higher costs.

TIGHE:

Yeah, I think the issue relates to the -- and I forget what it's called but it's sort of like sort of services like speech therapy and -- and other things that -- that students -- that school districts will agree to give students.

So when they go to do it at another school, then the real practical sort of implications of that are, say a speech therapist, they may serve like the main high school all of a sudden and maybe, you know, spend -- have a full day of -- of students to see there.

All of a sudden, then has to spend some time going to other parts of the -- the district covering the -- the other students and -- and I think those things need to -- to be thought through.

But those -- I -- I thought the GAO had brought out some really good issues on that.

POCAN:

And I know they're doing a second part two on outcomes, which I'm really looking forward to seeing on that. But we did have recently a lawsuit in Milwaukee against one of the schools.

And what they found -- they were going after abusive (ph) practices of the children but when they studied the children, seven percent of the students at the school tested as being proficient or above in English language arts and zero tested at being proficient in math.

So one of the problems again is, you know, how do we ensure that the kids who are going to these schools are still getting the education quality services? They're getting taxpayer dollars, but by things like this they're clearly not getting the education that they expected.

TIGHE:

I mean, I think those are good issues for the department to be focusing on.

POCAN:

OK. So they could possibly. Alright, great. And then a question for Inspector General Dahl at Department of Labor.

I'd sent a letter a while back on some Davis-Bacon issues and one of the issues that we're seeing - - and I just talked to Darren Soto from Central Florida and they're having some issues where they're having some depression of the prevailing wages.

But the question I had that we've seen in Wisconsin is on the form -- and I'm going to have to read this form because I don't have this by memory -- WH-347 form. But it's a form where they report the -- the wages in areas for prevailing wages.

It hasn't been updated really since 1968. And there have been some areas where people are kind of artificially exaggerating fringe benefit claims in order to effect what they're really not paying in wages.

And some states have changed forms to adjust this. But I don't think there's an adjustment at the federal form. Have you looked at this at all? Because again, '68, there really haven't been any major significant changes but some states have noticed this as an error (ph).

DAHL:

Yeah. My recollection is that we are looking at the fact that the department is -- is referring back to fairly ancient data in determining the prevailing wage.

And we'll get back to your office on exactly what's going on on that.

POCAN:

Great. Thank you. And at this point, I'll yield back. I had six seconds.

(LAUGHTER)

COLE:

Appreciate the extra time.

(LAUGHTER)

Gentleman from Arkansas is recognized for five minutes.

WOMACK:

Thank you, Mr. Chairman. I've -- my appreciation to the inspectors general that are before us this morning.

I do want to even -- I know my friend, Mike Simpson, has already corrected the record in part but I want to further perfect the record, if you will, regarding the discussion about ethics from my friend from Connecticut.

And that had nothing to do with government ethics, which has been discussed here. It had everything to do with Office of Congressional Ethics and that system, or that change was abandoned, obviously. But I wanted -- wanted to make sure that we're talking about the right ethics organization so that there will be no misunderstandings.

Acting Inspector General Stone, I appreciate your comments about IT. We hear this every -- in every hearing.

We need to spend more money on IT. I hear it every year. I'm an old mayor and -- and I heard it from my staff. We just -- I know it's an ever changing technical world out there and that we need to spend more money on IT and I can certainly see where we need to do some things within the Social Security system.

But one of my real concerns is that it takes place when -- when -- when a government entity abandons a commercial, off-the-shelf type product in order to do something specific to -- to their particular needs.

So I want to talk a bit just about the disability case processing system. And I appreciate your office's effort to monitor the program. This poorly operated project demonstrates the value of an inspector general.

In '16, just a few months ago, the OIG released an updated report pointing out that the case processing system is again behind schedule, expecting to spend nearly \$50 million dollars more on the system in '17 prior to the '16 set back, for a running total now over \$427 million dollars spent from '08 (ph) -- '17.

Again, prior to the set back, it still admitted it had years of development before it can be completed.

So more direct to my question, are you aware a current commercial vendor completed an upgraded system that apparently could achieve most of what SSA is working to achieve?

STONE:

I do know that there are some commercial -- or at least one commercial entity that has proposed a possible solution.

I'm not aware of the details. But our recommendation to the agency is that you have to compare the alternatives. You have to have good cost information so that you can determine which one is going to be the best bang for your bucks.

WOMACK:

Are there any new revelations about this -- this -- I call it a failed IT project? But has it revealed any additional information useful in the discussion?

STONE:

I will say this, the -- the agency has taken on -- this is a huge, complex modernization effort that they're taking on.

They're using a strategy that is not commonly used in the federal realm. They're using Agile. In the private sector it may be more common to do that. In government, we're more accustomed to

what's called the 'waterfall' effect -- where you identify specific milestones, costs, you either meet it or you don't.

Agile is a little more iterative and there's a lot of ambiguity around that. So when you try to marry those two environments that don't necessarily match well together, there was a huge learning curve for the agency in trying to adopt that.

So in December, while they did not release the anticipated -- I guess they call it Release One (ph). There was supposed to be more functionality in December. They did not have that.

The states -- the three states that are using this model are processing about one percent of that workload. Now, is that enough information to tell you that it's worth going forward? I don't know that.

But our recommendation continues to be you really need to closely monitor this. And I have said this before other committees, I really don't want to be sitting in front of someone six months from now and them asking me the same question about, "Did you get your money's worth?", after expending a serious amount of money.

WOMACK:

Well, I know I'm out of time and I can't get to the second part of my question. I'll just say for the record that every dime that we spend trying to modernize, with a lot of failure, is -- is money that can't be spent on paying claims.

And -- and this is -- I think this is a case that continues to need some direct supervision and some tough choices, some tough decisions in the near term. Thank you. I yield back my time.

COLE:

Thank you. We'll go next to my good friend, the young lady from California will be recognized for five minutes.

ROYBAL-ALLARD:

Thank you, Mr. Chairman, and -- and welcome. Inspector General Levinson, our 2016 -- your 2016 report states that oversight of programs for children as one of HHS's top management challenges and uses one example: the difficulty preventing grant fraud in the custody care of unaccompanied minor children.

For example, I was appalled by the findings of last year's Senate investigation which reported that unaccompanied minors who were ordered release from ORR and placed with distant relatives ended up being trafficked to eight farms and forced to work 12 hours a day.

Your 2017 OIG work plan for HHS recommends that ORR develop a formal agreement with DHS to delineate each department's specific responsibilities for gathering and exchanging information about children after placement.

As Ranking Member of the Homeland Security Subcommittee, I'm particularly concerned that this recommendation be carried out in a way that ensures the ongoing safety of these most vulnerable children.

I have a three part question. What improvements have been made since the Senate investigation? Do you think the responsibility of ensuring child safety should reside with HHS or DHS? And do you believe this formal agreement between ORR and HHS will be sufficient to ensure child safety post-placement and if not, what other recommendations would you have?

LEVINSON:

I will need to get back to you on where things stand since the Senate investigation and we'll be sure to give you a current status of where things are.

We certainly do oversight of whatever programs HHS is responsible for. And there are, in fact, a variety of different programs that feature, you know, safety and quality of care concerns with respect to children.

Obviously, Medicaid and the Children's Health Insurance Program are a part -- important part of our responsibilities to oversee the foster care program under ASF as well as the Child Care and Development Fund.

All of these programs, during the course of our work, we've uncovered vulnerabilities in -- in how those programs are actually administered. So there are millions of children who are -- in terms of quality and safety -- are HHS's responsibility. And this is an important element of -- of -- of that -- that variety.

