DEPARTMENT of HEALTH and HUMAN SERVICES

Fiscal Year

2018

Office of Inspector General

Justification of Estimates for Appropriations Committees

Note: A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

Mission, Vision, and Values

The Department of Health and Human Services (HHS or the Department) touches the lives of all Americans through programs that provide health insurance, promote public health, protect the safety of food and drugs, and fund medical research, among other activities.

Mission

The Office of Inspector General's (OIG) mission is to protect the integrity of HHS programs and the health and welfare of the people they serve. As established by the Inspector General Act of 1978, OIG is an independent and objective organization that fights fraud, waste, and abuse and promotes efficiency, economy, and effectiveness in HHS programs and operations. We work to ensure that Federal dollars are used appropriately and that HHS programs well serve the people who use them.

Vision

Our vision is to drive positive change in HHS programs and in the lives of the people served by these programs. We pursue this vision through independent oversight of HHS programs and operations and by providing HHS and Congress with objective and reliable information for use in policymaking. We assess the Department's performance, administrative operations, and financial stewardship. We evaluate risks to HHS programs and recommend improvements. The law enforcement component of OIG investigates fraud and abuse against HHS programs and holds wrongdoers accountable for their actions.

Values

OIG strives to be relevant, impactful, customer focused, and innovative. We apply these values to our work in order to persuade others to take action by changing rules, policies, and behaviors to improve HHS programs and operations. OIG strives to serve as a model for good government. Of key importance is engagement with our stakeholders—Congress, HHS, health and human services professionals, and consumers—to understand their needs, challenges, and interests in order to identify areas for closer scrutiny and offer recommendations for improvement. We do this throughout the year, but most visibly through the development of our *Work Plan* and HHS's *Top Management and Performance Challenges*. The goals, priorities, and strategies in these documents reflect our ongoing stakeholder engagement and our assessment of the input we receive.

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

I am pleased to present the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), fiscal year (FY) 2018 budget submission. This submission is in accordance with the Inspector General Act, as amended (5 U.S.C. App. 3). It presents OIG's budgetary requirements for meeting its responsibility to protect the integrity of more than a hundred HHS programs, as well as the health and welfare of the beneficiaries they serve.

OIG's FY 2018 budget requests a total of $359 million to provide oversight of HHS programs. This includes $68 million to support oversight of HHS's Public Health and Human Services programs and $291 million to support oversight of the Medicare and Medicaid programs, including law enforcement activities coordinated with HHS and the Department of Justice.

Our 2018 budget request will support continuation of OIG's longstanding work promoting the economy, efficiency, and effectiveness of HHS programs and augment our work addressing the alarming epidemic of prescription drug abuse, including opioid abuse and diversion. Continuing priority areas for OIG oversight include reducing home health care fraud; improving grant programs that serve children; overseeing the Medicaid program and improving the effectiveness of the State Medicaid Fraud Control Units; protecting HHS grant and contract funds; promoting economy and efficiency in drug reimbursement; overseeing HHS's public health emergency preparedness; ensuring patient safety and quality of care; overseeing new payment and delivery models; and strengthening the use and security of data and technology. In addition, OIG will provide guidance to providers and others in industry to promote and simplify compliance efforts.

OIG protects HHS programs and the well-being of beneficiaries by detecting and preventing fraud, waste, and abuse; identifying opportunities to decrease costs and increase efficiency and effectiveness; and holding accountable those who do not meet program requirements or who violate Federal laws. Unique among agencies, OIG combines the full complement of disciplines needed to oversee HHS's programs with legal and law enforcement authorities that allow OIG to take effective action when fraud is detected. For example, we leverage advanced data analysis techniques to identify potential fraud schemes and areas of program waste and abuse. We then act on that data, targeting our investigative and legal resources, including administrative authorities, to pursue potential fraud, and our evaluative and audit capabilities to address program vulnerabilities. Since its establishment in 1976, this office has consistently achieved significant results. In FY 2016 the Health Care Fraud and Abuse Control Program, in which OIG is a major participant, returned five dollars to the Federal Government for every dollar invested.

The funding requested is crucial to protect the health and welfare of all Americans.

Daniel R. Levinson

Daniel R. Levinson
Inspector General

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The FY 2018 Justification of Estimates for Appropriations Committees

U.S. Department of Health and Human Services
Office of Inspector General

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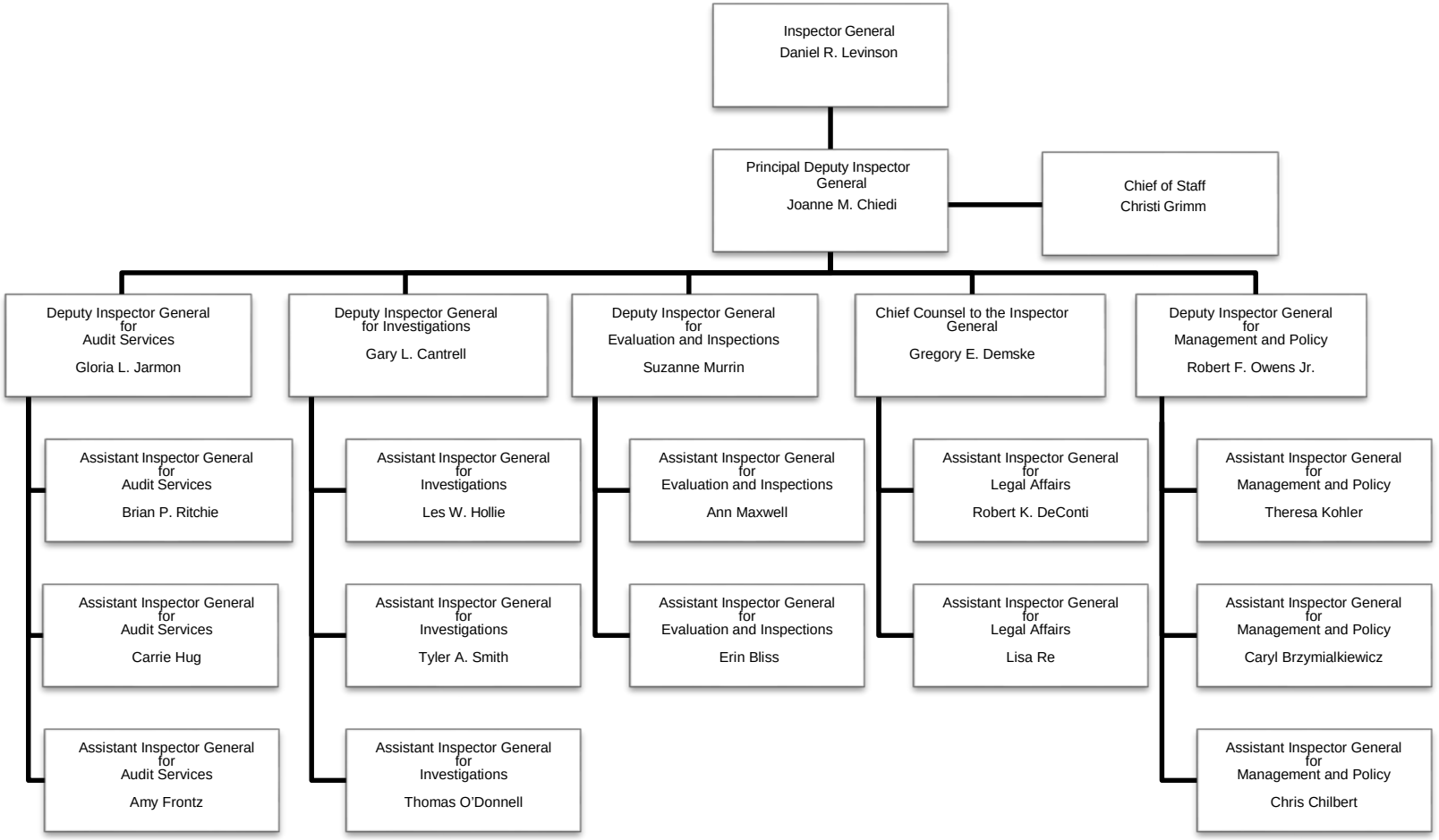
EXECUTIVE SUMMARY

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Organizational Chart



Overview of Budget Request

The 2018 request for the Office of Inspector General (OIG) is $358.8 million, +$18.1 million above the annualized fiscal year (FY) 2017 Continuing Resolution (CR) post-sequester. OIG's funding is divided into two main categories: 1) Public Health and Human Services (PHHS) Oversight and 2) Medicare and Medicaid Oversight. The FY 2018 overall requests and program increases for these categories include:

PHHS Oversight[1]

$68.1 million[2] and 315 FTE
(-$8.3 million and -30 FTE below the FY 2017 level)

The Department of Health and Human Services (HHS or the Department) PHHS programs represent nearly $100 billion in spending and include HHS' international operations. OIG will strengthen the Department's PHHS programs by leveraging data and specialized expertise to target and maximize the impact of OIG's oversight activities. OIG advances its mission through a robust program of investigations, audits, evaluations, enforcement actions, and compliance efforts.

In FY 2018, OIG will focus on the successful implementation by HHS of new authorities under the 21st Century Cures Act, which provided $1 billion in new grants for prevention and treatment of opioid addiction. OIG will continue its oversight activities from FY 2017, such as quality and safety in Indian Health Service facilities, fraud, waste, and abuse in grants and contracts, emergency preparedness issues, and the efficient and secure use of data and technology, including and the smooth sharing of health information across the care continuum.

Medicare and Medicaid Oversight

$290.7 million and 1,349 FTE
(+$26.4 million and +117 FTE above the FY 2017 CR level)

- $204.4 million (+$18.5 million above the FY 2017 CR level) in Health Care Fraud and Abuse Control Program (HCFAC) Mandatory funds
- $74.2 million in HCFAC Discretionary funds (+$7.0 million above the FY 2017 CR level)
- $12.0 million in estimated HCFAC Collections.

This funding level reflects increases in the HCFAC discretionary cap adjustment level in the Budget Control Act, as well as the projection of increases based on the Consumer Price Index-Urban. The request assumes sequestration does not occur.

OIG will continue FY 2017 HCFAC oversight activities to target fraud, abuse, and wasteful spending in Medicare and Medicaid, including improper payments, home health fraud, prescription drug fraud, unsafe or poor quality health care, and security of data and technology. OIG is a leader in the fight against Medicare and Medicaid fraud, and we will continue to use sophisticated data analytics and multi-disciplinary state-of-the-art investigative techniques to detect crime and conduct criminal investigations of fraud. OIG will use additional funding to enhance its work to combat prescription drug fraud, including opioid abuse and associated patient harm.

[1]PHHS oversight includes oversight of programs authorized in Title I of the Affordable Care Act (ACA) and administered by the Centers for Medicare & Medicaid Services (CMS).

[2]The request does not include the $1.5 million transfer from the Food and Drug Administration (FDA) in previous Appropriations Acts.

Overview of Performance

OIG's Performance Budget, together with our Strategic Plan, sets forth the alignment of resources, priorities, vision, values, and goals. These documents anchor our mission to protect the integrity of HHS programs and the health and welfare of the people they serve. The Strategic Plan articulates four goals that drive OIG's work:

- fight fraud, waste, and abuse;
- promote quality, safety, and value;
- secure the future; and
- advance excellence and innovation.

OIG ensures an efficient and effective use of its resources through integrated work planning, monitoring, and reporting processes. Together these processes help set organizational priorities that further our strategic goals, measure and analyze the impact of our work, and inform strategic and operational change.

Planning

OIG work planning is a dynamic process. We assess relative risks in HHS programs and operations to identify those areas most in need of attention and, accordingly, to set priorities. In evaluating potential projects to undertake, we consider a number of factors, including the purpose limitations in OIG's various funding sources, authorizing statutes and mandates, stakeholder input, work performed by other oversight organizations (e.g., the Government Accountability Office (GAO)), management's actions to implement OIG recommendations from previous reviews, and the potential for positive impact. Priorities identified in the work planning process correspond with issues outlined in the HHS *Top Management and Performance Challenges* as well as the goals and objectives expressed in the *OIG Strategic Plan*. While OIG publishes its *Work Plan,* OIG adjusts its work priorities throughout the year to anticipate and respond to emerging issues.

Monitoring

OIG monitors its efforts through qualitative and quantitative performance metrics that are integrated into employee and executive performance plans. OIG encourages and resolves to maintain strong employee engagement in order to produce high-quality work products that focus on priority outcomes and drive positive change. We want to drive action, unleash our organizational creativity, and measure our impact in order to provide solutions and outcomes for HHS programs and beneficiaries. The initial priority outcomes were selected on the basis of ongoing work, Top Challenges facing HHS, ability to collect data, and ability to influence outcomes. The initial priority outcomes are:

- protect beneficiaries from **prescription drug abuse;**
- reduce improper payments for **home health services** by reducing Medicare spending in "hot spots;"
- improve program integrity for **child care development** grants programs; and
- maximize the effectiveness of **State Medicaid Fraud Control Units.**

Reporting

OIG produces, and is a contributor to, publications that shape and influence public policy. Statutorily, OIG produces several comprehensive annual or semiannual reports that identify programmatic opportunities and risk. These reports, which include the OIG *Semiannual Report to Congress,* the HCFAC *Annual Report,* and the *Compendium of Unimplemented Recommendations*, demonstrate the vital impact of our work in safeguarding programs and reducing waste.

