



## SOCIAL SECURITY

### MEMORANDUM

Date: July 31, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Funding for Health Information Technology Under the *American Recovery and Reinvestment Act of 2009* (A-01-09-29155)

The attached final report presents the results of our review. Our objective was to evaluate the Social Security Administration's plans for the funds earmarked for health information technology under the *American Recovery and Reinvestment Act of 2009*.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll".

Patrick P. O'Carroll

Attachment

# ***QUICK RESPONSE EVALUATION***



***Funding for Health Information Technology  
Under the American Recovery and  
Reinvestment Act of 2009***

***A-01-09-29155***



***July 2009***

## Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

## Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

## Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

## OBJECTIVE

Our objective was to evaluate the Social Security Administration's (SSA) plans for the funds earmarked for health information technology (HIT) under the *American Recovery and Reinvestment Act of 2009* (ARRA).

## BACKGROUND

The President signed ARRA into law on February 17, 2009. ARRA provided SSA \$500 million to process additional retirement and disability workloads received as a result of the economic downturn. ARRA also allows the Commissioner of SSA to use up to \$40 million of these funds for HIT research activities to facilitate the adoption of electronic health records in disability claims. These funds must be obligated by September 30, 2010.<sup>1</sup>

The Office of Management and Budget (OMB) provides guidance for recipients of ARRA funds—including Federal agencies, such as SSA. The goal of OMB's guidelines is to establish and clarify the steps required to meet certain crucial accountability objectives, including

- prompt, fair, and reasonable awarding and distribution of funds;
- public transparency concerning the recipients and uses of funds, and the clear, accurate and timely reporting of the benefits to the public;
- use of funds for authorized purposes and mitigation of the potential for error, fraud, waste and abuse;
- avoidance of unnecessary project delays and cost overruns; and
- achievement of specific program goals and results.<sup>2</sup>

ARRA provides funding for SSA's Office of Inspector General's (OIG) oversight and audit of programs, projects and activities funded by ARRA.<sup>3</sup>

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<sup>1</sup> Pub. L. No. 111-5, Division A, Title VIII, and § 801(b) (H.R. 1-71 to H.R. 1-72).

<sup>2</sup> OMB, M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, Section 1.2, April 3, 2009. OMB's predominant mission is to assist the President in overseeing the preparation of the Federal budget and supervise its administration in Executive Branch agencies.

<sup>3</sup> Pub. L. No. 111-5, Division A, Title VIII (H.R. 1-72). ARRA requires that OIGs perform audits. Because SSA's HIT initiative is a long-term project, we plan to conduct additional reviews in this area.

HIT is part of the President's initiative to develop nationwide HIT standards and the Nationwide Health Information Network to accelerate patient access to electronic health records. The Agency's HIT goal is to provide the knowledge, skills and tools to collect, manage, use, and share medical information efficiently.<sup>4</sup>

In August 2008, SSA began piloting the Medical Evidence Gathering and Analysis through Health Information Technology (MEGAHIT) prototype with Beth Israel Deaconess Medical Center in Boston, Massachusetts. This computer process automatically requests and receives electronic health records in a standardized form to support SSA's disability claim decision-making process. MEGAHit then analyzes the data and alerts the disability examiner if the claim might be an allowance according to SSA's Listing of Impairments.<sup>5</sup> According to SSA, this process occurs within a matter of minutes, resulting in shorter-than-average claim processing times.

In February 2009, SSA began working with MedVirginia in a trial implementation of a system-to-system health information exchange through the Nationwide Health Information Network. This is a secure Network connecting consumers, medical providers, and others involved in supporting health care. SSA requests and receives electronic health records through the Nationwide Health Information Network. MEGAHit then processes the electronic health record data. According to SSA, as of May 2009, disability cases processed using medical information through these systems has resulted in a higher rate of case allowances in less time compared to all disability cases. The Agency is continuing to evaluate this process.

To perform this review, we gathered and reviewed information on ARRA and interviewed SSA staff to obtain information on the Agency's plans for funds earmarked for HIT under ARRA. (See Appendix B for additional information about our scope and methodology.)

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<sup>4</sup> SSA obtains and uses medical evidence to make decisions in claims for disability benefits.