We -- we think the -- we certainly assume that HHS has a lot of expertise that would be important in being able to protect children in these kinds of -- in these kinds of circumstances.

But when it comes to who decides about jurisdiction, you know, who should be the primary agency, that really is a -- a policy matter that policymakers need to make in the first instance.

And we will work and we do work in coordination with our colleagues in the Department of Homeland Security Office of Inspector General to make sure that we're coordinating our oversight work to give maximum effect to the -- to the activities that we do engage in to protect children.

ROYBAL-ALLARD:

HHS has more of the experience in terms of dealing with -- with children directly?

LEVINSON:

Well, we certainly -- there is certainly a long, extensive record with respect to children. And it's -
- it is not surprising that HHS was given the responsibility, I'll say that.

But ultimately, it's a matter for others to make that decision based on . . .

ROYBAL-ALLARD:

I understand that.

LEVINSON:

. . . expertise and resources.

ROYBAL-ALLARD:

And just with regards to the agreement between ORR and HHS, do you think that that in itself is sufficient to ensure the child's safety post-placement or do you have other ideas or recommendations that might strengthen (inaudible)?

LEVINSON:

We're doing -- there is ongoing work here. So I think this is a matter in which we need -- we need to just keep you informed in a timely way about how things are -- are -- are moving along.

And you know, where we see a need for immediate action, to let you know.

ROYBAL-ALLARD:

I have several other questions but I am out of time, so I'll do it in a second round.

COLE:

Next, the gentlelady from Washington, Ms. Herrera Beutler, for five minutes for any questions she cares to ask.

HERRERA BEUTLER:

Thank you. And I'll try and make this as quick as I can. Thank you all for your testimony, this is really helpful for me.

This was not one of the ones I had prepared, but I wanted to just clarify. In talking, Ms. Tighe, about the -- the payments -- I don't know if I totally understood that.

Improper payment rates -- those are huge numbers with regards to direct loans and -- and Pell and there are so much controversy in the last decade about Pell loans or direct lending and -- and that's a ton of money. Can you clarify that? The improper payments, what that means?

TIGHE:

Yeah, it's -- well, it's the -- the rate that -- that the department has estimated, of course, that payments within the Direct Loan or Pell programs are being paid improperly.

Sometimes that can be underpayments as well as overpayments, particularly in the Pell program. I think that when you're talking about the area of misreported income, that it's like a 2:1 ratio of - of overpayments to underpayments.

But the -- the sources that caused the increase, which were -- were -- were mainly the fact that in previous years, or at least in the last couple of years, the Federal Student Aid Organization had -- had used primarily a number of program reviews.

They go out to higher institutions, higher education and do reviews. So those would then inform the proper-improper payment methodologies. But they -- there -- there was problems on how they executed that.

HERRERA BEUTLER:

So -- so on the -- on the Pell program, between \$560 million and \$2.2 billion dollars . . .

TIGHE:

That was the increase this past year.

HERRERA BEUTLER:

In terms of what was improperly paid? And you're . . .

TIGHE:

Yes. And that the main -- the -- the two things that caused it to jump were that the department went back to including an IRS statistical study which -- which basically looks at improper payments related to filling out the FAFSA and the income (ph) levels.

HERRERA BEUTLER:

So were people . . .

TIGHE:

With the trick (ph) of getting with the program.

HERRERA BEUTLER:

Were they saying -- so OK, so they're using improper input for these (inaudible)?

TIGHE:

Well, sometimes, I mean, improper payment -- so let's just take an easy one like income levels.

HERRERA BEUTLER:

Well -- well, I apologize. I have -- I'm halfway through.

TIGHE:

Go ahead.

HERRERA BEUTLER:

And -- and on direct lending, \$1.2 billion to \$3.6 billion, meaning we actually could have overpaid \$3.6 billion in the direct lending program in the last year?

TIGHE:

Yes.

HERRERA BEUTLER:

OK. OK. I just wanted to clarify that. Because that's -- that's a really big number.

TIGHE:

It is.

HERRERA BEUTLER:

And that's part of why the big controversy we went from fell (ph) indirect lending to just direct lending was to eliminate -- that was part of the argument -- to eliminate problems in overpayment.

So I just wanted to make sure I had the number on the record. And I apologize, I need to move over to Social Security.

So this has to do with field offices and how they're chosen and how GSA handles it.

So one of -- so we just had a field office move from my -- in my biggest county and biggest city from one location to the next. And this was during the recession.

I could have personally found a wonderful -- everybody was trying to lease land at this point. I mean, there was vacant properties all over the place. We had -- we were particularly hard hit by the housing crisis.

But GSA managed to find the one location that went from a level ground place to up five floors with no parking and parking across the street in a lot that you have to pay in the rain, because it rains a lot in Western Washington State, and then -- or you can park on the street and plug (ph) and -- you can imagine seniors going up and down these stairs and we have had people who have fallen, who have problems.

And I -- I was baffled that in the middle of a time when there was all this vacant -- all these vacant leases all over the place, we managed to find the one that was the most difficult.

And I wanted to ask if you had -- does the IG review complaints that beneficiaries make on these field offices and in terms of the lease locations that GSA, in their process of renewal -- I've heard it, you know, in talking with SSA, it's pretty difficult.

So I guess I'm saying -- and maybe it's more -- maybe more you, Ms. Stone, than -- than HHS. But I'm -- I'm thinking through how GSA does this. How can we affect this process to where they're choosing locations that are -- it's not just somebody checking a box that -- the -- the inspection, so to speak, before these take place.

And I apologize because I think it is much Ms. Stone. We're thinking Medicaid, Medicare and I was -- totally switched over. That's why you gave me that funny look. OK. Go ahead.

You could have taken a swing at it, it would have been a while before I figured it out.

STONE:

I think since neither one of us are really -- I guess neither one of us really have oversight of GSA. That's probably the IG office that would have more insight on GSA's process for selecting real estate locations for agencies.

Now this is not done in isolation. I do know that the agency can -- is involved in that process at least. But if I recall correctly, I do believe we did some work probably about four years ago looking at the decision making for field office location.

HERRERA BEUTLER:

Well, in -- and that's what . . .

COLE:

Gentlelady, it's time.

HERRERA BEUTLER:

Oh, am I over already?

COLE:

Yes. A gentle reminder to the members, please don't pose your question before the end of your time because it puts the . . .

HERRERA BEUTLER:

I'm sorry.

COLE:

. . . no, it's quite alright. It puts, obviously, our witnesses in a difficult spot. Let's just try to keep moving on but we'll be back for a second round. So don't worry, there will be plenty of time.

And with that, I recognize my good friend from Massachusetts, the gentlelady, Ms. Clark.

CLARK:

Thank you so much, Mr. Chairman. And thank you to all the inspector's general who joined us today for your work and your testimony.

First I -- I have a -- a question really for Mr. Dahl and Mr. Levinson. Mr. Dahl, you raised concerns about compounding pharmacies. And I know that Mr. Levinson, you have ongoing concerns about misuse and diversion.

What -- what do you -- I'd be interested in both of your takes on electronic prescribing and do you see that as part of the solution for the problems that you've identified in your testimony?

LEVINSON:

Electronic prescribing, I think, does offer opportunities for better controls. The important thing is that you make sure that those controls are in place as you -- as you roll out that kind of program.

I think cases have been made by policymakers that it's -- it's a way of being able to control better the issues of diversion if you can -- if you can come up with a system that is far less likely to leak or to bleed than you have with the paper record with pharmacies.