Significant Accomplishments

As described in OIG's Fall 2016 *Semiannual Report to Congress*, OIG reported expected recoveries of more than $5.66 billion for FY 2016. This includes $4.46 billion in investigative receivables, which includes approximately $953 million in non-HHS investigative receivables resulting from OIG's work in areas such as States' share of Medicaid restitution. Total expected recoveries also include nearly $1.2 billion in audit receivables. Additionally, OIG played a major part as a HCFAC program participant in returning $5 to the Medicare Trust Funds for every $1 invested in FY 2016.

In FY 2016, OIG excluded 3,635 individuals and organizations from participation in Federal health care programs. Exclusion helps protect these programs from fraudulent billing and beneficiaries from being harmed. In its 2016 *Semiannual Report to Congress*, OIG reported 844 criminal actions against individuals or organizations that engaged in crimes against HHS programs and 708 civil and administrative enforcement actions, including False Claims Act lawsuits filed in Federal district court, and Civil Monetary Penalty (CMP) law settlements, some of which related to provider self-disclosure matters. OIG concluded cases involving approximately $82 million in CMPs in FY 2016. OIG work also prevents fraud and abuse through industry outreach and guidance and recommendations to HHS to remedy program vulnerabilities.

For a more complete discussion of OIG's recent performance results, refer to the sections of this document describing OIG's PHHS (beginning on page 28) and Medicare and Medicaid (beginning on page 37) oversight work.

FY 2016 Facts

$5.66 billion
Expected Recoveries

$5:$1
HCFAC ROI

3,635
Exclusions

844
Criminal Actions

708
Civil and Administrative Enforcement Actions

$82 Million
CMP Recoveries

All-Purpose Table[1]

(Dollars in thousands)

	FY 2016 Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
PHHS Oversight[2]				
Discretionary Budget Authority (BA)[3]	$76,500	$76,355	$68,085	($8,270)
Subtotal, PHHS Oversight BA	**76,500**	**76,355**	**68,085**	**(8,270)**
Medicare/Medicaid Oversight				
HCFAC Mandatory BA	187,617	185,906	204,436	18,530
HCFAC Discretionary BA	67,200	67,200	74,246	7,046
Subtotal, Medicare/Medicaid Oversight BA[4]	**254,817**	**253,106**	**278,682**	**25,576**
HCFAC Estimated Collections[5]	11,184	11,172	12,000	828
Subtotal, Medicare/Medicaid Oversight PL	**266,001**	**264,278**	**290,682**	**26,404**
Total BA	**331,317**	**329,461**	**346,767**	**17,306**
Total PL	**$342,501**	**$340,633**	**$358,767**	**$18,134**
FTE	1,575	1,590	1,677	87

[1] Table excludes non-HCFAC reimbursable funding. In FY 2016, OIG obligated $13.9 million in non-HCFAC reimbursable funding. The estimate for FYs 2017−2018 is $21 million. This estimate includes funds from section 6201 of the ACA for OIG to evaluate a nationwide program for national and State background checks on direct patient access employees of long-term-care facilities and providers. OIG obligated $41,943 for this effort in FY 2016.

[2] PHHS oversight includes oversight of programs authorized in Title I of the ACA and administered by the Center of Consumer Information and Insurance Oversight (CCIIO), a component of CMS.

[3] The PHHS Oversight amount includes the $1.5 million transfer from the Food and Drug Administration appropriation in FY 2016 and FY 2017 CR.

[4] OIG's HCFAC funding is drawn from the Medicare Hospital Insurance Trust Fund (sec. 1817(k)(3) of the Social Security Act) and is requested and provided through the CMS budget.

[5] In FY 2016, OIG collected $12 million under authority of 42 U.S.C. 1320a-7c (section 1128C of the Social Security Act), and the actual amount sequestered is $816,696. The table includes estimates for HCFAC collections for FYs 2016 and 2017, and the amounts available will depend on the amounts actually collected.

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BUDGET EXHIBITS

Appropriations Language

Office of Inspector General

For expenses necessary for the Office of Inspector General, including the hire of passenger motor vehicles for investigations, in carrying out the provisions of the Inspector General Act of 1978, [$75,000,000] *$68,085,000*: Provided, That of such amount, necessary sums shall be available for providing protective services to the Secretary and investigating nonpayment of child support cases for which nonpayment is a Federal offense under 18 U.S.C. Section 228.

Amounts Available for Obligation[1]

(Dollars in Thousands)

	FY 2016 Final	FY 2017 Annualized CR	FY 2018 President's Budget
General Fund Discretionary Appropriation:			
Annual appropriation (Labor/HHS)	$75,000	$75,000	$68,085
Rescission (CR, PL 114-254)		(143)	-
Proposed Rescission			-
Total, Discretionary Appropriation	**75,000**	**74,857**	**68,085**
Transfers:			
Permissive transfer from FDA	1,500	1,497	-
Total, Transfer	**1,500**	**1,497**	**-**
Offsetting Collections from:			
Trust Fund HCFAC Discretionary	67,200	67,200	74,246
Amount Sequestered	-	-	-
Total, HCFAC Discretionary	**67,200**	**67,200**	**74,246**
Offsetting Collections from:			
Trust Fund HCFAC Mandatory	201,305	199,686	204,436
Amount Sequestered	(13,689)	(13,778)	-
Additional Amounts	-	-	-
Recoveries from prior years	-	-	-
Estimated Collections[2]	12,000	12,000	12,000
Amount Sequestered from Collections	(816)	(828)	-
Previously Sequestered, but Available	727	816	828
Total, HCFAC Mandatory	**199,527**	**197,896**	**217,264**
Total Amount Sequestered	(14,505)	(14,606)	-
Offsetting collections from:			
Unobligated balance, start of year	31,547	33,386	10,970
Unobligated balance, end of year	33,386	10,970	-
Unobligated balance, lapsing	783	-	-
Total obligations	**$341,596**	**$361,087**	**$370,565**

Note: Amounts in the table above may not add due to rounding.

[1] Table excludes non-HCFAC reimbursable funding. In FY 2016, OIG obligated $13.9 million in non-HCFAC reimbursable funding. The estimate for both FYs 2017 and 2018 is $21 million.

[2] The table includes the estimated amounts for FY 2017 and FY 2018.

Summary of Changes

(Dollars in Thousands)

2017	
Total estimated budget authority	$76,355
(Obligations)	$76,355
2018	
Total estimated budget authority	$68,085
(Obligations)	$68,085
Net Change	-$8,270

	FY 2018 PB FTE	FY 2018 PB BA	FY 2018 +/- FY 2017 FTE	FY 2018 +/- FY 2017 BA
Increases:				
1. Provide for salary of FTE				
a. Increase due to 1.95 percent pay raise...	0	$0	$0	$1,027
2. Increased costs related to GSA rent.....	0	$5,484	0	$625
Subtotal, Built-in Increases.....	0	$5,484	0	$1,652
Total Increases.....	0	$5,484	0	$1,652
Decreases:				
1. Decrease in PHHS FTE from funding cuts	315	$52,367	-30	-$3,501
2. Nonpay discretionary operational cuts.....	0	$10,234	0	-$6,424
Subtotal, Built-in Decreases.	315	$62,601	-30	-$9,925
Total Decreases.....	315	$62,601	-30	-$9,925
Net Change.....	315	$68,085	-30	-$8,270

Note: Table displays OIG's Direct Discretionary funding only. OIG's HCFAC Discretionary BA is appropriated to the CMS HCFAC account.

Budget Authority by Activity[1]

(Dollars in Thousands)

	FY 2016 Final	FY 2017 Annualized CR	FY 2018 President's Budget
PHHS Oversight			
Discretionary BA[2]	$75,000	$74,857	$68,085
FDA Transfer	1,500	1,497	0
Subtotal, PHHS Oversight	**76,500**	**76,355**	**68,085**
Medicare and Medicaid Oversight			
HCFAC Mandatory BA	187,617	185,906	204,436
HCFAC Discretionary BA	67,200	67,200	74,246
Subtotal, Medicare and Medicaid Oversight BA[3]	**254,817**	**253,106**	**278,682**
[HCFAC Collections [4]]	[11,184]	[11,172]	[12,000]
[Subtotal, Medicare and Medicaid Oversight PL]	**[266,001]**	**[264,278]**	**[290,682]**
Total, BA	**331,317**	**329,460**	**346,767**
[Total, PL]	**[$342,501]**	**[$340,633]**	**[$358,767]**
FTE	1,575	1,590	1,677

Notes: Amounts in the table above may not add due to rounding. Bracketed information is not BA, but rather is Program Level (PL) information. The PL information is included for purposes of comparability.

[1] Table excludes non-HCFAC reimbursable funding. In FY 2016, OIG obligated $13.9 million in non-HCFAC reimbursable funding. The estimate for FYs 2017 and 2018 is $21 million. This estimate includes funds made available in section 6201 of the ACA for OIG to evaluate a nationwide program for national and State background checks on direct patient access employees of long-term-care facilities and providers. OIG obligated $41,943 for this effort in FY 2016.

[2] In FY 2016 and FY 2017 CR, OIG's Discretionary BA includes $1.5 million, transferred from the FDA.

[3] OIG's HCFAC funding is drawn from the Medicare Hospital Insurance Trust Fund (section 1817(k)(3) of the Social Security Act) and is requested and provided through the CMS budget.

[4] In FY 2016, OIG collected $12 million under authority of 42 U.S.C. 1320a-7c (section 1128C of the Social Security Act), and the actual amount sequestered is $816,696. The table includes estimates for HCFAC collections for FYs 2016 and 2017, and the amounts available will depend on the amounts actually collected.

Authorizing Legislation

(Dollars in thousands)

	FY 2017 Amount Authorized	FY 2017 Amount Appropriated	FY 2018 Amount Authorized	FY 2018 President's Budget
OIG:				
1. Inspector General Act of 1978 (P.L. No. 95-452, as amended)	Indefinite	$74,857	Indefinite	$68,085
2. Health Insurance Portability and Accountability Act of 1996 (HIPAA) (P.L. No.104-191, as amended), HCFAC Mandatory	$199,685	$185,906	$204,436	$204,436
HIPAA, as amended, HCFAC Discretionary.....	Indefinite	$67,200	Indefinite	$74,246
HIPAA, as amended, HCFAC Collections[1].....	Indefinite	$11,172	Indefinite	$12,000
Unfunded authorizations:				
1. Supplemental Appropriations Act of 2008 (P.L. No. 110-252, as amended)	$25,000	$0	$25,000	$0
2. 21st Century Cures Act (P.L. No 114-255, as amended)	$10,000	$0	$10,000	$0

[1] The table includes estimates for HCFAC collections for FYs 2017 and 2018, and the amounts available will depend on the amounts actually collected.

Appropriations History

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
FY 2009				
Discretionary Direct	$46,058,000	$44,500,000	$46,058,000	$45,279,000
HCFAC Discretionary Allocation Adjustment	18,967,000	18,967,000	18,967,000	18,967,000
HCFAC Mandatory	174,998,000	-	-	177,205,000
Medicaid Oversight[1]	25,000,000	-	-	25,000,000
Medicaid Oversight[2] (Supplemental)	-	-	-	25,000,000
Recovery Act: Medicaid Oversight	-	-	-	31,250,000
Recovery Act: General Oversight	-	-	-	17,000,000
FY 2010				
Discretionary Direct	50,279,000	50,279,000	50,279,000	50,279,000
HCFAC Discretionary Allocation Adjustment	29,790,000	29,790,000	29,790,000	29,790,000
HCFAC Mandatory[3]	177,205,000	-	-	177,205,000
Medicaid Oversight	25,000,000	-	-	25,000,000
FY 2011				
Discretionary Direct	51,754,000	-	54,754,000	50,278,000
Rescission	-	-	-	(100,000)
HCFAC Discretionary Allocation Adjustment	94,830,000	-	94,830,000	29,730,000
Rescission	-	-	-	(59,000)
HCFAC Mandatory	177,205,000	-	-	197,998,000
FY 2012				
Discretionary Direct	53,329,000	-	50,178,000	50,178,000
Rescission	-	-	-	(95,000)
Public Health Services Evaluation Set-Aside	10,000,000	-	-	-
HCFAC Discretionary Allocation Adjustment	97,556,000	-	97,556,000	29,730,000
Rescission	-	-	-	(56,000)
HCFAC Mandatory	193,387,000	-	-	196,090,000
FY 2013				
Discretionary Direct	58,579,000	-	55,483,000	50,083,000
Rescission	-	-	-	(100,000)
Sequestration	-	-	-	(2,518,000)
HCFAC Discretionary Allocation Adjustment	102,500,000	-	102,500,000	29,855,000
Rescission	-	-	-	(59,348)
Sequestration	-	-	-	(1,492,771)
HCFAC Mandatory[4]	196,669,000	-	-	196,299,000

[1] Funds appropriated for Medicaid Oversight in the Deficit Reduction Act of 2005 (DRA) (P.L. No. 109-171).

[2] Funds appropriated for Medicaid Oversight in the Supplemental Appropriations Act of 2008 (P.L. No. 110-252).

[3] The HCFAC Mandatory amount for FY 2010 does not include $1.5 million allocated to OIG by HHS.

[4] The HCFAC Mandatory amount for FY 2013 does not include $7.1 million allocated to OIG by HHS.