<sup>5</sup> SSA's Listing of Impairments describes impairments that are considered severe enough to prevent an adult from performing any gainful activity for work.

# Results of Review

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SSA has been proactive in planning for HIT initiatives. As of July 2009, SSA had developed a plan for spending ARRA funds designated for HIT and had established procedures to ensure the funds were spent appropriately. Specifically, the Agency had:

- obtained approval of its plans from OMB;
- appointed a Special Advisor for HIT;
- designated a Senior Accountable Official;
- established HIT workgroups;
- set a timeline for awarding contracts for HIT spending; and
- planned for oversight of HIT contracts.

## OMB APPROVAL OF SSA'S PLANS

In May 2009, OMB approved SSA's plans for spending ARRA funds—including \$24 million for contractor support for HIT-related projects. Although SSA could spend up to \$40 million of ARRA funds for HIT activities, the Agency determined it would be able to manage a maximum of 20 contracts, given its current resources. SSA valued these contracts at \$24 million. According to SSA, funding additional contractor support would enable the Agency to accelerate the implementation of HIT to improve the disability process.

## HIT ADVISOR

In March 2009, the Commissioner named a Special Advisor for HIT in the Office of the Commissioner to coordinate the Agency's internal efforts and represent SSA with other agencies and the private sector. Additionally, the Commissioner designated the Deputy Commissioner for Budget, Finance and Management as the Agency's Senior Accountable Official for Recovery Activities.

## SSA'S HIT WORKGROUPS

SSA established three strategic goals for HIT:

- establish the Agency as a leader in HIT;
- use HIT funding efficiently to produce business results for the Agency; and
- institutionalize HIT in SSA's organizational structures to ensure its long-term viability to support policy decisions, operational processes, and technology planning.

To pursue these goals, the Agency formed three workgroups: an executive group to serve in an advisory role for setting strategic direction within the Agency; a program group to direct HIT program projects in various SSA components; and a procurement team responsible for developing an acquisition strategy for using ARRA funding. A broad range of SSA divisions was represented on these workgroups, including the Offices of the Commissioner, Chief Actuary, Chief Information Officer, and General Counsel; the Agency's Deputy Commissioners;<sup>6</sup> and the Inspector General.<sup>7</sup>

## TIMELINE FOR SPENDING HIT FUNDS

SSA plans to spend \$24 million of the ARRA funds to award fixed-price contracts by the end of January 2010. The Agency intends to award these contracts through fair and open competition to healthcare providers, networks, health information exchanges, and regional health information networks. Part of these funds will also be used for HIT contractor services to assist SSA in supporting the expansion of the MEGAHIT application to these healthcare providers. The Agency established the following timeline for this process.

Date	Milestone
June 2009	Issue draft request for information
July 2009	Respond to comments on request for information
August 2009	Issue request for proposal
September 2009	Proposals due
December 2009	Complete selection and issue task orders for HIT contractor support services
January 2010	Award first contract
June 2010	Implement MEGAHIT expansion with ARRA funds
September 2010	ARRA's deadline for committing funding
September 2011	ARRA funding of SSA HIT initiatives ends

<sup>6</sup> The Agency's Deputy Commissioners are Budget, Finance and Management; Communications; Disability Adjudication and Review; Human Resources; Legislative and Regulatory Affairs; Operations; Quality Performance; Retirement and Disability Policy; and Systems.

<sup>7</sup> The OIG has non-voting representatives on the Executive and Program Groups.

SSA met the first milestone by issuing the draft request for information for authorized release of medical information through integration with the Nationwide Health Information Network on June 29, 2009.<sup>8</sup>

## OVERSIGHT OF HIT CONTRACTS

To meet accountability and transparency objectives outlined by OMB, SSA established a dedicated Web page for ARRA information on the Agency's public Web site, <http://www.socialsecurity.gov/recovery/>. Additionally, OMB required that all agencies receiving Recovery Act funds provide certain information for the ARRA Web site at [www.recovery.gov](http://www.recovery.gov),<sup>9</sup> including

- major recovery-related news items;
- weekly reports showing obligations, the amount of obligations paid, and a list of major actions and major planned actions;
- formal plans for how ARRA funds will be used and managed and separate plans for each program receiving ARRA funds; and
- reporting on any entity receiving ARRA funds directly from the Agency, including contracts.<sup>10</sup>

In addition to the existing laws, principles and procedures in awarding contracts, ARRA requires heightened management attention on acquisition planning to provide appropriate oversight and support meaningful and measurable outcomes from the use of ARRA funds. OMB guidance indicates that to the maximum extent practicable, contracts using Recovery Act funds shall be awarded as fixed-price contracts using competitive procedures.<sup>11</sup> SSA planned to spend \$24 million of the ARRA funds it received to award contracts in accordance with ARRA requirements and OMB guidance.