That sounds attractive and it's not something that I think should be dismissed.

I think it has the potential but the question is whether it can really be -- really be done.

On -- on compound drugs, especially, the numbers really have shot up so enormously over the last few years, especially with topical drugs. And for reasons that I can't fathom, the numbers are especially high in -- in New York, for example, where we -- we see just -- New York has about six percent of the Part D population but uses an enormous percentage of compound drugs.

So there are some distortions going on nationally that we need to continue to -- to -- to dig deep into to understand what's really going on.

CLARK:

Thank you. Mr. Dahl, do you have any data?

DAHL:

As Dan mentioned, you know, this is an area that -- that agencies are trying to move towards to manage prescriptions better.

I don't know how effective it would be on compounded drugs, however, because of the vulnerabilities in -- in terms of the -- the collusion between the pharmacies and the -- and the medical providers that are occurring and whether electronic prescription would -- would reduce that.

It's unclear to me. One of the -- it could be one of the techniques that they could use to better manage it and to use data analytics to -- to monitor those.

But I think the -- the -- the critical aspect is to -- to figure out a way of -- of making sure that in prescribing these medications, like compounded drugs, that they're medically necessary.

And -- and that's -- that's where we're having problems.

CLARK:

Thank you. My time is already running out. Ms. Tighe, you talked about the small staff for the third largest grant making -- the oversight and management challenges.

How do you feel? Do you feel that at this point we have the oversight, we have the staff if we were to see a dramatic expansion of charter school's voucher programs and for-profit institutions?

TIGHE:

Well, one of our identified management challenges is, in fact, oversight and monitoring already.

And we cover both the student -- the Federal Student Aid programs and grantees. So I think it's fair to say that cuts to the department in those areas will reduce staff available who are already challenged to -- to -- to do the job they need to to make sure money is going to the intended recipients.

CLARK:

Thank you. Back to you, Mr. Dahl, very briefly. I was very alarmed to read your testimony that we're still seeing human trafficking in some of the foreign labor certifications. That we're still seeing that abuse go on.

Can you say specifically anything that is happening with DOJ? Are you seeing those programs continue to combat this?

DAHL:

Yes. There have been additional cities that have been identified as ACT (ph), where ACTeams are -- the anti-trafficking teams that have been placed.

And -- and we're working with DOJ and -- and DHS and others in -- in trying to combat those.

And there have been greater successes in -- in coordinating those -- among those agencies to -- to combat this.

It still, unfortunately, is occurring in greater and greater numbers. And not just the Visa Programs that we oversee but beyond those.

CLARK:

Thank you. Thank you, Mr. Chairman.

COLE:

Thank the gentlelady. The gentleman from Michigan's recognized for five minutes for whatever questions he cares to pose.

MOOLENAAR:

Thank you, Mr. Chairman. And thank you all for being here today. And just to follow up on some of the questions Ms. Clark was raising about the trafficking.

You know, it kind of raises this question is when we have citizens who are, you know, undocumented individuals in our country, I'm just curious as to what each of your particular agency's rule is in terms of trying to have -- have integrity in this system so we kind of are able to -- for instance, you know, when I talk to employers, especially in the agriculture industry, you know, they rely on, you know, workers who are here from other countries and you know, the visa process and -- and you know, obviously there need to be some policy reforms.

But what they would say is, you know, they don't really have a -- a good, you know, they have Social Security numbers and information but, you know, this whole E-Verify hasn't really been implemented, I don't think, across the board.

But it just seems that each of you has a role in sort of the integrity of the agency in ensuring that it's doing everything it can to -- to -- to have integrity in this area and I just wondered if you would comment, each of you, on that.

DAHL:

The -- with the Department of Labor, particularly in the H-2A and the agricultural area, one of the biggest challenges is that many employers don't elect to use the -- the Visa Program that provides that verification and circumvent that program. And so that makes this integrity issue much more difficult.

MOOLENAAR:

Can -- can I intercede (ph) one second? Is it your understanding -- is it because the program is designed in kind of a more -- a lot of hoops to go through? Or is it because they're deliberately just trying to avoid some legality?

DAHL:

Well, it's -- it's -- it's difficult to identify the root cause, but what we're finding is that there are very few employers who are -- who are utilizing the program based on the numbers of agricultural workers that are -- that are -- that exist around the country.

And in fact, you know, one of the reports that we did focused on certain employers in a certain region and they pointed out how unfair it was that they were being singled out because they were complying with the program whereas many employers aren't.

And that's something that we've pointed out to the department, that they need to take steps to -- to encourage employers to -- to utilize the program where they can have those verification steps and -- and preserve integrity, as you mention.

MOOLENAAR:

And then, I guess, in terms of the Social Security aspect. How does it work when someone can be in this country with another Social Security number and we don't somehow -- I mean, they can be getting on the payroll on, you know, receiving -- paying taxes, even, but under a different -- is it just that they assume someone else's identity? Is that -- and we can't somehow track that?

STONE:

Well, there's -- that would be a -- a -- a logical conclusion but that's not the only reason that you may have, I guess, a Social Security number being used by someone -- I guess someone other than the person to whom the original number was issued.

From an SSA perspective, when there are wages reported to SSA that -- and the identifying information for the wage earner does not match the information in SSA system, they do have a -- an earnings suspense file where they maintain that information where there's, as we call it, a mismatch.

MOOLENAAR:

And then where does it go from there?

STONE:

There is a -- a -- a process between, I believe, SSA and IRS where if it matches in SSA and maybe doesn't match in IRS, there's a back and forth to try to reconcile that.

But the issue is that particular file still contains a substantial number of records.

We've done work in the past where we've tried to identify the root causes of why we have all this information in this suspense file and quite frankly, we do find SS (ph) and inconsistencies, i.e., why do you have a child under the age of -- of nine who has substantial wages?

So those are the kinds of things that, from a program integrity standpoint, you can data mined that information to look for anomalies and you can better identify, I guess, suspect earnings.

MOOLENAAR:

OK. Thank you. Thank you, Mr. Chairman.

COLE:

Thank you. The gentlelady from Alabama is recognized for five minutes.

ROBY:

Thank you, Chairman. And thank you all for being here. Ms. Stone, good to see you. Yes, ma'am.

I wanted to ask you, you submitted in your testimony -- you spoke about Social Security Administration's drive to reduce wait times with your self-service options on the mass Social Security web account.

Can you explain to me a little bit more about how you think that the Social Security offices can help alleviate wait times? I think I can probably speak for everybody here -- although I won't, I'll

only speak for myself -- that a large majority of the case work that we do is -- is -- is because of wait times.

And so -- and I thought that they were decreasing visitors to the office but I understand, in my absence, you testified that you're seeing an uptick in . . .

STONE:

Yes, especially between 2015 to 2016, we have seen an increase in the number of visitors to field offices.

ROBY:

So help us understand, you know, with the self-service options and -- and -- and other things what -- what are you guys doing to help decrease the wait times?

STONE:

I specifically could not speak to what the agency's doing to -- to reduce wait times.

What I can say is even when there are efforts to put more services online, what we're seeing is that people still either want to call that 1-800 number or they want to go into a field office.

And it really comes down to the -- to agency's senior management making a decision about where they want to allocate their resources. Do you put them on the front line or is it another place where those resources are needed?

ROBY:

So what are the recommendations that we can do here in order to help alleviate the -- those wait times?

STONE:

I -- I guess I'm -- would it be OK if I answer that for the record for you?

ROBY:

Sure. Sure.