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
Sequestration	-	-	-	(10,011,228)
Disaster Relief Appropriations Act of 2013	-	-	-	5,000,000
Sequestration	-	-	-	(251,849)
FY 2014				
Discretionary Direct	68,879,000	-	59,879,000	71,000,000
HCFAC Discretionary Allocation Adjustment	29,790,000	-	107,541,000	28,122,000
HCFAC Mandatory	278,030,000	-	-	199,331,000
Sequestration	-	-	-	(14,351,831)
FY 2015				
Discretionary Direct[1]	75,000,000	-	72,500,000	72,500,000
HCFAC Discretionary Allocation Adjustment	28,122,000	-	112,918,000	67,200,000
HCFAC Mandatory	285,129,000	-	-	200,718,000
Sequestration	-	-	-	(14,652,449)
FY 2016				
Discretionary Direct[1]	83,000,000	75,000,000	72,500,000	76,500,000
HCFAC Discretionary Allocation Adjustment	118,631,000	67,200,000	77,275,000	67,200,000
HCFAC Mandatory	203,262,000	-	-	201,305,000
Sequestration		-	-	(13,688,377)
FY 2017				
Discretionary Direct[2]	85,000,000	86,500,00	76,500,000	76,500,000
Rescission	-	-	-	(145,427)
HCFAC Discretionary Allocation Adjustment	121,824,000	67,200,000	79,355,000	67,200,000
HCFAC Mandatory[3]	200,273,000	-	-	199,684,560
Sequestration		-	-	(13,778,235)
FY 2018				
Discretionary Direct	68,085,000	-	-	-
HCFAC Discretionary Allocation Adjustment	74,246,000	-	-	-
HCFAC Mandatory	204,436,347	-	-	-
Sequestration	-	-	-	-

[1] The Discretionary Direct amount for FY 2016 includes $1.5 million transferred from FDA, consistent with the Consolidated and Further Continuing Appropriations Acts for 2016.

[2] The Discretionary Direct amount for FY 2017 CR includes the $1.5 million transfer from FDA, consistent with the Consolidated and Further Continuing Appropriations Act, 2016.

[3] The HCFAC Mandatory amount for FY 2017 does not include $6 million allocated to OIG by HHS.

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NARRATIVE BY ACTIVITY

OIG Summary of Request

(Dollars in Thousands)

	FY 2016 Final	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
PHHS Oversight[1]	$76,500	$76,355	$68,085	-$8,270
Medicare and Medicaid Oversight[2]	266,001	264,278	290,682	26,404
Total	$342,501	$340,633	$358,767	$18,134
FTE	1,575	1,590	1,677	87

Authorizing Legislation ..... Inspector General Act of 1978, as amended
FY 2017 Authorization ..... Indefinite
Allocation Method ..... Direct Federal

Program Description

For 40 years, OIG has protected HHS expenditures and the beneficiaries served by HHS programs. Legislative and budgetary requirements shape OIG activities. OIG carries out these activities in accordance with professional standards established by GAO, the Department of Justice (DOJ), and the Inspector General (IG) community. At all levels, OIG staff work closely with HHS and its operating divisions (OPDIVs) and staff divisions (STAFFDIVs); DOJ, other IG offices, and other Federal agencies in the executive branch; Congress; and States to bring about systemic improvements, successful prosecutions, negotiated settlements, and recovery of funds to protect the integrity of HHS programs and expenditures and the well-being of beneficiaries. HHS is a complex agency with more than 70,000 employees in the U.S. and across the globe. It is the largest grant making agency and the third-largest contracting agency in the Federal Government. OIG also investigates HHS employee, contractor, and grantee misconduct or violations of criminal law. OIG criminal investigators also provide physical protection of the Secretary of HHS.

OIG's areas of oversight fall into two broad categories: (1) PHHS, which includes oversight of more than a hundred HHS programs; and (2) Medicare and Medicaid. In a given year, the amount of work conducted in each category is set by the purpose limitations in OIG's appropriations.

FY 2016 Fast Facts

1976 Established

70+ Locations

1,600+
Staff Onboard

$342 Million
Budget

$1.1 Trillion
HHS Budget

78% Mandatory
22% Discretionary

[1] PHHS oversight includes oversight of programs authorized in Title I of the ACA and administered by CMS.

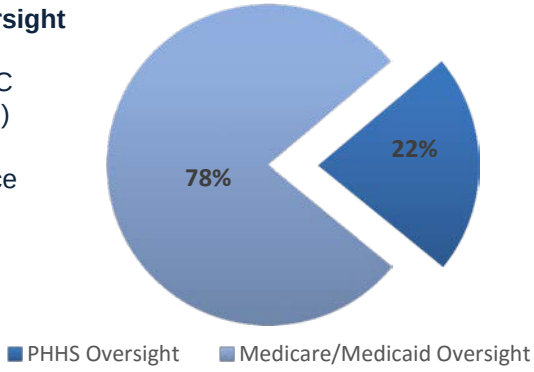
[2] The request for Medicare and Medicaid oversight includes HCFAC funding, which is drawn from the Medicare Hospital Insurance Trust Fund (sec. 1817(k)(3) of the Social Security Act) and is requested and provided through the CMS budget. This total includes an estimate for HCFAC collections.

In FY 2016, 22 percent of OIG's resources were directed toward HHS's PHHS programs and management processes. This included food and drug safety, disaster relief, Indian Health Service (IHS), child support enforcement, the integrity of departmental contracts and grants programs and transactions, and oversight of the health insurance marketplaces. The majority (78 percent) of OIG's funding was directed toward oversight of the Medicare and Medicaid programs.

OIG's Areas of Oversight
FY 2016

Medicare and Medicaid Oversight includes:

- Medicare Parts A, B, and C
- Prescription Drugs (Part D)
- Medicaid
- Children's Health Insurance Program (CHIP)



PHHS Oversight includes:

- Health Insurance Marketplaces
- Public Health, Science, and Regulatory Agencies (CDC, NIH, FDA, HRSA)
- Human Services Agencies (ACF)
- IHS

OIG accomplishes its singular mission through the multidisciplinary efforts of five components, enabling OIG to address program vulnerabilities from initial detection through data analysis, auditing, and other means through investigation and, where appropriate, civil, criminal, or administrative legal resolution. The specialties and technical skills of OIG's professionals, along with law enforcement and other oversight authorities uniquely position OIG to implement this integrated, multifaceted approach to program integrity. OIG assesses HHS programs at a systemic level to promote economy, efficiency, and effectiveness, while identifying and addressing specific instances of suspected fraud, waste, and abuse.

In FY 2016, OIG's total funding supported 1,575 FTE across OIG as follows:

Office of Audit Services (OAS)

	PHHS	Medicare/ Medicaid	Total
Reports Started	106	157	**263**
Reports Issued	70	149	**219**
FTE	188	454	**642**

OAS provides auditing services for HHS, either by conducting audits with its own resources or by overseeing audit work performed by others. Audits examine the performance of HHS programs and its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments produce recommendations to collect misspent payments and correct policies and practices that give rise to waste, abuse, and mismanagement.

Office of Evaluation and Inspections (OEI)

	PHHS	Medicare/ Medicaid	Total
Evaluations Started	11	41	**52**
Evaluations Issued	13	40	**53**
FTE	38	91	**129**

OEI performs nation-wide evaluations to provide decision makers with reliable, independent, and solution-focused examinations of issues affecting the integrity and effectiveness of HHS programs. These evaluations focus on preventing fraud, waste, and abuse and promoting economy, efficiency, and effectiveness in departmental programs. OEI reports also present practical recommendations for improving program operations.

Office of Investigations (OI)

	PHHS	Medicare/ Medicaid	Total
Complaints Received	578	2,772	**3,350**
Cases Opened	326	1,773	**2,099**
Cases Closed	348	1,587	**1,935**
FTE	91	492	**583**

OI conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. OI actively coordinates with DOJ and other Federal, State, and local law enforcement authorities. OI's investigations often lead to criminal convictions, civil recoveries, CMPs, and exclusions from participation in Federal health care programs.

Office of Counsel to the Inspector General (OCIG)

	PHHS	Medicare/ Medicaid	Total
FTE	8	78	**86**

OCIG provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and CMP cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements (CIAs). OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts and special bulletins, develops provider education resources, promotes compliance, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

Executive Management (EM)

	PHHS	Medicare/ Medicaid	Total
FTE[1]	34	101	**135**

EM is composed of the Immediate Office of the Inspector General and the Office of Management and Policy. EM is responsible for coordinating OIG activities and providing mission support, including setting vision and direction for OIG's priorities and strategic planning; ensuring effective management of budget, finance, human resource management, and other operations; and serving as a liaison with HHS, Congress, and other stakeholders. EM plans, conducts, and participates in a variety of cooperative projects within HHS and with other Government agencies. EM provides critical data analytics, data management, and IT infrastructure that enables OIG components to conduct their work efficiently and effectively.

Significant Results

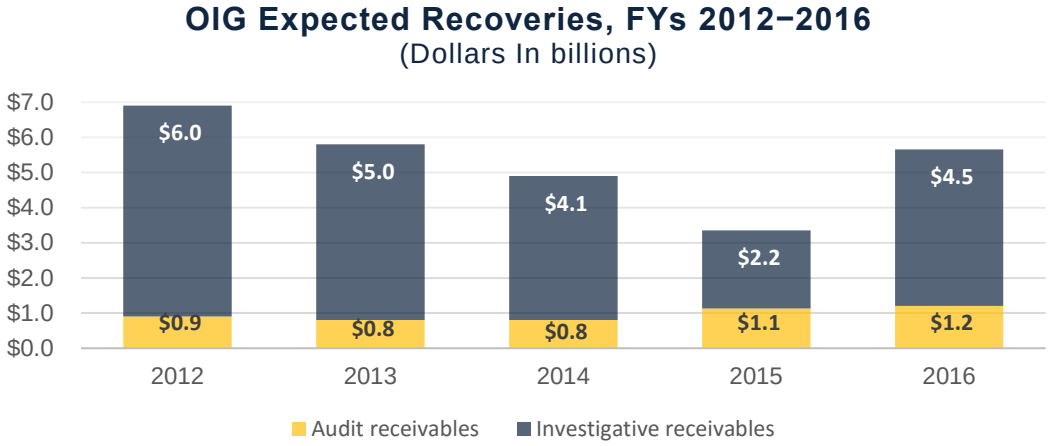
Expected Recoveries[2]

In FY 2016, OIG reported expected recoveries of approximately $5.66 billion in stolen or misspent funds. Expected recoveries are the amount the Government expects to recover or receive because of OIG's oversight and enforcement efforts. This includes $4.5 billion in investigative receivables (which includes approximately $953 million in non-HHS investigative receivables resulting from OIG's work, such as States' shares of Medicaid restitution) and $1.2 billion in audit receivables.

[1] The PHHS and Medicare/Medicaid subtotal FTE breakouts tie to the FY 2018 President's Budget Appendix; however, a correction was made after the President's Budget Appendix was finalized. EM's PHHS and Medicare/Medicaid totals in FY 2016 were 30 and 105 respectively.

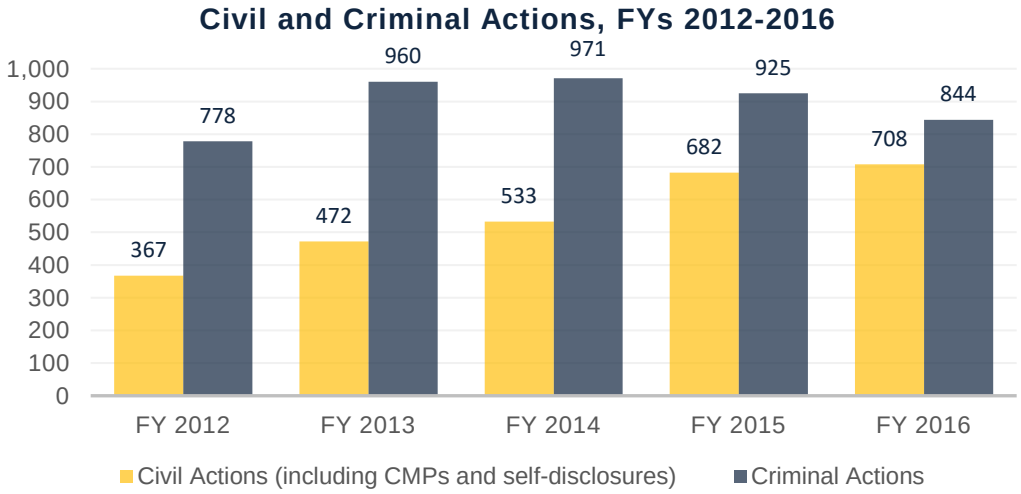
[2] These amounts are typically post-adjudicated amounts and CMPs resulting from investigations and, in the case of audits, recommended disallowances and audit recoveries to which HHS management has agreed and on which it has taken action. Additional details are available in OIG's *Semiannual Report to Congress*.

Over the last five years, OIG's expected recoveries have averaged $5.3 billion annually. Changes in the amount of expected recoveries from year to year are due to the particular mix of cases resolved in a given year, as well as continued efforts to work with OPDIVs to implement OIG recommendations.



Criminal and Civil Actions

Working in concert with our law enforcement partners to fight fraud, waste, and abuse in FY 2016, OIG investigations resulted in 844 criminal actions against individuals or entities that engaged in crimes against HHS programs, and 708 civil actions, which include False Claims Act lawsuits filed in Federal district court and CMP settlements, many of which related to provider self-disclosure matters.



Program Exclusions

OIG's authority to exclude individuals and entities advances our goal of stopping bad actors from participating in Federal health care programs. In FY 2016, OIG reported exclusions of 3,635 individuals and entities from participation in those programs.