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<sup>8</sup> The draft request for information, SSA-RFP-10-1001 (found at [www.fbo.gov](http://www.fbo.gov)), requested information from healthcare providers willing to participate in the Nationwide Health Information Network. SSA will use this information to develop a Request for Proposal that will lead to contracts for the implementation of the MEGAHIT project.

<sup>9</sup> SSA's ARRA plan can be found at [http://www.recovery.gov/?q=content%2Fagency-recovery-plan&agency\\_id=016](http://www.recovery.gov/?q=content%2Fagency-recovery-plan&agency_id=016).

<sup>10</sup> OMB, M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, Sections 2.2 through 2.8, and 2.10, April 3, 2009.

<sup>11</sup> OMB, M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, Section 6.1, April 3, 2009.



## *Matter for Consideration*

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SSA decided to spend \$24 million for contractor support for HIT-related projects. The Agency has followed ARRA and OMB guidelines in developing its plans to spend ARRA funds on HIT initiatives. Once these contracts are awarded, the Agency should continually reassess whether the Agency could manage more contracts or whether additional funds should be used for HIT-related initiatives.

# Appendices

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – OIG Contacts and Staff Acknowledgments

## Acronyms

ARRA	<i>American Recovery and Reinvestment Act of 2009</i>
HIT	Health Information Technology
MEGAHIT	Medical Evidence Gathering and Analysis through Health Information Technology
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Pub. L. No.	Public Law Number
SSA	Social Security Administration

### Scope and Methodology

To accomplish our objective we:

- Reviewed applicable sections of the *American Recovery and Reinvestment Act of 2009* (ARRA).
- Reviewed Office of Management and Budget memorandums for the heads of departments and agencies related to ARRA:
  - ✓ M-09-10, *Initial Implementing Guidance for the America Recovery and Reinvestment Act of 2009*, dated February 18, 2009;
  - ✓ M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, dated April 3, 2009; and
  - ✓ M-09-21, *Implementing Guidance for the Reports On Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*, dated June 22, 2009, and Supplement 1, *List of Programs Subject to Recipient Reporting Requirements*, and Supplement 2, *Recipient Reporting Data Model*.
- Reviewed the Social Security Administration's (SSA) plans approved by the Office of Management and Budget.
- Reviewed SSA's ARRA information posted at [www.socialsecurity.gov/recovery](http://www.socialsecurity.gov/recovery) and [www.recovery.gov](http://www.recovery.gov).
- Reviewed SSA's request for information for authorized release of medical information through integration with the Nationwide Health Information Network posted at [www.fbo.gov](http://www.fbo.gov).
- Observed SSA's HIT planning workgroup meetings involving multiple Agency components.

We performed our review in May and June 2009 in Boston, Massachusetts. We conducted our review in accordance with the President's Council on Integrity and Efficiency's<sup>1</sup> *Quality Standards for Inspections*.

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<sup>1</sup> In January 2009, the President's Council on Integrity and Efficiency was superseded by the Council of the Inspectors General on Integrity and Efficiency, *Inspector General Reform Act of 2008*, Pub. L. No. 110-409 § 7, 5 U.S.C. App. 3 § 11.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Judith Oliveira, Director, Boston Audit Division

Phillip Hanvy, Acting Audit Manager, Boston Audit Division

### ***Acknowledgments***

In addition to those named above:

David York, Program Analyst

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://www.socialsecurity.gov/oig) or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-01-09-29155.

## **DISTRIBUTION SCHEDULE**

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Committee on the Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Oversight and Government Reform

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging  
Social Security Advisory Board

## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Office of the Counsel to the Inspector General**

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

### **Office of External Relations**

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.