STONE:

Because I -- I don't want to misspeak because we've -- we've done some work to look at maybe field office performance and what we've asked or recommended in the past is that the agency needs to look at -- make data-driven decisions. That's -- that's the simplest way to put it.

To look at the performance of field offices at varying sizes, find out what works and try to replicate that in other offices.

ROBY:

Well, I feel very strongly that we need to work together to try to figure out, you know, be solution-driven on this point. And again, I can only speak for the -- the work we do in Alabama 2nd district, but I suspect that it is the same throughout -- throughout the country.

So thank you. Thank you for being here today. Mr. Dahl, I'm glad to see in your testimony that you are committed to protecting our state (inaudible) Job Corps sites around our country.

Students at all levels and ages and programs must have safe and secure environments in order to learn and grow and so I appreciate you making this very important point in your report.

But another point I want to discuss with you is the training and employment outcomes with programs from the Department of Labor -- authorizing programs -- and then this committee funding them must happen in order for them to exist.

But it's your department's oversight and execution process to know whether or not these various programs are actually putting people into employable status and full time jobs.

So can you explain your recommendation on this and how you feel we as a committee can help make these programs be more efficient when it comes to actual outcomes?

DAHL:

Thank you, Congresswoman. That is precisely the -- the gravamen (ph) of our -- of most of our recommendations in the training and employment areas to -- to have the department look at -- at what the outcome is, what was intended in going in and spending money on the grants or the training programs and what comes out.

And so most of our recommendations are on coming up with ways of measuring those outcomes to determine if there's a return on investment and what that return on investment is so that we can see whether someone is better off at the end of the program than at the beginning.

What the committee can do is to continue to have hearings like this to press the department with - with appropriation language and report language and requests and implementing our recommendations in a timely manner.

And then doing those so they can come up with good performance metrics for you to answer those questions.

ROBY:

Thank you. Thank you, Mr. Chairman. I yield back.

COLE:

Thank you. I remain deeply concerned with the events we saw last year in the Great Plains where three Indian Health Service facilities lost CMS certification, closed emergency rooms, and delivered substandard -- I don't know what's wrong with the sound system -- substandard care.

In addition, just last month the Government Accountability Office added the Indian Health Service to its high risk list and called the IHS, quote, "ineffectively administered."

It's a little better, thank you. You can always count on a colonel to fix things.

(LAUGHTER)

Mr. Levinson, could you tell us to the best of your knowledge -- you may have to answer this for the record, I don't know -- but what happened in the Great Plains facilities that led to the problems that were reported? What's the status of those facilities today? Have those problems been resolved and at what cost?

And in light of the GAO status report and seeming endemic mismanagement in Indian Health Services, what are some of the long- term issues we need to be aware of? Do you have any potential suggestions to help us ensure that incidents like that don't happen again?

LEVINSON:

Thank you, Mr. Chairman. As far as where things stand now, I will need to get back to you for the record on -- on our work.

But having actually visited Indian country a few years ago and going through the Dakotas, it -- it certainly brought home to me personally what a remarkable challenge it is to be able to provide the kinds of services that are really needed in -- in -- in those places under those conditions.

I came away impressed about how beautiful the area was and how wonderful the people were but how remote these locations are.

And I was not traveling alone. I was accompanied by a couple of our terrific criminal investigators who devote a lot of time to visiting the reservations doing both proactive information education and also investigating serious health care fraud issues at the Indian Health Service.

I was also with my chief medical officer and the acting chief medical officer of the Indian Health Service.

The Indian Health Service is a very small part of HHS. It could easily be lost in -- in such a large trillion dollar plus department, but OIG doesn't lose it. We actually devote a considerable amount of time to looking at the grant and contract fraud issues that are constantly arising within the Health Service.

And we have done important work within the OIG community -- with the Interior OIG and the Justice OIG to try to root out as much contract and grant fraud as possible.

And -- and that is an ongoing effort that I'd like to keep you apprised of because it is important.

The things that really hit me a few years ago when I visited was the challenge of behavioral health. There was a serious suicide issue in one of the reservations and how difficult it is to be able to get the right expertise on the ground for that.

The difficulty of dental services and being able to provide dentists out there and oral health is a very serious, compelling issue that needs to be addressed better. Although there are -- there are good people within the service that really believe in the programs and are doing what they can.

There is a lot that still needs to happen. And some of it may really benefit from technology, from telemedicine, from being able to -- even if you can't get the expertise there on the ground, being able to provide it.

But you still need people who are familiar culturally with what's going on in these reservations.

And there's a -- there's a gap that really needs to be -- needs to be filled. So it's -- it's resources certainly, but it's also the right and the smart kinds of resources that really need to be devoted to it.

COLE:

Well, you're absolutely right -- and having visited two of the three facilities actually before they were closed down on trips with the Interior Committee. But just -- I mean, finding places for professionals to live, these are so incredibly remote and frankly so incredibly poor. Extremely difficult to get the personnel that you need.

So it's -- it's a challenge. But yeah, anything that you could send us on that: conclusions, suggestions would be gratefully appreciated.

And you might think, too, as you put that together it's always been a question to me, and I'm not -- not asking you to respond too much to this, why we're appropriating out of the Interior Subcommittee for this particular agency of HHS while we've got most of it over here.

That should be honestly much easier for us to put additional resources there given the size of our perspective jurisdiction than it is for Interior, which has, you know, to look out for all the national parks and lands and all that.

They've got about a \$30 billion dollar budget. We've got about \$163 billion so I just wondered structurally is that something we should think of sometimes so we actually match this up where the -- the -- we do the primary funding for HHS except in this particular category? That seems to me very inefficient.

So with that, again, any suggestions you have I would gratefully receive and I want to go next to our Ranking Member, recognized for five minutes.

DELAURO:

Thank you, Mr. Chairman. I want to, for the record, say that I didn't misspeak on, it was the House Office of -- of Ethics that we tried to remove.

I also want to let people know though that the Office of Government Ethics has about a \$16 million dollar budget which isn't a terrible a lot so a lot of this then focuses on what you all do in terms of ethics and conflicts of interest.

So with that, I really have a couple of questions. One is, Ms. Tighe, this is the power of defense regulation. Corinthian, ITT -- they collapsed. And for-profits can receive up to 90 percent of their revenue from federal student loans and grants.

They receive above the threshold if they're dealing with vets and job training programs.

The problem is these schools have shown consistently to fail our students. You've written about the importance of the integrity of higher ed programs and regulations to safeguard what the Federal Student Aid processes for identifying at-risk Title IV schools and mitigating potential harm to students and taxpayers.

The report concludes that the department has improved its financial oversight. You praised the power of defense regulation. If enforced, will it -- it -- this help identify schools that are at risk of closing abruptly or unexpectedly and can you comment briefly on other integrity regulations like gainful employment and how that protects students and taxpayers?

TIGHE:

Sure, I'm happy to. The Gainful Employment Regulation or the -- the requirement in the Higher Education Act for vocational schools and for-profits has been around a long time.

The Office of Inspector General, since 1998, has pushed to have some criteria for which gainful employment can be judged and some accountability structure for schools or institutions and for-profit schools and vocational -- vocational schools.

You know, essentially gainful employment purpose is to find programs that are not, you know, good programs for schools. It's poor performing sort of programs. And -- and then -- and -- and it really is designed to protect students, but also to protect, you know, taxpayers who's investment - - the amount of money we spend in federal education money is enormous and we want that money to be well spent.

DELAURO:

Let me just ask you this question: so the Gainful Employment Rule is a good rule in terms of protecting kids and protecting taxpayer's dollars in your view?

TIGHE:

Yes.