Corporate Integrity Agreements (CIAs)

CIAs are one tool used to prevent fraud, promote quality, safety, and value, and help ensure program beneficiaries have access to needed services. OIG often negotiates compliance obligations with corporations and individuals as part of the settlement of allegations arising under civil and administrative false claims and fraud statutes. The settling party consents to

these obligations as part of the settlement and in exchange for OIG's agreement not to seek exclusion from participation in Federal health care programs. CIAs typically last for five years. OIG monitors compliance with CIAs and holds accountable those who violate them. CIAs include penalties for failure to meet certain terms, and OIG may seek exclusion for breaches.

Recommendations Implemented

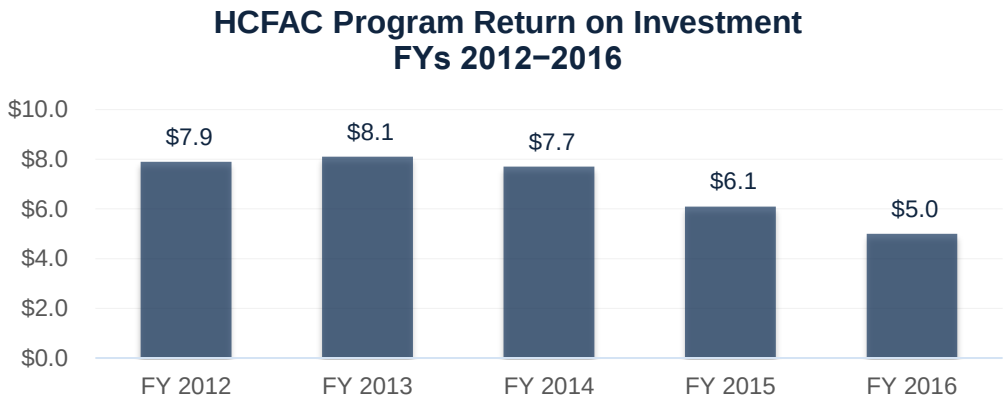
Preventing fraud, waste, and abuse from occurring or recurring is central to OIG's mission to protect HHS programs and the beneficiaries they serve. Toward this end, OIG recommends program and management improvements, program integrity safeguards, and cost saving changes to programs or policies. In FY 2016, OIG made 449 recommendations stemming from 242 audits and 86 recommendations stemming from 53 program evaluations reports. In FY 2016, 178 audit recommendations and 137 evaluations recommendations were implemented to improve the efficiency and effectiveness of HHS programs and operations.

Advisory Opinions and Other Guidance

As part of continuing efforts to promote the highest level of ethics in the health care industry and lawful conduct in pursuit of our goal of securing the future, OIG issues advisory opinions (which are required by statute) and other guidance to educate the health care industry and other stakeholders on how to strengthen compliance efforts and avoid practices that might implicate various fraud and abuse laws. This guidance helps industry navigate the anti-kickback statute, safe harbor regulations, and other OIG health care fraud and abuse authorities. During FY 2016, OIG received requests for 20 advisory opinions and issued six.[1] Since the inception of the HCFAC program, OIG has issued more than 329 advisory opinions. Recently, OIG issued a fraud alert on physician compensation arrangements.

HCFAC Program Return on Investment (ROI)

Under the joint direction of the Attorney General and the Secretary of HHS acting through the IG, the HCFAC Program coordinates Federal, State, and local law enforcement activities with respect to health care fraud and abuse. The most recent ROI for the HCFAC program is approximately $5 to $1.[2] This is a ratio of actual monetary returns to the Government to total HCFAC program appropriations. From the HCFAC program's inception in 1997, program activities have returned more than $31 billion to the Medicare Trust Funds. The HCFAC program's continued success confirms the soundness of a collaborative approach to identify and prosecute the most egregious instances of health care fraud, to prevent future fraud, and to protect program beneficiaries.



[1] OIG closes many advisory opinion requests without issuing opinions, frequently because the requests are withdrawn.

[2] HCFAC ROI is based on a three-year rolling average.

FY 2018 Budget Request

Overview

The FY 2018 budget request for OIG includes $358.8 million to strengthen oversight of HHS programs. With these resources, OIG is responsible for oversight of approximately $1 trillion dollars in HHS spending. This represents approximately a quarter of every Federal dollar spent, covering a complex portfolio of programs ranging from health insurance to clinical research and epidemiology, public health services, and education. OIG's FY 2018 request falls into the following two broad categories:

PHHS Oversight[1]
$68.1 million[2] and 315 FTE
(-$8.3 million and -30 FTE below the FY 2017 level)

HHS's PHHS programs represent nearly $100 billion in spending and include HHS's international operations. With the requested funding, OIG will strengthen the Department's PHHS programs by leveraging data and specialized expertise to target and maximize the impact of OIG's oversight activities. OIG advances its mission through a robust program of criminal investigations, audits, evaluations, enforcement actions, and compliance efforts.

In FY 2018, OIG will focus on the successful implementation by HHS of new authorities under the 21st Century Cures Act, which provided $1 billion in new grants for prevention and treatment of opioid addiction. OIG will continue its oversight activities from FY 2017, such as quality and safety in IHS facilities, fraud, waste, and abuse in grants and contracts, emergency preparedness issues, and the efficient and secure use of data and technology, including the smooth sharing of health information across the care continuum. Additional information is on page 267.

Medicare and Medicaid Oversight
$290.7 million and 1,349 FTE
(+$26.4 million and +117 FTE above the FY 2017 CR level)

- $204.4 million (+$18.5 million above the FY 2017 CR level, post-sequestration) in HCFAC Mandatory
- $74.2 million in HCFAC Discretionary (+$7.0 million above the FY 2017 CR level)
- $12.0 million in estimated HCFAC Collections.

This funding level reflects increases in the HCFAC discretionary cap adjustment level in the Budget Control Act, as well as the projection of increases based on the Consumer Price Index-Urban. The request assumes sequestration does not occur.

Additional funding will provide resources for OIG to enhance its work to combat prescription drug fraud, including opioid abuse and associated patient harm. OIG will continue FY2017 HCFAC oversight activities to target fraud, abuse, and wasteful spending in Medicare and Medicaid, including improper payments, home health fraud, prescription drug fraud, unsafe or poor quality health care, and security of data and technology. OIG will continue to use sophisticated data analytics and multidisciplinary state-of-the-art investigative techniques to detect and conduct criminal investigations of fraud. Additional information is available on page 35.

[1]PHHS oversight includes oversight of programs authorized in Title I of the ACA and administered by CMS.

[2]The request does not include the $1.5 million transfer from FDA in previous Appropriations Acts.

OIG-Wide Performance Table

Key Outcomes[1]	Most Recent FY 2016 actuals	FY 2017 Target[2]	FY 2018 Target	FY 2018 +/- FY 2017
Expected recoveries resulting from OIG involvement in health care fraud and abuse oversight activities (dollars in millions)	$3,750 (Target Within Range)[3]	$3,500	$3,500	**+$-**
ROI resulting from OIG involvement in health care fraud and abuse oversight activities	$15:$1 (Target Met)	$14:$1	$14:$1	**+$-**
Number of quality and management improvement recommendations accepted	159 (Target Met)	150	150	**--**
PL funding (dollars in millions)	**$342.5**	**$340.6**	**$358.8**	**+$18.1**
Key outputs	**Most Recent FY 2016 Actuals**	**FY 2017 Target[4]**	**FY 2018 Target**	**FY 2018 +/- FY 2017**
Audits:				
Audit reports started	263 (Target Met)	202	205	**+3**
Audit reports issued	219 (Target Met)[3]	204	207	**+3**
Audit reports issued within 1 year of start (percentage)	40% (Target Met)[3]	46%	46%	**--%**
Evaluations:				
Evaluation reports started	52 (Target Met)	42	43	**+1**
Evaluation reports issued	53 (Target Met)	52	53	**+1**
Evaluation reports issued within 1 year of start (percentage)	60% (Target Met)	56%	56%	**--%**
Investigations:				
Complaints received for investigation	3,350 (Within Target Range)	3,299	3,299	**+0**
Investigative cases opened	2,099 (Target Met)	2,063	2,102	**+39**
Investigative cases closed	1,935 (Target Met)[3]	2,160	2,200	**+40**
PL funding (dollars in millions)	**$342.5**	**$340.6**	**$358.8**	**+$18.1**

Note: PL funding amounts may not sum to totals because of rounding.

[1] The "expected recoveries" and ROI performance measures are calculated using 3-year rolling averages.

[2] The audits and evaluation FY 2017 performance targets reflect a methodology change. Targets were adjusted to reflect a portfolio consolidation of multistate audits/evaluations issued annually. There was no reduction in production or level of effort dedicated to performance targets.

[3] Performance was within 10% of projected target.

Performance Goals

Among other indicators, OIG uses three key outcome measures to express progress in accomplishing OIG's mission of fighting fraud, waste, and abuse and promoting economy, efficiency, and effectiveness in HHS programs and operations:

- three-year moving average of expected recoveries from OIG's HHS oversight activities that resulted in investigative receivables and audit disallowances;
- three-year moving average of the expected ROI from OIG's HHS oversight activities that resulted in investigative receivables and audit disallowances; and
- number of accepted quality and management improvement recommendations.

These measures (also shown on the table on the previous page) generally reflect the culmination of investigation, audit, and evaluation efforts initiated in prior years. Moreover, these measures are expressions of OIG's joint success and joint efforts with a network of program integrity partners at all levels of government. For example, OIG investigators and attorneys work closely with DOJ; Medicaid Fraud Control Units; and other Federal, State, and local law enforcement organizations to develop cases and pursue appropriate enforcement actions, which often include criminal or administrative sanctions and restitution to the Federal and State Governments and other affected parties. Similarly, OIG audits and evaluations generate findings and recommendations intended to save money, improve the efficiency and economy of programs, or increase protections for the health and welfare of beneficiaries. While OIG is not authorized to implement its recommendations, it informs Congress and HHS program officials of potential cost disallowances and corrective actions that OIG recommends to address identified risk and vulnerabilities.

As shown in the table on the previous page, several outputs contribute to OIG's success and performance impact. Many factors are considered in the development of OIG's output targets, namely resources and capacity. An increase in resources in one fiscal year may not necessarily yield results in the same fiscal year, as most actions are multiyear efforts. Performance targets reflect the best estimate of time required to hire, ability to hire, and train new staff. Similarly, a lack of resources and inability to hire negatively affect performance results in future years.

A breakdown of OIG's output measures by PHHS and Medicare and Medicaid oversight can be found on pages 28 and 37, respectively.

In future years, OIG will introduce indicators that align with OIG's priority outcomes. OIG selected a set of priority outcomes to monitor our success at driving positive change in key areas. We want to drive action, unleash our organizational creativity, and measure our impact in order to provide solutions and outcomes for HHS programs and beneficiaries. The initial priority outcomes were selected on the basis of ongoing work, Top Challenges facing HHS, ability to collect data, and ability to influence outcomes. The initial priority outcomes are:

- protect beneficiaries from **prescription drug abuse;**
- reduce improper payments for **home health services** by reducing Medicare spending in "hot spots;"
- improve program integrity for **child care development grants** programs; and
- maximize the effectiveness of **State Medicaid Fraud Control Units.**

An OIG executive leads a cross-organizational team focused on driving positive change for each of the initial priority outcomes. Information about the results of this effort will be highlighted in OIG's main publications and communications over the coming year.

SUBSECTION: OVERSIGHT OF PHHS AND DEPARTMENT-WIDE ISSUES

	FY 2016 Final	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
PHHS BA[1]	$76,500	$76,355	$68,085	-$8,270
Total BA[2]	**$76,500**	**$76,355**	**$68,085**	**-$8,270**
FTE[3]	346	345	315	-30

Program Description

OIG uses funding from its annual Discretionary Direct appropriation to conduct program integrity and enforcement activities for PHHS programs and operations, including public health, safety, and scientific research programs, IHS, human services grants programs, Community Health Centers, and the health insurance marketplaces. These programs represent approximately $100 billion in spending each year, and are carried out by approximately 70,000 HHS employees across the globe.

During FY 2016, OIG's oversight effort for PHHS was allocated across HHS OPDIVs and STAFFDIVs as follows:

HHS OPDIV and STAFFDIV Oversight	Resource Allocation
Administration for Children and Families (ACF)	36%
Administration for Community Living (ACL)	<1%
Agency for Health Care Research and Quality (AHRQ)	<1%
Centers for Disease Control and Prevention (CDC)	4%
CMS – ACA Marketplaces/Title I Programs	7%
Food and Drug Administration (FDA)	7%
Health Resources and Services Administration (HRSA	6%
Indian Health Service (IHS)	2%
National Institutes of Health (NIH)	8%
Substance Abuse and Mental Health Services Administration (SAMHSA)	1%
Office of the Secretary (OS)[4]	14%
Other PHHS Programs[5]	15%
Total	**100%**

[1] PHHS oversight includes oversight of programs authorized in Title I of the ACA and administered by CCIIO, a component of CMS.

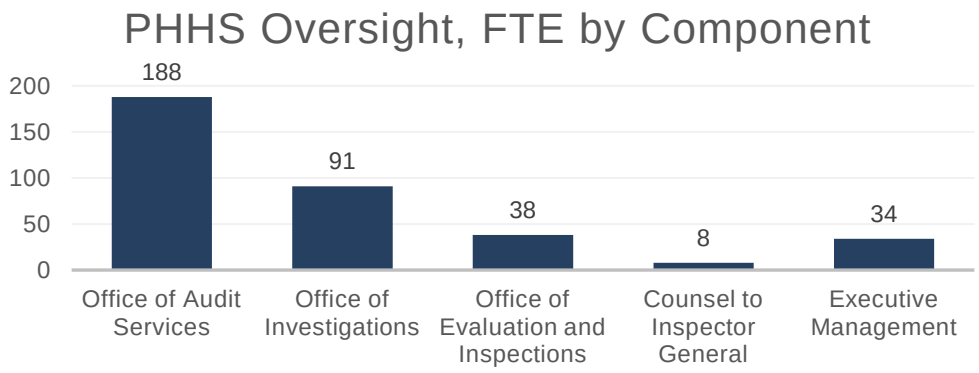
[2] The PHHS Oversight amount includes the $1.5 million transfer from the FDA appropriation in FY 2016 and 2017 CR.