DELAURO:

Thank you. If I can move to another area. I -- I'm just going to presume on the -- the Borrower of Defense program, you believe that's solid, it's good, we should -- we should hang in -- hang in there with it?

TIGHE:

I just -- well, yes. We believe, I mean, our report that you mentioned does specifically say, you know, that the amount of information that FSA can now -- can get is going to protect students because it's going to give better oversight over financial -- school.

I think the caution I would put out there is -- is -- is the criteria, which it did a good job in putting criteria in which the Borrower Defense loans can be done away -- I'm sorry, I'm losing my vocabulary here.

The thing we have to watch out for is how that's implemented because if you went to a school that had misrepresentations -- let's take that for example -- and -- and you -- but you succeeded, you got your certificate and you have a job. Should you be allowed to have your loan discharged?

I have questions for sort of taxpayer implications on that.

DELAURO:

Thank you. Mr. Levinson, let me try to move quickly to food recalls. 2016, your office did an early alert ongoing audit of the FDA -- the recall program.

This is what you said, "FDA does not have an efficient, effective food recall initiation process that helps ensure the safety of the nation's food supply. The policies and procedures -- they do not have policies and procedures to ensure that firms initiate voluntary food recalls promptly with real health implications."

Eleven of the 12 illnesses that were reported in children under the age of 18 -- this was at recent outbreaks that we have seen.

The early alert -- can you give an update on when you expect a final report? Did the FDA make any changes to their policy and procedures? If so, can you elaborate? And the question is: isn't it in the jurisdiction of FSMA to be able to deal with a mandatory recall and do you think that we ought to deal with mandatory recall in these instances?

LEVINSON:

I -- I don't have actually current information on where we stand with our food safety issues so I will have to get back to you. And I'd have to reserve opinion on the impact of FSMA. It's not something that I was prepared to talk about this morning.

DELAURO:

OK. Both of those are very critically important to what you have already done in terms of an early alert and your comments about FDA not having in place the proper kinds of -- of -- of requirements in order to ensure food safety. Thank you.

Thank you, Mr. Chairman.

COLE:

Let's go to the gentleman from Maryland. You're recognized for five minutes for whatever questions he cares to ask.

HARRIS:

Thank you very much, Mr. Chairman. Let me start with Mr. Levinson. Let me ask you, it's not mentioned in your testimony here but what's the last time that -- that your office looked at Medicaid fraud and what's the estimate -- the current estimate of what percent of Medicaid payments are fraudulent? Waste, fraud, and abuse?

LEVINSON:

Mr. Harris, we're looking -- we're looking at Medicaid fraud issues all the time. That portfolio, when it comes to Medicaid fraud in particular, the front line troops in many cases are the Medicaid Fraud Control Units.

These are units in virtually every state where they're looking both to protect the -- the state share as well as the federal share and we certainly work with them as well as with other enforcement partners.

There is a rather high improper payment rate we fear with it that is not necessarily a fraud rate. It's -- it's not possible really to provide accurate fraud rate figures because, you know, fraudsters don't let you know what they're going to do.

So given the clandestine nature of fraud, one can hear a lot of estimates and there unquestionably exists serious fraud issues, particularly on particular subjects in particular parts of the country.

And -- and we devote a lot of effort with the Justice Department and with state and local partners to create special teams to be able to handle that effectively.

HARRIS:

Do you -- let me just ask, do you think these units in various states are some better than others or -- in your experience?

LEVINSON:

We do all oversight of those units and it's true that you really can't (ph) speak in a general term about the units because they do, to a certain degree, reflect the particular environment that they're dealing with in those states as well as the personnel -- the support of the attorney general's office in the state.

We'd like to see maximum resources for the Medicaid Fraud Control Units, but very often states do not give enough money for the federal share to kick in at an optimum level.

HARRIS:

Sure. Do you worry that, you know, with the Medicaid expansions, the fact of the matter is that the state, debar an expression, has little skin in the game?

Do you worry that -- that they may not be willing to look at fraud as much when, you know, the American pay -- when the U.S. taxpayer is paying 95 percent of the bill?

LEVINSON:

Well, it's, you know, it's always -- it's a concern for us to make sure that the federal share is going to be protected.

And it was Congress that sought to use the Medicaid Fraud Control Units as a first line. And it's true that it's really helpful to have people who know that environment who are able to operate full time with it.

That said, I think what's -- what's become difficult for both the state enforcement folks as well as for us is the enormous increase in managed care that makes a lot of this opaque.

It just makes it difficult for us -- not having the encounter data, not being able to really know what's going on -- to be able to give you any sense of confidence in -- in -- in large respect.

What we need to make sure is that there are controls in place so that even if we're not doing the work -- which we really can't, we're not that large -- that you who actually are appropriating north of \$350 billion dollars to the federal share of Medicaid have assurances that the money is being spent for the purposes intended.

HARRIS:

Thank you. Mr. Dahl, let me just ask just a couple brief questions about your testimony here.

Is this rate, I mean, our -- the improper payments on the Unemployment Insurance program in fiscal year '16 is \$3.9 billion dollars?

DAHL:

Right.

HARRIS:

When meaning improper payments, we mean payments that basically just should not have been made?

DAHL:

That's -- that's correct. I mean, there -- as Dan pointed out, they may need, you know, most of them are -- are process issues in terms of the eligibility issues and that kind of thing.

HARRIS:

No, I fully understand that. But that's \$3.9 billion, that's just the federal dollars. \$3.9 billion of federal taxpayer dollars.

DAHL:

That's the estimate. That's the estimate that was provided by the Department of Labor, that's correct.

HARRIS:

Wow.

DAHL:

And that's an 11 percent improper payment rate which is one of the highest . . .

HARRIS:

Yeah, that's pretty amazing. I mean, 11 percent improper payment. I mean, look, we -- we all want unemployment insurance but that's pretty amazing.

Let me just ask you about a chronic issue over at the Department of Labor and see if you have dealt with it, which are the chronic delays in processing of H-2B visas.

I mean, I could send you reams of letters. You know, the law says it's supposed to be done in a certain amount of time, never gets done in that time and the department just throws up its hands and says, "Well, it's Congress's fault." It's everybody's fault but the Department of Labor.

Have you looked and audited how long it takes to process these applications? Because these are important. In my district, these are critical jobs. These -- our economy depends on these. Our American jobs depend on those temporary foreign workers and this greatly impairs our ability to staff those positions.

Has your office looked at these delays?

DAHL:

I have heard of these delays and we'll get back to you on what we're doing in our work and . . .

HARRIS:

Thank you. I can help you hear more about them if you want.

(LAUGHTER)

But thank you very much.

COLE:

Thank you. My friend, the gentlelady from California, Ms. Lee's recognized for five minutes.

LEE:

. . . for being late and hopefully my questions aren't redundant. I'd like to ask Mr. Levinson about the . . .

COLE:

One moment, would the gentlelady just bring the microphone a little closer?

LEE:

Oh, I'm sorry. The PEPFAR funding . . .

COLE:

Thank you.

LEE:

. . . Mr. Levinson. Excuse me. In the report to Congress covering -- I think it was April 1, 2016 to September 30, 2016, that report reported that the Center for Disease Control and Prevention did not award PEPFAR funds in compliance with applicable HHS policies.

It noted that for all 30 funding opportunity announcements in your sample, CDC did not comply with one or more of the internal policies as it relates to HHS.

So it seems like this is poor documentation and I think it's what? We spend about \$1.9 billion over the five year period? Some applications maybe should have been considered which weren't considered and were considered which probably shouldn't have been considered.

So I wanted to find out -- do you have an update on how CDC is addressing these issues that were found in the audit because, you know, our -- our resources, as it relates to HIV and AIDS, are very limited and we want to make sure they're -- they're being spent wisely and that people are benefiting from it.

LEVINSON:

Thank you, Ms. Lee. These are very, very precious funds, indeed. And I'll have to get back to you specifically on an update of where we stand. But our auditors have actually been visiting. They have done audits in -- in South and East Africa and in Asia as follow up to that PEPFAR funding in -- in conjunction with the State Department and USAID OIG.

And there have been some irregularities uncovered but those audits have also brought back very encouraging news about how much money actually is being spent for the purposes intended.

So without, you know, providing any specifics right now about those dollars that need to be addressed better, I think it's a -- it's by and large been a -- a program that has been running rather well and has really been extremely effective for many, many people in these regions in the world.

LEE:

Yes. And you know, some of us have actually visited PEPFAR programs throughout the world and have talked to people and we're saving a lot of lives and we're moving toward an AIDS free generation (ph).

LEVINSON:

Exactly.

LEE:

So we've got to keep the funding -- well, we're trying to increase the funding, of course. That's what I want to do so we can achieve our goals.

LEVINSON:

Yes.

LEE:

Wherever there are any difficulties, we need to get them corrected very quickly.

LEVINSON:

I will -- I will (inaudible) an update.

LEE:

OK. Thank you. And also, Mr. Dahl, let me ask you: in terms of the Department of Labor, in terms of challenges to job training programs that place participants in jobs that exist, what are you seeing in terms of the training programs?

Are there -- and when I -- this goes back to the day in the '70s, I had established (inaudible) Mental Health Center and I had SEDA (ph) funds. And we were required for trainees to have positive job placements as a condition of receiving the funds.

What is going on now with the Department of Labor as it relates to job training funds and positive, permanent placements in industries and in jobs that exist?

DAHL:

As I -- I said a few minutes ago, Congresswoman, that's -- that's a -- a -- a very big concern for us and has been the -- the -- the basis of many of our recommendations as to ensure that -- that there is meaningful job placement outcomes for these job programs.

And one facet could be to -- to put a requirement in there for the grants that they -- they -- as you pointed out, that there be some type of -- of outcome that's -- that's required.

But the department has -- has declined to -- to place those types of requirements on the grants.

LEE:

But you do sector analysis, right? For the Department of Labor? I mean, you have your job sector analysis that identify industries where there are openings and where, you know, jobs exist.

DAHL:

Yeah. The department does. They do job sector analysis and they should be using those as a -- as a form of -- of where they would give grants out and under what circumstances they would provide those grants.

LEE:

But they don't use them?

DAHL:

Well, you know, part of our -- some of our recommendations do go to -- as I said, coming up with better metrics for determining what the outcomes are going to be.

But I -- I can follow up with -- with your office to find out what they're doing with those sector analysis.

LEE:

OK. Thank you very much. Mr. Chair, I'd like to follow up with this and get our hands around it.

COLE:

Thank the gentlelady. The gentleman from Wisconsin's recognized for five minutes.

POCAN:

Great. Thank you, Mr. Chairman. So I do have a few questions for Mr. Levinson on prescription drugs, but first I just want to do one follow up to Ms. Tighe on the conversation we had on Pell grants.

So as someone who was a recipient of Pell grants in order to go to college, I want to make sure we've got clarity out here.

Because as I understand it, it's not like the money is a loss to the government, the dollars you're talking about.

In some cases, it's like eight institutions that were responsible for a couple hundred million of that.

Can you just talk a little bit more about that because I just want to make sure people understand the numbers and what you're saying about the Pell grant?

TIGHE:

Well, the Pell grant improper payment estimate is based on a number of things.

And it's based that there's sources for that. It's including now program reviews where -- where Federal Student Aid may go out to over 300 different schools and -- and gather information and we inform that estimate.

They also now rely on a statistical study done. That's a blind study done with IRS that will figure out if there's misreporting of income.

And -- and that's -- and -- and I don't know -- I don't know how many people or how many students that would cover. And I can find that out. But it's -- it's -- you know, it's -- it's an estimate. I mean, that's -- that's what they are but it's -- it's sort of a -- they --they're doing better now, I think, this year. That doesn't mean the Pell program is a bad program. It just means I think they need to focus on areas of -- of reducing the improper payments.

And that -- and I think the estimates just give you visibility. The next -- into the depth of the problem. What you -- the department really needs to do is focus on root cause.

POCAN:

And it's a relatively small sample if I understand right? How they're getting these estimates?

TIGHE:

And I don't know and I would have to get back to you on that.

POCAN:

If you could. I wouldn't mind having a little more clarity on that because what I don't want to happen is people to think that somehow the program's being used improperly because, you know, there's too many people like me that wouldn't have had a chance to go to college if it wasn't for that Pell grant, so I'm just really cautious.

TIGHE:

Well, the rate is -- if you look, the dollars are large -- the rate is seven percent or 7.85 percent.

POCAN:

Yeah. If you could get us more information.

TIGHE:

Absolutely.

POCAN:

Mr. Levinson, I have a question. There was a report, I think, in January, 2017, about -- it concluded that high drug costs were largely responsible for the huge jump in Medicare decatastrophic spending over the last five years, which puts the program's future at risk.

I guess the question I have is what solutions does your office propose to address skyrocketing drug prices within Medicare Part D?

LEVINSON:

Well, this is something that we -- we certainly -- we're certainly encouraging CMS to, you know, to come up with solutions because we're able to see the numbers -- everyone, if they look, are able to see the numbers nearly triple from the time the program was implemented in 2006 to now.

And that kind of -- of increase, you know, we need to understand how we can get better control of those dollars, notwithstanding that to a certain degree the increase in spending hopefully represents some savings in other kinds of health expenses that would be triggered.

So we -- we -- we need to continue to press and understand why that increase is occurring at such a rapid rate.

We're involved specifically in trying to get a better handle with our law enforcement partners on the opioids epidemic and you know, the fact that we have so many pain killers being prescribed and we know the -- the impact that that's having nationally.

And so we're encouraging better controls on both controlled as well as non-controlled substances, which often times can be used in conjunction to create the kinds of powerful highs that you wind up with a lot of deaths on the street as -- as a result.

So we're -- we're focusing our fraud, waste, and abuse efforts primarily in that respect on our investigations and making sure that we're able to . . .

POCAN:

And do you focus at all -- or do you recommend focusing at all on things like, you know, some of it is we talk about the non- transparency around research and development costs for pharmaceutical companies and then the prices that are getting translated.

I mean, do you address those issues or the fact that, I think, according to Public Citizen between 1991 and 2015, about \$36 billion dollars in criminal and civil penalties were taken on by pharmaceutical companies and yet, you know, wondering what measures that we could do to help keep those companies more accountable given these increases.

Do you address any of those issues?

LEVINSON:

Well, we certainly do pricing work with respect to helping to make sure that the programs get the benefit of the reimbursement and the rebates that they are entitled to.

And we've done a considerable amount of work there to recover money that should have been brought back to the -- to the Treasury.

POCAN:

Alright. Thank you.

COLE:

Thank you. The gentlelady from California, Ms. Roybal- Allard, you're recognized for five minutes.

ROYBAL-ALLARD:

Thank you. Mr. Dahl, before I ask my question to Inspector General Levinson, I'd just like some clarification on what you said to Congressman Harris.

You said that it was around 11 percent of incorrect unemployment insurance that is being paid out right now?