[3] The PHHS FTE ties to the FY 2018 President's Budget Appendix; however, a correction was made after the President's Budget Appendix was finalized. The actual PHHS direct and reimbursable FTE level in FY 2016 was 342.

[4] OS includes oversight efforts related to OS STAFFDIVs, such as the Assistant Secretary for Preparedness and Response, as well as protective services for the Secretary, and the Chief Financial Officer Audit.

[5] Examples of these efforts include grant and contract oversight that crosses multiple OPDIVs.

In FY 2016, OIG's FTE supported with its direct discretionary appropriation were assigned across OIG's five components as follows[1]:



For additional PHHS oversight performance information and key outputs, please see page 28.

Accomplishments

In FY 2016, more than 86 OIG recommendations were implemented to positively impact public health and human services programs and program beneficiaries. Noteworthy examples of OIG's recent PHHS oversight accomplishments include:

Child Care and Development Fund Block (CCDF) Grant Program Integrity

Approximately $5.7 billion CCDF funds are administered through block grants to States to serve 1.4 million children. OIG work consistently identifies fraud, improper payments (over $39 million in expenditures from 2010-2014 did not comply with requirements), and health and safety concerns at childcare facilities that receive CCDF block grants. CCDF is particularly vulnerable to fraud schemes, such as falsified eligibility applications, falsified attendance or enrollment records, and intentional misuse of grant funds. In one such criminal case resolved in 2016, invoices had been submitted for care of 135 children purportedly tended to in a building condemned by the city of St. Louis. An OIG national review examining States' efforts to guard against fraud in CCDF revealed substantial differences across States in the scope of program integrity efforts and revealed that important program integrity steps were not occurring in some States, such as dedicating a full staff person to review CCDF, and employing basic surveillance techniques to detect potential fraud. A final rule from ACF addressed OIG recommendations to ensure States enforce the health, safety, and licensing requirements of child care providers by requiring they undergo background checks.

Indian Health Services

IHS is the principal Federal health care provider for American Indians and Alaska Natives. A 2016 OIG report linked quality-of-care concerns at IHS facilities with IHS's longstanding challenges to recruit and retain competent clinical staff, aging facilities, and hospitals unable to render competent emergency or high-level care, and limited resources for referred care. The

[1] The PHHS subtotal FTE breakout ties to the FY 2018 President's Budget Appendix; however, a correction was made after the President's Budget Appendix was finalized. EM's PHHS FTE level in FY 2016 was 30.

Office of the Secretary, IHS, and CMS provided a joint response to OIG, concurring with recommendations for the Office of the Secretary to lead an examination of the quality of care delivered in IHS hospitals as part of its newly formed Executive Council and use the findings to identify and implement innovative strategies to mitigate IHS's longstanding challenges.

Health Information Technology (Health IT)

In support of its mission and operations, HHS maintains and uses expanding amounts of sensitive information. Complete, accurate, timely, and secure data can help ensure efficient operations of HHS and its programs, as well as support proactive program oversight. Similarly, the American health care system increasingly relies on health IT and the electronic exchange and use of health information. An OIG evaluation provided the status of hospitals' contingency plans in light of evolving threats, including cyberattacks such as ransomware, to their electronic health information systems. OIG found that almost all hospitals reported having written EHR contingency plans, and most reported that their plans addressed four Health Insurance Portability and Accountability Act (HIPAA) requirements as well as recommended practices. This review provides baseline information on hospitals' contingency plans at a time when awareness of cybersecurity threats is growing, and reinforces previous OIG recommendations to the Office for Civil Rights (OCR) concerning its audit program, among others.

Centers for Disease Control and Prevention (CDC) President's Emergency Plan for AIDS Relief (PEPFAR) Award Compliance

OIG's team of investigators actively works to address significant vulnerabilities within the Department's overseas operations of Global Health funded programs, including PEPFAR and Ebola-mitigation efforts. OIG met with Senior Diplomatic Officials, and provided Fraud Awareness and Anti-Corruption Presentations to CDC's international staff and Cooperative Agreement Partners in Uganda, Tanzania, and Kenya. OIG's ongoing audit work examining CDC's compliance with policies found that CDC did not comply with one or more HHS or internal policies in some awards. As a result, CDC did not always adequately document its funding decisions to award $1.9 billion over the five-year project period and may have considered applications that it should not have or treated applicants inconsistently.
To date, OIG's efforts to fight fraud, waste, and abuse in international programs have increased the number of international complaint referrals and resulted in policy changes by the CDC to strengthen oversight of these funds.

FDA's oversight of food recalls

FDA is tasked with ensuring the safety of much of the nation's food supply. OIG work has identified shortcomings in FDA's food safety oversight, including inadequacies in the process whereby FDA and food manufacturers or distributers work to recall adulterated foods. In June 2016, OIG alerted FDA to the need to improve the timeliness of the food recall process. Every day a food recall is delayed, additional consumers are exposed to potential harm. In one example, at least 14 people became ill with a strain of Salmonella found in a manufacturer's nut butter. The recall of the adulterated nut butter did not begin until 165 days after FDA identified the contamination. In another example, at least nine people became ill and an infant died from Listeria monocytogenes possibly caused by eating cheese contaminated with the bacteria. This time, the food recall did not begin until 81 days after FDA learned of the adulterated cheese. Following OIG's alert, FDA acknowledged the threat to public health and launched the Strategic Coordinated Oversight of Recall Execution (SCORE) team to streamline processes to remove potentially harmful foods from the market as quickly as possible and reduce additional health and safety risks to consumers. Early SCORE successes include expedited actions to address pistachios contaminated with Listeria monocytogenes and potentially unsafe baby food.

Funding History

The funding history in the table below includes the budget authority provided to OIG for PHHS oversight. The funds displayed are provided to OIG through an annual Discretionary Direct appropriation included within the Labor, Health and Human Services, Education and Related Agencies appropriations bill. In FYs 2015 through the FY 2017 CR, $1.5 million was included in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill for oversight of FDA.

Fiscal Year	PHHS Oversight
2014	71,000,000
2015	72,500,000
2016	76,500,000
2017 Annualized CR	76,354,573
2018 President's Budget	$68,085,000

Budget Request

OIG's FY 2018 request is $68.1 million, a reduction of 30 FTE, to continue PHHS oversight through recommendations, findings, and law enforcement actions. With the requested funding OIG will identify fraud, waste, and abuse and increase the ability of HHS programs to be the Department's first line of defense. OIG will oversee new and emerging issues, such as HHS's international and domestic response to public health concerns, ensuring the safety and security of select (toxic) agents that could pose threats to public health, and new cyber security threats facing the Department.

In FY 2018, the requested $68.1 million will be invested in the following areas to strengthen the integrity of PHHS programs:

Protecting HHS Grants from Fraud, Waste, and Abuse

HHS awards more grants than any other Federal entity with more than $100 billion in grants in FY 2016. Responsible stewardship of these program dollars is vital to public health and well-being. Operating a financial management and administrative infrastructure that employs appropriate internal controls to minimize risk and protect resources remains a challenge for HHS. In FY 2018, OIG will continue to focus its grant oversight efforts on high-risk grant programs, including grants for services to children, including the CCDF, as well as the nearly $1 billion in SAMSHA grant funding provided under the 21st Cures Act for opioid abuse prevention and treatment.

IHS

IHS provides health services for 2.2 million American Indians and Alaska Natives in 567 Federally recognized tribes. IHS directly operates 28 hospitals, 62 health centers, and 25 health stations. HHS must ensure adequate access to care and quality of care for IHS beneficiaries. Recruiting and retaining competent clinical staff, aging facilities, hospitals unable to render competent emergency or high-level care, and limited resources for referred care remain pressing challenges. In FY 2018, OIG will continue its longstanding oversight of IHS facilities and operations with a focus on quality of care and program administration. OIG will also continue law enforcement efforts to address potential criminal violations, such as theft of prescription drugs at IHS facilities, as well as misuse of IHS and other HHS funds in connection with services provided to tribal members.

Public Health Emergencies

Effective protection against public health threats requires a well-coordinated public health infrastructure that can rapidly respond to emergencies at home and internationally. In dealing with infectious diseases such as Zika and Ebola, proper grant mechanisms need to be in place to foster effective response coordination with domestic and international partners. In FY 2018, OIG will continue oversight of HHS grants for emergency preparedness and provide training and education to promote preparedness and prevent fraud, waste, and abuse.

Ensuring Privacy and Security of Information

The Department must ensure that the data it creates and maintains is protected. Equally important is the need to ensure appropriate protection of health information when considering and implementing policies related to the adoption of health information technology (IT) and the exchange, storage, and use of electronic health information. The frequency of notable data breaches has increased significantly, and data breaches can have serious consequences for the health care industry, the Department, and those the Department serves. OIG is working to increase its oversight and investigative response to threats ranging from computer hacking groups'' intent on compromising systems and releasing sensitive data, to criminals stealing data to commit fraud, to those who would misuse access to HHS systems. OIG conducts general security control audits of information and technology supporting HHS programs and also conducts network and Web application penetration testing to assess HHS's network security to determine whether these networks and applications are susceptible to being hacked.

Performance Information for PHHS Oversight

Key Outputs	FY 2016 Actual	FY 2017 Target	FY 2018 Target	FY 2018 +/- FY 2017
Audits:				
Audit Reports Started	106	59	59	**-**
Audit Reports Issued	70	61	61	-
Evaluations:				
Evaluation Reports Started	11	11	11	-
Evaluation Reports Issued	13	13	13	-
Investigations:				
Complaints Received for Investigation	578	499	499	-
Investigative Cases Opened	326	345	341	**-4**
Investigative Cases Closed	348	370	365	**-5**
PL Funding (Dollars In Millions)	**$76.5**	**$76.4**	**$68.1**	**-$8.3**

FY 2016 PHHS Major Outputs by OIG Component
Audits, Evaluations, Cases, and Monetary Impact by OPDIV

Office of Audit Services
(Dollars in thousands)

Category	Audit Started	Audit Issued	Rec's Issued	Questioned Cost[1]	Funds Put to Better Use[2]
ACF	8	12	37	$24,360	-
ACL	-	-	-	-	-
AHRQ	-	-	-	-	-
CDC	5	9	28	$751	-
CMS – ACA Marketplaces	-	-	50	$1,842	$493
FDA	-	-	-	-	-
HRSA	2	2	5	$35	-
IHS	1	2	12	$308	-
NIH	1	4	2	$8	-
SAMHSA	1	2	1	$55	-
OS	2	8	10	-	-
Other[3]	0	24	1	-	-
Total	**20**	**63**	**146**	**$27,359**	**$493**

[1] Questioned Cost reflects disallowed cost and/or potential recoveries in which management concurred with the audit recommendation.

[2] Funds put to Better Use reflects Potential Savings on those audit recommendations that achieve identifiable monetary savings.

[3] PHHS related matters that span multiple OPDIVs.

Office of Evaluation and Inspections

Category	Evaluation Started	Evaluations Issued	Rec's Issued	Rec's Concur Implemented
ACF	4	5	10	1
ACL	1	-	-	-
AHRQ	-	-	1	-
CDC	1	-	-	-
CMS – ACA Marketplaces	1	1	-	-
FDA	2	2	3	1
HRSA	-	1	1	-
IHS	1	1	-	-
NIH	1	1	1	-
SAMHSA	-	-	-	-
OS	2	3	2	-
Other[1]	-	1	-	-
Total	**13**	**15**	**18**	**2**

Office of Investigations

(Dollars in thousands)

Category	Cases Opened	Cases Closed	Criminal Actions	Civil Actions	Complaints Received	Monetary Results
ACF	151	184	55	5	285	$6,084
ACL	2	1	-	-	4	-
AHRQ	-	-	-	-	-	-
CDC	9	5	-	-	13	-
CMS – ACA Marketplaces	-	-	-	-	-	-
FDA	24	18	-	-	36	-
HRSA	5	5	3	-	3	2,638
IHS	22	22	10	-	36	972.3
NIH	-	-	-	-	-	-
SAMHSA	-	-	-	-	-	-
OS	27	28	2	2	78	309
Other[1]	86	85	9	11	123	32,337
Total	**326**	**348**	**79**	**18**	**578**	**$42,340**

[1] PHHS-related matters that span multiple OPDIVs.

SUBSECTION: MEDICARE AND MEDICAID OVERSIGHT

(Dollars in Thousands)

	FY 2016 Final	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
HCFAC Mandatory BA	$187,617	$185,906	$204,436	$18,530
HCFAC Discretionary BA	67,200	67,200	74,246	7,046
HCFAC Estimated Collections [1]	11,184	11,172	12,000	828
Total Program Level[2]	**$266,001**	**$264,278**	**$290,682**	**$26,404**
FTE[3]	1,216	1,232	1,349	117

Program Description

Through its multidisciplinary oversight work, OIG saves taxpayer dollars and works to ensure that patients receive medically appropriate care in the Nation's largest health care programs—Medicare and Medicaid. OIG relies on principles of prevention, detection, and enforcement to address fraud, waste, and abuse in these programs. Two key focus areas are sound fiscal management of the programs and ensuring that beneficiaries have access to high-quality care in the right setting as determined by the beneficiary and his or her medical providers.