DAHL:

That's correct. That's the improper payment rate.

ROYBAL-ALLARD:

OK. So -- so -- so my question is is -- is it that we're paying out too much or does it also include underpayments? You know, various types of -- of mistakes?

DAHL:

That's a very good question. It's similar to what Kathy Tighe had said. There is a portion of it that could be underpayment but it's fairly small.

ROYBAL-ALLARD:

OK. I just needed the clarification on that. Inspector General Levinson, due to our concern about the use of psychotropic (ph) drugs to treat foster youth with behavioral problems, my colleague, Rosa DeLauro and I asked GAO to look into this issue.

And GAO found that children on Medicaid are prescribed psychotropic drugs at twice the rate of privately insured children and that 18 percent of foster children were prescribed psychotropic medications often in amounts that exceed FDA guidelines.

And more recently a February, 2017, CRS report cited that on any given day, 16 to 33 percent of children in out-of-home care are on psychotropic medication compared to six percent of children in the general population.

And then in January, 2017, a GAO study that looked at the monitoring and oversight of psychotropic drugs among foster care youth in seven states recommended that HHS convene child welfare Medicaid and other stakeholders to promote collaboration and information sharing on psychotropic drug oversight.

I was pleased that your 2017 work plan calls for states to develop a plan for oversight in coordination of health services for children in foster care, including oversight of prescription medicines.

Your plan also states that ACF will provide oversight to state plans to ensure children in foster care receive psychotropic drugs in accordance with states' proposals.

My question is that if the Medicaid -- if Medicaid expansion is eliminated as part of repealing the ACA, how will this impact states' ability to develop plans and monitor the protocol prescribing psychotropic medications to foster youth?

LEVINSON:

Our resources are extended so far at this point that in all honesty, we really don't try to predict what the consequences for a variety of -- of particular drugs, and for that matter particular programs, might be depending upon what -- what might happen with respect to something like expansion or -- or a diminished expansion of -- of Medicaid.

So it's -- it's -- it's really not possible to provide an answer to a hypothetical like that. But what we have identified in our own , as you -- as you've explained, is a -- a very alarming use of psychotropic drugs for a population where serious questions have to be raised about such extensive usage.

And we are continuing to do work on that. And we need to work in coordination with GAO so that we can really compliment each other's work. And I would want to keep -- our office will keep you apprised of our work in this area as well.

ROYBAL-ALLARD:

Well, if our subcommittee is forced to observe part of the \$54 billion dollar non-defense discretionary cuts that is the -- that President Trump is calling for, will ACF have the resources needed to complete the analysis and oversight of state plans for addressing the psychotropic drug crisis that's impacting our foster care children?

LEVINSON:

And I think that's an important question to post to ACF.

ROYBAL-ALLARD:

But you don't have an opinion?

LEVINSON:

I -- I try to avoid answering hypotheticals . . .

ROYBAL-ALLARD:

OK. I understand.

LEVINSON:

. . . because my auditors get very angry with me when I . . .

ROYBAL-ALLARD:

Alright.

LEVINSON:

. . . look ahead instead of look back.

(LAUGHTER)

ROYBAL-ALLARD:

OK. Alright.

COLE:

You're allowed to dodge, but we'll keep asking.

(LAUGHTER)

The gentlelady from Massachusetts is recognized for five minutes.

CLARK:

Thank you, Mr. Chairman. Mr. Levinson, I wanted to go back to some of your testimony and you referred to an ongoing focus on increasing the security of health information and what we can do around health information technology.

I wonder if you could elaborate a little bit on the progress that has been made and how we can best support those efforts in Congress?

LEVINSON:

Well, as I said earlier, we really are in the midst of this transformation on health information technology.

And a critical key, of course, is making sure we have interoperability so that information -- this is really a transportation of information problem. That we make sure that health care information is passed promptly and accurately in a secure and -- and safe way, you know, to the right -- to the right people.

And the Congress has invested billions of dollars over the last decade in modernizing our health care system. And we are seeing in some of the demonstration projects under Title III of the Affordable Care Act, we're seeing efforts to -- to move to value as opposed to volume.

So much of it really does depend on the effective use of information technology to make it happen. To get away from the fee for service of volume practices and -- and the paper record.

We're on that track and Congress, you know, through the IMPACT Act and through -- and its use with MACRA, we're -- we're moving towards an effective use of information technology but we're -- as I say, we're -- we're really not there.

That kind of support is important. It probably would be helpful more and more to think outside the box of the federal health care programs, per se, and -- and really think of them as a collection of important health care vehicles that ultimately need a national platform for information technology.

HHS has what I call four of the big seven: Medicare, Medicaid, and the Health Insurance Program in the Indian Health Service. The others being the Veteran's Health Administration, TRICARE, and OPM has FEHB (ph).

All of these obviously serve different populations and then there are different issues involved with each one. But the more and more we can focus on how interoperability with health care information can happen, I think we can accelerate this move down the road towards really effective and efficient use of health care resources.

So much depends on it. We can't go back even when we have problems, and we certainly have our -- our share.

We have to continue to move towards that paperless record in which we can really share it effectively.

We are continuing as an office to monitor the investments that are made by HHS and depending upon the program changes that might be made by Congress, you know, we'll need to move accordingly.

But I -- I -- I think that we're moving in the right direction. Any effort to think in a more coordinated fashion about all of these major federal health care programs, because the federal government has more than a trillion dollars in the \$3.1-\$3.2 trillion dollar health care economy of the nation.

So if we -- if we, to a certain degree, think outside of a particular health care program -- but what that means -- because the private sector's doing it as well.

This is something that really is about the three trillion dollars ultimately. If we can start to think more and more about how we use interoperability to create a national platform like we did with the railroads in the 19th Century, coming up with a standard gauge.

And the federal highways coming up with a standard way of being able to drive, you know, 60 miles an hour safely -- reasonably safely.

CLARK:

Right. So when I -- when I hear about this and I think, you know, we would agree. We're on the right track. Hearing about the -- the cut, I'd like -- is there the capacity within our existing budgets to look at this kind of technology to really establish that?

LEVINSON:

From an inspector general standpoint, the -- the thing that I would stress is not so much what dollar figure I -- I -- I can come up, because as policymakers you're the ones who need to come up with the dollar figures, but to make sure that we coordinate the policy people and the technical people.

And that was a -- that was a -- a critical problem with the -- with the flawed launch, you know, of the marketplaces. Is that the tech people were down one hall and the policy people were down another hall.

You really can't do that effectively. Health information technology requires you get the technical expertise and the policy expertise in the same room.

COLE:

Thank you. Just for informational purposes, I'm going to call on my friend, Ms. Lee, so she gets a second round of questions and then we'll close out with the Ranking Member and that will conclude the hearing. So the young lady from California is recognized for five minutes.

LEE:

Thank you very much, Mr. Chair. Let me go back to the issue of HIV and AIDS and global health more generally.

You know that President Trump issued this executive order reinstating the Mexico City policy.

Now generally -- and it's called the Global Gag Rule. While this policy has been in place under prior Republican presidents, it traditionally has only been applied to family planning and reproductive health funds under USAID and State Department.

This new executive order proposes expanding the Global Gag Rule to include all global health funds furnished by all departments and agencies, which includes HHS.

So I wanted to find out from you, Mr. Levinson, have you looked at this and how dramatically you will have to expand your oversight and audit activities to ensure that grantees, subgrantees, local organizations around the world are in compliance with this policy?