Medicare and Medicaid are high-risk programs that require sustained focus on effective administration. Together, these programs, administered by CMS, serve approximately one in four Americans. In 2016, these programs accounted for more than $992 billion in Federal Government spending.

States operate Medicaid and Children's Health Insurance Program (CHIP), which are funded jointly with the Federal Government. They offer medical coverage to low-income individuals and families with dependent children, pregnant women, children, and aged and blind individuals and persons with disabilities. Medicaid enrollment has increased with respect to both expansion and nonexpansion populations, with recent estimates showing average growth of 13.8 percent in FY 2015 and additional FY 2016 growth of 3.9 percent. In FY 2015, Medicaid served over 70 million enrollees at a cost of over $530 billion.

OIG protects these programs and their beneficiaries using a multidisciplinary approach and through important partnerships, including with DOJ and State Medicaid Fraud Control Units. Fraudulent providers often cheat both Medicare and Medicaid (and their beneficiaries), and thus OIG fraud-fighting and patient protection activities often have crosscutting impacts. HIPAA established HCFAC under the direction of the Attorney General and the Secretary of HHS acting through the IG to combat fraud, waste, and abuse in health care. The funds OIG

[1] In FY 2016, OIG collected $12 million under authority of 42 U.S.C. 1320a-7c (section 1128C of the Social Security Act), and the actual amount sequestered is $816,696. The table includes estimates for HCFAC collections for FYs 2016 and 2017, and the amounts available will depend on the amounts actually collected.

[2] OIG's HCFAC funding is drawn from the Medicare Hospital Insurance Trust Fund (sec. 1817(k)(3) of the Social Security Act) and is requested and provided through the CMS budget.

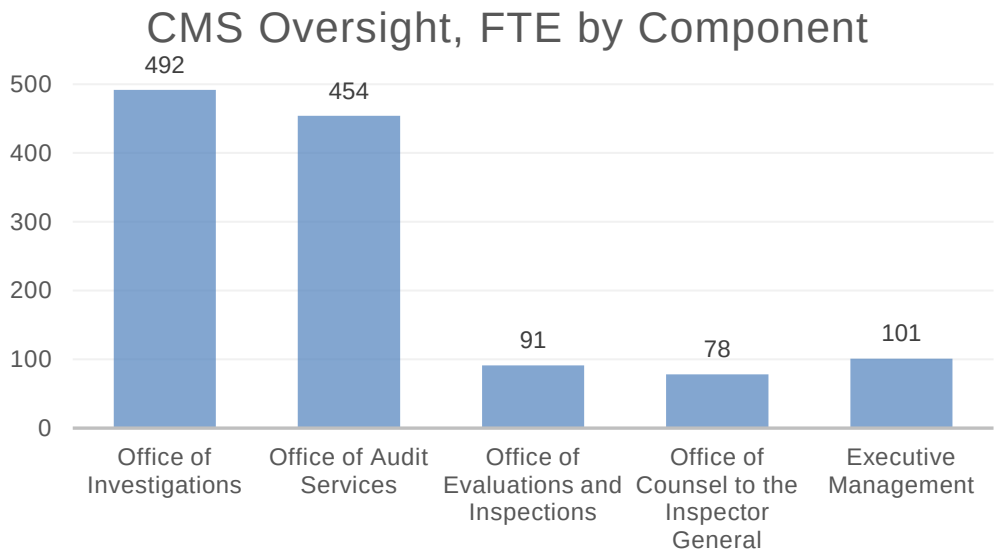
[3] The Medicare and Medicaid Oversight FTE level ties to the FY 2018 President's Budget Appendix; however, a correction was made after the President's Budget Appendix was finalized. The actual HCFAC FTE level in FY 2016 was 1,220.

receives under HIPAA are dedicated exclusively to activities relating to the Medicare and Medicaid programs. Overall, HCFAC funding constitutes the major portion of OIG's annual operating budget.

During FY 2016, OIG's oversight effort for Medicare and Medicaid oversight was allocated between Medicare and Medicaid as follows:

Medicare and Medicaid Oversight	%
Medicare	69%
Medicaid	31%

HHS and DOJ coordinate Medicare and Medicaid oversight by harnessing resources, expertise, and technology to prevent and detect fraud, waste and abuse in Medicare and Medicaid. In FY 2016, funding for Medicare and Medicaid oversight supported 1,216 FTE, which were assigned across OIG's five components as follows[1]:



For additional performance information and key outputs, please see page 37.

[1] The CMS subtotal FTE level ties to the FY 2018 President's Budget Appendix; however, a correction was made after the President's Budget Appendix was finalized. EM's CMS Oversight total FTE level in FY 2016 was 105.

Accomplishments

HHS program changes that aligned with more than 267 Medicare- and Medicaid-specific OIG recommendations in FY 2016 are expected to achieve significant savings, reduce wasteful spending, or otherwise improve program efficiency and effectiveness.

Other noteworthy examples of OIG's recent Medicare and Medicaid oversight accomplishments include:

Misuse and Abuse of Opioids

Following OIG's work identifying trends in opioid abuse, Congress implemented in the Comprehensive Addiction Recovery Act of 2016 an OIG recommendation to give Medicare prescription drug plan sponsors the authority to establish drug management programs to identify and help beneficiaries at risk for prescription drug abuse. Under this new authority, plans can require certain at-risk beneficiaries to use a limited number of prescribers or pharmacies, thus strengthening both patient and program protection. Similar programs have proven successful when used by States.

OIG investigations led to arrests, convictions, imprisonment and/or exclusion of entities that contributed to the opioid abuse epidemic. In one case, a doctor of osteopathic medicine worked with Pagans Motorcycle Club, an organization known for violence and drug dealing, to operate a "pill mill" out of his medical offices. The doctor wrote fraudulent prescriptions for oxycodone and other drugs, while the Pagans recruited "pseudo-patients" to buy the fraudulent prescriptions and then resell the pills on the street. The doctor was sentenced to 30 years in Federal prison and ordered to pay $5.3 million in restitution after being found guilty of 123 of 127 counts, including distribution of controlled substances resulting in death.

In another case involving OIG, several executives of Insys Therapeutics were charged in a nationwide conspiracy to bribe medical practitioners to prescribe unnecessarily a potentially deadly fentanyl-based pain medication called Subsys. Subsys is indicated for cancer patients with breakthrough pain. The alleged scheme involved bribes to physicians to prescribe the drug for noncancer indications, as well as false statements and fabricated diagnoses of cancer to support reimbursement. Since June 2015, OIG enforcement efforts have resulted in criminal charges against 15 individuals relating to allegations of fraudulent Subsys prescriptions and payment of kickbacks, with two guilty pleas thus far. Importantly, since the investigation became public and charges were brought in 2015, sales of this powerful narcotic for noncancer diagnoses have fallen sharply relative to the medically appropriate cancer diagnoses.

Health Care Fraud Collaboration and Other Enforcement Actions

In collaboration with its HCFAC Program partners, OIG harnesses resources, expertise, and technology to prevent and combat fraud, waste and abuse in Medicare and Medicaid and identify and hold accountable those who seek to defraud those programs. Health Care Fraud Strike Force teams coordinate operations conducted jointly by Federal, State, and local law enforcement entities. The teams have a record of successfully analyzing data to quickly identify, investigate, and prosecute fraud. During FY 2016, OIG's Strike Force efforts resulted in the filing of charges against 255 individuals or entities, 207 criminal actions, and $321 million in investigative receivables. For example, an individual who owned and managed three home health agencies in Miami was convicted in a scheme that involved kickbacks to doctors and patient recruiters in return for referrals of Medicare beneficiaries and the purported furnishing of home health services that were not provided or not medically necessary.

OIG continues to use its civil monetary penalties and exclusion authorities to redress

wrongdoing, protect patients, and recover funds for the Medicare program. Recent CMP cases include theft and use by an unlicensed provider of another provider's billing number (the provider was also excluded for 50 years); employment of excluded providers to treat Medicare patients; and violations of the anti-patient-dumping statue. One troubling case resolved in 2017 involved a hospital in Iowa that failed to provide an appropriate psychiatric screening examination or stabilizing treatment for three patients in the emergency department when an on-call psychiatrist was available. One patient was a suicidal woman and another was a child presenting violent outbursts, both of whom were discharged with instructions to follow up with their primary care physicians. The third patient presented at the emergency department stating that his mind was "disturbed." He later left the emergency department in paper scrubs in single-degree weather while his discharge was being processed; his body was found about 300 feet from the hospital. The cause of death was hypothermia.

Prescription Drug Pricing and Reimbursement

Between 2013 and 2016, OIG published several reports highlighting consequences of misalignment between reimbursement rates and actual acquisition costs for durable medical equipment (DME) infusion drugs. OIG found that when actual acquisition costs were significantly below reimbursement rates, Medicare and its beneficiaries have been subject to substantially excessive payments. In contrast, OIG work showed that for DME infusion drugs for which costs surpass reimbursement rates, as in the case for insulin, Medicare reimbursement has not kept pace with actual costs and, in some cases, Medicare beneficiaries faced difficulties in finding providers willing to accept Medicare payment for the drugs. Following OIG's recommendations, Congress enacted a change in reimbursement structure for DME infusion drugs in the section 5004 of the 21st Century Cures Act. This change is expected to achieve greater alignment of reimbursement and costs, eliminate excessive payments, and improve patient access to critical drugs, including insulin.

OIG is also successfully pursuing civil monetary penalties cases against companies for late reporting or misrepresenting of drug-pricing metrics. This includes companies using average manufacturer price (AMP) and average sales price to their advantage and the Medicare program's detriment, For example, in May 2016, OIG settled a case against Coloplast Corp. for $600,000 to resolve allegations that Coloplast failed to submit AMP price data to CMS, as required under the Medicaid Drug Rebate Program. OIG also investigates conduct of pharmaceutical companies in False Claims Act cases and monitors Corporate Integrity Agreements with pharmaceutical companies intended to improve the companies' ethical conduct and legal compliance.

False Billings/Improper Payments, with a Focus on Home Health

HHS policies or practices sometimes result in inefficiencies when unintended loopholes or other inherent problems invite exploitation or hinder consistent payment determinations. Improper payments and false billings occur when the programs do not effectively prevent, deter, identify, or address inappropriate and excessive billing by providers and suppliers. Home health services fraud in Medicare and Medicaid is an OIG priority and represents a significant portion of our enforcement efforts. OIG home health investigations resulted in more than 400 criminal and civil actions and $1 billion in receivables for FYs 2011-2016.[1] OIG investigations continue to identify and address fraudulent payments.

While cases of home health fraud investigated by OIG vary in nature, they generally involve home health agencies (HHA) that bill for services that are not medically necessary and/or are

[1] This total includes investigative receivables due to HHS as well as non-HHS investigative receivables (e.g., amounts due to State Medicaid programs and private health care programs).

not provided. For example, in April 2016, in a case worked in collaboration with its HCFAC Program partners, a Dallas physician and three HHA owners were convicted of taking part in a $375 million fraud scheme. The perpetrators recruited patients from a homeless shelter in Dallas to sign up for Medicare home health services. The physician falsely certified and recertified beneficiaries as being eligible for home health care, and the owners and office staff falsified medical documentation to support the eligibility certifications and services that were never provided. Another case pursued by OIG and its law enforcement partners resulted in the March 2017 conviction of a physician and guilty pleas of co-conspirators in a $40 million fraud scheme involving undisclosed business relationships and submission of false claims for Medicare home health services, generally for the most costly services. More than 97 percent of the patients served by the corporate entity received home health services whether they needed them or not. One defendant has been ordered to pay more than $4 million in restitution; others await sentencing.

Improved Medicaid Program Integrity

OIG work led to meaningful improvements in Medicaid program integrity in 2016. OIG helped protect Medicaid patients from unscrupulous providers and the program from improper payments. For example, Section 5005 of the 21st Century Cures Act adopted OIG's recommendations to ensure that providers found to warrant termination in one State may not continue to treat (or begin to treat) Medicaid beneficiaries in another State and receive Medicaid payments for doing so.

In another example, CMS took steps to strengthen program integrity for personal care services on the basis of OIG work. Medicaid personal care services are intended to enable Medicaid beneficiaries who are aged and those with disabilities to live with as much independence as possible in their homes or other community settings rather than in nursing facilities or other institutions. However, the services place providers in the homes of our most vulnerable beneficiaries, heightening the risk of abuse and neglect. In one case investigated by OIG, a beneficiary in Pennsylvania died of exposure to the cold while under the care of an attendant. The attendant lost the beneficiary in a crowded store and then waited hours to notify authorities. The attendant later pleaded guilty in the death of the beneficiary. OIG has worked with the Department to provide to States guidance based on OIG recommendations. CMS' *Information Bulletin* provides States with best practices, which allow States to better protect beneficiaries and improve program integrity.

Similarly, Medicaid group homes provide Medicaid beneficiaries the opportunity to live independently in a community setting rather than in an institution. OIG work looking at Medicaid group homes reveals nationwide weaknesses in the systems used to safeguard these vulnerable beneficiaries. OIG found a lack of reporting and investigation into critical incidents of patient harm and death. OIG's work is focusing critical attention on this issue, and now multiple agencies and States are working to develop better practices to protect beneficiaries.

State Medicaid Fraud Control Units (MFCU) are key partners in battling fraud, waste, and abuse in Medicaid. MFCUs are State agencies authorized to fight waste, fraud, and abuse, and prevent patient neglect and exploitation in 51 State Medicaid programs. OIG administers more than $250 million in Federal grant funds that support MFCU operations. In 2016, OIG conducted onsite visits at nine State MFCUs, uncovering vulnerabilities and making practical recommendations for program improvements. After one onsite visit, OIG was concerned about the MFCU's ability to carry out its mission. OIG required the MFCU to develop and implement a corrective action plan to address numerous deficiencies. In response, the MFCU reorganized and restructured the office, changing policies and procedures in accordance with OIG's findings.

Funding History

The funding history in the table below includes the budget authority given to OIG for Medicare and Medicaid oversight. The funds displayed are provided to OIG through a number of sources, including HCFAC Mandatory, HCFAC Discretionary Allocation Adjustment, and HCFAC Collections.

Fiscal Year	Medicare and Medicaid Oversight
2014	$223,866,000
2015	262,496,000
2016	266,001,000
2017 Annualized CR	264,278,000
2018 President's Budget	$290,682,347

Budget Request

OIG's FY 2018 budget for Medicare and Medicaid oversight includes $290.7 million, which is an increase of +$26.4 million above the FY 2017 CR Level (post-sequester). The FY 2018 request does not assume sequestration. The OIG estimate includes:

- $204.4 million in HCFAC Mandatory funding, an increase of $18.5 million above the FY 2017 CR level (post-sequester).

- $74.2 million in HCFAC Discretionary funding. Of this funding, $43.9 million is not subject to discretionary budget caps, consistent with section 251(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985.

- $12.0 million in HCFAC Collections, which, to a limited extent, reimburse OIG for its costs of conducting investigations, audits, and compliance monitoring. This amount is an estimate, and the amounts available will depend on the amount actually collected.

The FY 2018 request supports the Administration's priorities of addressing fraud, waste, and abuse in Federal health care programs and strengthening the fight against opioid abuse. OIG's work reflects issues of access and affordability, increased Medicare and Medicaid enrollment and spending, innovations in health care and data analytics, quality of care, and the increase in complexity and technical sophistication of fraud schemes. OIG will continue its work from FY 2017 and will use the additional $26.4 million in HCFAC funding to address fraud, waste, and abuse in prescription drugs, including abuse and diversion of opioids.

Prescription Drug Abuse and Fraud Prevention

Of the total $26.4 million above the FY 2017 CR, $23.4 million would enhance OIG's work to detect and prevent drug abuse and fraud in Medicare. This increase excludes any reductions from sequester. Opioid abuse – as well as the closely correlated problem of abuse of prescriptions for noncontrolled "potentiator" drugs that enhance the euphoric effects of opioids – endangers patients, communities, and taxpayer dollars. A recent case investigated by OIG is illustrative of the problem and OIG's work addressing it: a physician pleaded guilty in 2017 to multiple criminal violations and was sentenced to jail for a scheme involving the writing of medically unnecessary controlled substance prescriptions at Detroit-area "house parties" in exchange for the opportunity to bill patients' health insurance, including Medicare. OIG work also highlights the impact of opioid prescribing on the Medicare program and its beneficiaries. A 2016 OIG data brief showed that one in three Medicare beneficiaries received a prescription for

an opioid in 2014 and Medicare expenditures on commonly abused opioids rose to $4.1 billion in that year, an increase of 165 percent from 2006.

With its legal authorities (including law enforcement authorities) and its in-house data analytics, investigation, audit, and evaluation capabilities, OIG is uniquely positioned to use proven strategies to strengthen the Administration's fight against opioid abuse. OIG addresses prescription drug fraud along the entire supply chain, from manufacturers who make and promote products to the physicians who prescribe them and the pharmacies that dispense them. Additional funding will provide OIG with resources to increase investigations into fraudulent prescribing and dispensing of opioids, including forensic accounting and medical record reviews to increase the number of investigated cases and their expedient investigation and prosecution. OIG will further enhance its data analytics capabilities for identifying aberrant opioid prescribing or dispensing patterns and target interventions to combat prescription drug abuse.

Performance Information for Medicare and Medicaid Oversight

Key Outputs	FY 2016 Actual	FY 2017 Target	FY 2018 Target	FY 2018 +/- FY 2017
Audits:				
Audit Reports Started	157	143	146	**+3**
Audit Reports Issued	149	143	146	**+3**
Evaluations:				
Evaluation Reports Started	41	31	32	+1
Evaluation Reports Issued	40	39	40	+1
Investigations:				
Complaints Received For Investigation	2,772	2,800	2,800	+0
Investigative Cases Opened	1,773	1,718	1,761	+43
Investigative Cases Closed	1,587	1,790	1,835	+45
PL funding (Dollars In Millions)	**$266.0**	**$264.3**	**$290.7**	**+26.4**

FY 2016 Medicare and Medicaid Major Outputs by OIG Component: Audits, Evaluations, Cases, and Monetary Impact by OPDIV

Office of Audit Services
(Dollars in Thousands)

Category	Audit Starts	Audits Issued	Rec's Issued	Questioned Cost[1]	Funds Put to Better Use[2]
Medicare and Medicaid Oversight	134	179	389	$805,962	$82,655

Office of Evaluation and Inspections

Category	Evaluation Starts	Evaluations Issued	Rec's Issued	Rec's Implemented	Rec's Unimplemented	Waiting on Mgmt. Comment
Medicare and Medicaid Oversight	40	40	99	2	88	8

Office of Investigations
(Dollars in Thousands)

Category	Cases Opened	Cases Closed	Criminal Actions	Civil Actions	Complaints Received for Inv	Monetary Results
Medicare and Medicaid Oversight	1,773	1,587	765	517	2,772	$4,366

[1] Questioned Cost reflects disallowed cost and/or potential recoveries in which management concurred with the audit recommendation.

[2] Funds Put to Better Use reflects potential savings on those audit recommendations that achieve identifiable monetary savings.

SUPPLEMENTARY TABLES

Total Budget Authority by Object Class

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$180,830	$188,776	$7,946
Other than full-time permanent (11.3)	3,047	3,178	131
Other personnel compensation (11.5)	1,919	1,985	66
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	76	79	3
Subtotal personnel compensation	**185,872**	**194,018**	**8,146**
Civilian benefits (12.1)	69,888	72,944	3,056
Military benefits (12.2)	31	32	1
Benefits to former personnel (13.0)	19	19	-
Total Pay Costs	**255,810**	**267,013**	**11,203**
Travel and transportation of persons (21.0)	6,664	6,771	107
Transportation of things (22.0)	2,471	3,500	1,029
Rental payments to GSA (23.1)	20,182	22,000	1,818
Rental payments to others (23.2)	109	110	1
Communication, utilities, and misc. charges (23.3)	4,830	4,887	57
Printing and reproduction (24.0)	103	104	1
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	17,123	17,800	677
Purchase of goods and services from government accounts (25.3)	47,134	49,511	2,377
Operation and maintenance of facilities (25.4)	2,083	2,114	31
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	769	769	-
Operation and maintenance of equipment (25.7)	1,189	1,207	18
Subsistence and support of persons (25.8)	40	41	1
Subtotal Other Contractual Services	**68,338**	**71,442**	**4,709**
Supplies and materials (26.0)	1,570	1,588	18
Equipment (31.0)	14,439	16,103	1,664
Land and structures (32.0)	-	-	-
Investments and loans (33.0)	-	-	-
Grants, subsidies, and contributions (41.0)	-	-	-
Interest and dividends (43.0)	42	-	(42)
Refunds (44.0)	-	-	-
Total Nonpay Costs	**118,748**	**126,505**	**9,362**
Total Budget Authority by Object Class	**$374,558**	**$393,518**	**$18,960**

PHHS Oversight Budget Authority by Object Class

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$38,595	$36,837	($1,758)
Other than full-time permanent (11.3)	677	646	(31)
Other personnel compensation (11.5)	569	543	(26)
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	15	14	(1)
Subtotal personnel compensation	**39,856**	**38,040**	**(1,816)**
Civilian benefits (12.1)	15,007	14,294	(684)
Military benefits (12.2)	4	4	-
Benefits to former personnel (13.0)	-	-	-
Total Pay Costs	**54,867**	**52,367**	**(2,500)**
Travel and transportation of persons (21.0)	1,486	1,515	29
Transportation of things (22.0)	537	537	-
Rental payments to GSA (23.1)	4,859	5,484	625
Rental payments to others (23.2)	24	24	-
Communication, utilities, and misc. charges (23.3)	1,015	1,015	-
Printing and reproduction (24.0)	42	42	-
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	2,645	(356)	(3,001)
Purchase of goods and services from government accounts (25.3)	7,007	5,103	- (1,904)
Operation and maintenance of facilities (25.4)	8	8	-
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	769	769	-
Operation and maintenance of equipment (25.7)	-	-	-
Subsistence and support of persons (25.8)	-	-	-
Subtotal Other Contractual Services	**10,429**	**5,524**	**(4,905)**
Supplies and materials (26.0)	408	408	-
Equipment (31.0)	2,681	1,169	(1,512)
Land and structures (32.0)	-	-	-
Investments and loans (33.0)	-	-	-
Grants, subsidies, and contributions (41.0)	-	-	-
Insurance claims and indemnities (42.0)	7	-	(7)
Refunds (44.0)	-	-	-
Total Nonpay Costs	**21,448**	**15,718**	**(5,770)**
Total Budget Authority by Object Class	**$76,355**	**$68,085**	**($8,270)**

Note: The amounts in this table include only direct discretionary appropriations to OIG for PHHS oversight through annual appropriations.

Medicare and Medicaid Oversight Budget Authority by Object Class

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$141,384	$151,071	$9,687
Other than full-time permanent (11.3)	2,359	2,521	162
Other personnel compensation (11.5)	1,346	1,438	92
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	61	65	4
Subtotal personnel compensation	**145,150**	**155,195**	**9,945**
Civilian benefits (12.1)	54,463	58,195	3,732
Military benefits (12.2)	-	-	-
Benefits to former personnel (13.0)	-	-	-
Total Pay Costs	**199,613**	**213,290**	**13,677**
Travel and transportation of persons (21.0)	5,178	5,256	78
Transportation of things (22.0)	1,932	2,961	1,029
Rental payments to GSA (23.1)	15,323	16,516	1,193
Rental payments to others (23.2)	85	86	1
Communication, utilities, and misc. charges (23.3)	3,815	3,872	57
Printing and reproduction (24.0)	61	62	1
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	14,478	18,156	3,678
Purchase of goods and services from government accounts (25.3)	20,465	24,772	4,307
Operation and maintenance of facilities (25.4)	2,075	2,106	31
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	-	-	-
Operation and maintenance of equipment (25.7)	1,185	1,203	18
Subsistence and support of persons (25.8)	40	41	1
Subtotal Other Contractual Services	**38,243**	**46,278**	**8,035**
Supplies and materials (26.0)	1,162	1,180	18
Equipment (31.0)	11,756	14,932	3,176
Land and structures (32.0)	-	-	-
Investments and loans (33.0)	-	-	-
Grants, subsidies, and contributions (41.0)	-	-	-
Interest and dividends (43.0)	35	-	(35)
Refunds (44.0)	-	-	-
Total Nonpay Costs	**77,590**	**91,143**	**13,553**
Total Budget Authority by Object Class	**$277,203**	**$304,433**	**$27,230**

Note: The amounts in this table include the funding available to OIG for Medicare and Medicaid oversight.