I'd like to know -- and you probably don't have it here -- but an estimate of the costs including staff time and the cost to update the contract clauses with this new executive order.

LEVINSON:

Ms. Lee, I think in the first instance we need to be in contact with the department to see what the department plans because these are the kinds of things that are issued to the programs to administer.

And at this early date, I doubt quite -- quite frankly that we've had an opportunity, you know, to even interact at the very beginning with the department.

But as we interact with the department as it seeks to implement whatever executive orders are issued that require implementation, we -- we will -- we will certainly be actively involved with the department on the oversights.

LEE:

Yeah. And I'd like -- once you get that feedback and have your costs, could you let us know what those cost estimates will be with regard to the audit requirement, staff time or what have you? Thank you.

And Mr. Dahl, let me go back to -- to the issue of Job Corps. I think in your testimony you mentioned the really terrible murders or -- of two students at, I think it was 2015, in terms of misconduct. It's really alarming and I hope that the safety issues at Job Corps centers are being addressed.

So far I don't believe we've had any safety issues at my local Job Corps center at Treasure Island, but I wanted to hear some of your immediate steps that you're taking to ensure the students and employees at Job Corps programs are -- are safe.

And then secondly, if Job Corps funds were cut significantly, have you looked at that in terms of what that means in terms of the IG's ability to address some of these pressing issues at the Job Corps, if your funds were cut?

DAHL:

In answer to your first question, there -- there are a couple of things that Job Corps needs to do very quickly that we've recommended to them.

The first is that for the safety and protection of the students and staff to issue clear guidance on when the center should be calling law enforcement and -- and reporting those serious incidents to -- to law -- to law enforcement in a timely manner.

The -- the second thing that they -- that they need to do is expand background checks beyond the limited positions that it applies to now. We -- we're concerned about that.

And the third things is -- is to focus attention -- and some of this may be resources, which gets to your second question -- on making sure that the physical premises are safe for the students.

The department has moved out on some of these already and has made some progress, but they need to remain focused on it and be proactive about it.

Is in terms of the -- the impact of any cuts to the Job Corps program, it's, as I said, it's going to compound these challenges and make it much more difficult for them to address some of these issues.

But the ones that I identify, the two, don't require any -- any resources and so we -- we want them to focus on -- on -- on those that they -- they can to help the students and then try to make it, you know, still a priority even with cuts to make sure that the students and staff are safe.

LEE:

Thank you very much. Thank you, Mr. Chairman, very much.

COLE:

Thank you. Before I call on the Ranking Member to close us out, I just want to make a quick point myself in response to some of the questions you raise in some of your remarks.

If we had cuts of the magnitude that I asked you about in the opening round, I can just assure you that we would not have -- we would -- we're talking about reducing centers.

You know, you can't run this number of centers that we have on 80 percent of the money we have. You'd have to literally start picking sides (ph), and that's an expensive process in itself.

I've lived through one of those in my own district when a Job Corps center was shut down so you don't even get all the savings right up front because there is a lot of cost associated with a close down.

But we would be in the difficult position of deciding and probably asking -- obviously asking for recommendations from the department. How many centers do you want to close if you've only got 80 percent the amount of money we have?

Because I just don't think -- see how you could run them at 80 percent. So this, I mean, this committee would be involved in some really difficult choices. And it would be painful for a lot of members beyond this committee because again, they would see a dramatic decline in services in their districts or facilities in their districts.

So I thank my friend for raising her question. Now with that I want to recognize the gentlelady from Connecticut to close out the hearing in terms of questions or points she cares to make.

DELAURO:

Thank you very much, Mr. Chairman. And I associate myself with those remarks. We have a great Job Corps center in New Haven, Connecticut and we would be . . .

COLE:

Gentlelady would know that one probably would survive.

(LAUGHTER)

DELAURO:

Well, you never -- but you never know, Mr. Chairman. You never know. But it's -- we -- we -- it's -- like I referred to, what's going to happen with Medicaid would be rationing -- this would be rationing as well.

I want to first of all say thank you to all of you. I said in my opening remarks you have a herculean task and I think you understand that this committee appreciates that.

Mr. Levinson, I'm going to ask you to just give us answers to this in -- in writing. There are three pieces of this. This is on prescription drug prices.

And first is about have you done any work on whether Medicare could save money by negotiating directly with drug companies? And if that is the case, do you believe that using Medicare substantial buying power to negotiate lower prices? Could save taxpayer's dollars. And when you get back to us, if 'yes', how much money we would save with that.

Secondly, how much taxpayer dollars could we save if we had inflation indexed rebates were required under Medicare Part B and what would be the potential savings there?

And last piece of this one is potential savings to Medicare of extending the Medicaid drug price rebate to low income Medicare Part D enrollees.

So lots of discussion about saving Medicare dollars and a lot of issues with regard to how we might be able to do that.

Mr. Dahl, because you talked about the issue on unemployment, what I wanted to do is to ask you to get to us the Reemployment Services and Eligibility Assessment program -- RESEA.

It would appear that it has saved us money in the past. It also looks at those folks who would be not eligible, if you will, for these benefits. To deal with your error rate or your overpayment rate, et cetera.

Now the president's 2017 budget would have taken us to a \$186 million dollars. The House and the Senate, for 2017, have gone well below that amount of money.

What the president was suggesting, and it started back in 2013, that the Congress would do a cap adjustment so that we could deal with the RESEA in looking at the proper payments because we found that this was the way in which we could look at who was eligible and who wasn't eligible thereby saving what was concluded. Every dollar spent produced three dollars in savings.

If you can get back to us in terms of the benefits of RESEA and are doing something with regard to that cap adjustment which could help us to lower the -- the -- the 11 percent that you were talking about.

My final comment, Mr. Chairman, is this is about the Office of Government Ethics which I've said 2000 -- \$15.4 million dollars. 2016 -- \$15.7 million dollars to deal with a very large area.

Also you should understand that with regard to their nominee reports -- the financials -- under the Obama administration, OGE had received 140 nominee reports by February 5, 2009. Under the Trump administration, only about 30 had been received by February 5, 2017, and many more are considered, quote, "complex reports."

The completion of these financial reviews are critical for Senate confirmation. I mention that because that's the work of that effort. I asked the original question about your efforts in looking at conflict of interest in your agencies which could coincide with what is done with the Office of Government Ethics.

Mr. Chairman, again thank you very, very much for your indulgence. But again, to all of you, thank you for the great service that you perform for our government. Thank you.

COLE:

Actually, thank the gentlelady. As always she asks good questions and has good points to make.

Just for context and -- and not for debate, we look at the '17 budget, we don't have a '17 bill yet which I know both you and I would love -- love to see happen and I'm sure would make your work a little bit easier as well.

And second, sometimes when -- remember, when we talk about we're below the president's numbers, we were above his numbers in things like NIH (ph) and what happened.

And third point on that, the president did -- this former President Obama did use mandatory money to plus up some of the agencies and frankly, we don't have the authority to expend that money on this subcommittee.

So that sometimes can lead you into apples and oranges comparisons if you're not careful.

I want to close by echoing my good friend, the Ranking Member's remark about how much we appreciate you. We appreciate very much your time today obviously. But more profoundly, we appreciate very much your service -- your service to the American people, your service to certainly this committee in -- in helping us get at some of the naughty issues, and the service to your respective agencies and department.

You're all to be commended. You've all been extraordinarily helpful to this committee over the years and we continue to look forward to working with you.

And again, thank you for appearing here. Thank you for what you do each down (ph) path of the American people and the American taxpayer. We're very grateful. Thank you. With that, the hearing's closed.