Reimbursable Budget Authority by Object Class

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1).....	$851	$868	$17
Other than full-time permanent (11.3).....	11	11	-
Other personnel compensation (11.5).....	4	4	-
Military personnel (11.7).....	-	-	-
Special personnel services payments (11.8).....	-	-	-
Subtotal personnel compensation.....	**866**	**883**	**17**
Civilian benefits (12.1).....	418	426	8
Military benefits (12.2).....	27	28	1
Benefits to former personnel (13.0).....	19	19	-
Total Pay Costs.....	**1,330**	**1,356**	**26**
Travel and transportation of persons (21.0).....	-	-	-
Transportation of things (22.0).....	2	2	-
Rental payments to GSA (23.1).....	-	-	-
Rental payments to others (23.2).....	-	-	-
Communication, utilities, and misc. charges (23.3)..	-	-	-
Printing and reproduction (24.0).....	-	-	-
Other Contractual Services:			
Advisory and assistance services (25.1).....	-	-	-
Other services (25.2).....	-	-	-
Purchase of goods and services from government accounts (25.3).....	19,662	19,636	- (26)
Operation and maintenance of facilities (25.4).....	-	-	-
Research and Development contracts (25.5).....	-	-	-
Medical care (25.6).....	-	-	-
Operation and maintenance of equipment (25.7)...	4	4	-
Subsistence and support of persons (25.8).....	-	-	-
Subtotal Other Contractual Services.....	**19,666**	**19,640**	**(26)**
Supplies and materials (26.0).....	-	-	-
Equipment (31.0).....	2	2	-
Land and structures (32.0)	-	-	-
Investments and loans (33.0).....	-	-	-
Grants, subsidies, and contributions (41.0).....	-	-	-
Interest and dividends (43.0).....	-	-	-
Refunds (44.0).....	-	-	-
Total Nonpay Costs.....	**19,670**	**19,644**	**(26)**
Total Budget Authority by Object Class.....	**$21,000**	**$21,000**	**$-**

Total Salary and Expenses

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$180,830	$188,776	$7,946
Other than full-time permanent (11.3)	3,047	3,178	131
Other personnel compensation (11.5)	1,919	1,985	66
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	76	79	3
Subtotal personnel compensation	**185,872**	**194,018**	**8,166**
Civilian benefits (12.1)	69,888	72,944	3,056
Military benefits (12.2)	31	32	1
Benefits to former personnel (13.0)	19	19	-
Total Pay Costs	**255,810**	**267,013**	**11,203**
Travel and transportation of persons (21.0)	6,664	6,771	107
Transportation of things (22.0)	2,471	3,500	1,029
Rental payments to GSA (23.1)	20,182	22,000	1,818
Rental payments to others (23.2)	109	110	1
Communication, utilities, and misc. charges (23.3)	4,830	4,887	57
Printing and reproduction (24.0)	103	104	1
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	17,123	17,800	677
Purchase of goods and services from government accounts (25.3)	47,134	49,511	2,377
Operation and maintenance of facilities (25.4)	2,083	2,114	31
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	769	769	-
Operation and maintenance of equipment (25.7)	1,189	1,207	18
Subsistence and support of persons (25.8)	40	41	1
Subtotal Other Contractual Services	**68,338**	**71,442**	**3,104**
Supplies and materials (26.0)	1,570	1,588	18
Total Nonpay Costs	**104,267**	**110,401**	**6,134**
Total Salary and Expense	**$360,077**	**$377,415**	**$17,338**
Direct FTE	1,590	1,677	87

PHHS Oversight Salary and Expenses

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$38,595	$36,761	$(1,834)
Other than full-time permanent (11.3)	677	644	(33)
Other personnel compensation (11.5)	569	542	(27)
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	15	14	(1)
Subtotal personnel compensation	**39,856**	**37,961**	**(1,895)**
Civilian benefits (12.1)	15,007	14,294	(713)
Military benefits (12.2)	4	4	-
Benefits to former personnel (13.0)	-	-	-
Total Pay Costs	**54,867**	**52,259**	**(2,608)**
Travel and transportation of persons (21.0)	1,486	1,515	29
Transportation of things (22.0)	537	537	-
Rental payments to GSA (23.1)	4,859	5,484	625
Rental payments to others (23.2)	24	24	-
Communication, utilities, and misc. charges (23.3)	1,015	1,015	-
Printing and reproduction (24.0)	42	42	-
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	2,645	1,249	(1,396)
Purchase of goods and services from government accounts (25.3)	7,007	5,103	- (1,904)
Operation and maintenance of facilities (25.4)	8	8	-
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	769	769	-
Operation and maintenance of equipment (25.7)	-	-	-
Subsistence and support of persons (25.8)	-	-	-
Subtotal Other Contractual Services	**10,429**	**5,524**	**(4,905)**
Supplies and materials (26.0)	408	408	-
Total Nonpay Costs	**18,800**	**14,549**	**(4,251)**
Total Salary and Expense	**$73,667**	**$66,916**	**$(6,751)**
Direct FTE	345	315	(30)

Note: The amounts in this table include only direct discretionary appropriations to OIG for PHHS oversight through the annual appropriations process.

Medicare and Medicaid Oversight Salary and Expenses

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$141,384	$151,071	$9,687
Other than full-time permanent (11.3)	2,359	2,521	162
Other personnel compensation (11.5)	1,346	1,438	92
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	61	65	4
Subtotal personnel compensation	**145,150**	**155,095**	**9,945**
Civilian benefits (12.1)	54,463	58,195	3,732
Military benefits (12.2)	-	-	-
Benefits to former personnel (13.0)	-	-	-
Total Pay Costs	**199,613**	**213,290**	**13,677**
Travel and transportation of persons (21.0)	5,178	5,256	78
Transportation of things (22.0)	1,932	2,961	1,029
Rental payments to GSA (23.1)	15,323	16,516	1,193
Rental payments to others (23.2)	85	86	1
Communication, utilities, and misc. charges (23.3)	3,815	3,872	57
Printing and reproduction (24.0)	61	62	1
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	14,478	18,156	3,678
Purchase of goods and services from government accounts (25.3)	20,465	24,772	4,307
Operation and maintenance of facilities (25.4)	2,075	2,106	31
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	-	-	-
Operation and maintenance of equipment (25.7)	1,185	1,203	18
Subsistence and support of persons (25.8)	40	41	1
Subtotal Other Contractual Services	**38,243**	**46,278**	**8,035**
Supplies and materials (26.0)	1,162	1,180	18
Total Nonpay Costs	**65,799**	**76,210**	**10,411**
Total Salary and Expense	**$265,412**	**$289,501**	**$24,089**
Direct FTE	1,232	1,349	117

Note: The amounts in this table include only funding available to OIG for Medicare and Medicaid oversight.

Reimbursable Salary and Expenses

(Dollars in Thousands)

	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Personnel compensation:			
Full-time permanent (11.1)	$851	$868	$17
Other than full-time permanent (11.3)	11	11	-
Other personnel compensation (11.5)	4	4	-
Military personnel (11.7)	-	-	-
Special personnel services payments (11.8)	-	-	-
Subtotal personnel compensation	**866**	**883**	**17**
Civilian benefits (12.1)	418	426	8
Military benefits (12.2)	27	28	1
Benefits to former personnel (13.0)	19	19	-
Total Pay Costs	**1,330**	**1,356**	**26**
Travel and transportation of persons (21.0)	-	-	-
Transportation of things (22.0)	2	2	-
Rental payments to GSA (23.1)	-	-	-
Rental payments to others (23.2)	-	-	-
Communication, utilities, and misc. charges (23.3)	-	-	-
Printing and reproduction (24.0)	-	-	-
Other Contractual Services:			
Advisory and assistance services (25.1)	-	-	-
Other services (25.2)	-	-	-
Purchase of goods and services from government accounts (25.3)	19,662	19,636	(26)
Operation and maintenance of facilities (25.4)	-	-	-
Research and Development contracts (25.5)	-	-	-
Medical care (25.6)	-	-	-
Operation and maintenance of equipment (25.7)	4	4	-
Subsistence and support of persons (25.8)	-	-	-
Subtotal Other Contractual Services	**19,666**	**19,640**	**(26)**
Supplies and materials (26.0)	-	-	-
Total Nonpay Costs	**19,668**	**19,642**	**(26)**
Total Salary and Expense	**$20,998**	**$20,998**	**-**
Direct FTE	13	13	-

Detail of FTE

	2016 Actual Civilian	2016 Actual Military	2016[1] Actual Total	2017 Est. Civilian	2017 Est. Military	2017 Est. Total	2018 Est. Civilian	2018 Est. Military	2018 Est. Total
PHHS Oversight:									
Direct:.....	346	0	346	345	0	345	315	0	315
Reimbursable:.....	13	0	13	13	0	13	13	0	13
Total:.....	359	0	359	358	0	358	328	0	328
HCFAC									
Mandatory/Collections…...	853	0	853	864	0	864	946	0	946
HCFAC Discretionary.....	363	0	363	368	0	368	403	0	403
Total:.....	1,216	0	1,216	1,232	0	1,232	1,349	0	1,349
OIG FTE Total.....	**1,575**	**0**	**1,575**	**1,590**	**0**	**1,590**	**1,677**	**0**	**1,677**

[1] The breakout of FTE ties to the FY 2018 President's Budget Appendix; however, a correction was made after the President's Budget Appendix was finalized. The actual PHHS direct FTE and HCFAC direct FTE levels in FY 2016 were 342 and 1,220 respectively.

Detail of Positions

	2016 Actual	2017 Annualized CR	2018 President's Budget
Executive (ES) Positions:			
Executive level X.....	1	1	1
ES-00.....	19	20	20
Subtotal	**20**	**21**	**21**
Senior Leader (SL) Positions	6	6	6
Subtotal	**6**	**6**	**6**
General Schedule (GS) Positions:			
GS-15.....	118	122	122
GS-14.....	244	246	246
GS-13.....	735	758	770
GS-12.....	319	302	331
GS-11.....	46	60	98
GS-10.....	0	0	0
GS-9.....	63	61	92
GS-8.....	3	2	6
GS-7.....	47	40	72
GS-6.....	1	3	16
GS-5.....	11	10	15
GS-4.....	0	12	22
Subtotal	**1,587**	**1,616**	**1,790**
Total, OIG Positions	**1,613**	**1,643**	**1,817**
Average ES & SL Salary.....	163,673	160,921	164,300
Average GS Grade.....	12.6	12.6	12.3
Average GS Salary.....	$109,216	$112,331	$105,912

Average GS Grade	
FY 2014.....	12.7
FY 2015.....	12.8
FY 2016.....	12.6
FY 2017.....	12.6
FY 2018.....	12.3

Physicians' Comparability Allowance Worksheet

(Dollars in Thousands)

	FY 2016 Final	FY 2017 Estimate	FY 2018 Estimate[1]
Physicians receiving physicians' comparability allowances (PCAs)	1	1	1
Physicians with 1-year PCA agreements	0	0	0
Average annual PCA physician pay (without PCA payment)	$159	$170	$172
Average annual PCA payment	$30	$30	$30
Physicians receiving PCA, category IV-B Health and Medical Administration	1	1	1

Provide the maximum annual PCA amount paid to each category of physician in your agency and explain the reasoning for these amounts by category.
OIG sets its annual PCA amount consistent with HHS policy. In 2017, $30,000 was provided to the physician in Category IV-B.

Explain the recruitment and retention problem for each category of physician in your agency.
The position in question is the OIG Chief Medical Officer (CMO), and the incumbent serves as OIG's internal medical consultant to all OIG offices on a wide array of OIG activities. The CMO is in a unique role in that the incumbent provides technical expertise on a variety of medical and clinical issues relating to investigations, litigation, and compliance involving potential fraud, quality-of-care violations, and other significant health-care-related issues. As this position is critical to the success of many OIG efforts, the PCA helps to ensure that the CMO position is competitive to qualified candidates and that, once selected, quality individuals are retained.

Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior FY.
See above response for detail. The position was not vacant in the prior FY, which is attributable, in part, to the PCA.

[1] FY 2018 data will be approved during the FY 2019 budget cycle.

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SIGNIFICANT ITEMS

This satisfies a requirement in the Explanatory Statement accompanying the House Subcommittee for the Departments of Labor, Health, and Human Services, and Education, and related agencies Appropriations bill, 2017 (Report No. 114-669) to report in the FY 2018 budget request on the following Significant Items.

Item: *Lobbying.* Within the total provided, the Committee provides sufficient funding for OIG to monitor HHS compliance with the provision that prohibits the use of Federal funding for lobbying campaigns. The Committee remains concerned that certain HHS operating divisions have skirted the prohibition on using taxpayer funding to lobby State and or local governments. As such, the Committee requests that OIG monitor grantee activities to ensure that no taxpayer resources are used for lobbying.

Response: In July 2014, OIG issued a report, entitled *Laws Prohibit the Use of HHS Grant Funds for Lobbying, but Limited Methods Exist To Identify Noncompliance* (OEI-07-12-00620), related to the use of HHS funds for lobbying.

In this report, OIG recommended that the Assistant Secretary for Financial Resources (ASFR) facilitate Department-wide information sharing among awarding agencies about methods to identify the use of grant funds for prohibited lobbying activities. We also recommended that ASFR centralize on its website the guidance pertaining to the prohibitions on the use of grant funds for lobbying.

ASFR concurred with both recommendations, and in May 2015, it updated a public website with information on "Federal Restrictions on Lobbying for HHS Financial Assistance Recipients." ASFR shared that information directly with HHS grants management officials via electronic correspondence and quarterly quality meetings on May 12, May 15, and May 21, 2015. This lobbying-restrictions information resides on the public HHS website at: http://www.hhs.gov/grants/grants/grants-policies-regulations/lobbying-restrictions.html.

Also in May 2015, ASFR informed OIG that it intends to (1) continually update the online lobbying-restrictions guidance, as appropriate; (2) continue to hold quarterly discussions with Chief Grants Management Officers to share information on best practices to identify potentially prohibited lobbying activities; and (3) continue to include in Appropriations Action Transmittals a broad description of prohibited lobbying activities and actions required, until these provisions are included in annual appropriations.

As a result of these actions, OIG considers its two report recommendations implemented.

OIG has made grants management an organization-wide priority; ensuring that no taxpayer resources are used for lobbying will be incorporated into our work plans in this area.

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SPECIAL REQUIREMENTS

Requirements of the Inspector General Act

Section 6 of the Inspector General Act (IG Act) was amended in 2008 by the Inspector General Reform Act (P.L. No. 110-409). Revised section 6 now reads:

> "(f)(1) For each fiscal year, an Inspector General shall transmit a budget estimate and request to the head of the establishment or designated Federal entity to which the Inspector General reports. The budget request shall specify the aggregate amount of funds requested for such fiscal year for the operations of that Inspector General and shall specify the amount requested for all training needs, including a certification from the Inspector General that the amount requested satisfies all training requirements for the Inspector General's office for that fiscal year, and any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency. Resources necessary to support the Council of the Inspectors General on Integrity and Efficiency shall be specifically identified and justified in the budget request.
>
> "(2) In transmitting a proposed budget to the President for approval, the head of each establishment or designated Federal entity shall include –
>
> (A) an aggregate request for the Inspector General;
> (B) amounts for Inspector General training;
> (C) amounts for support of the Council of the Inspectors General on Integrity and Efficiency; and
> (D) any comments of the affected Inspector General with respect to the proposal.
>
> "(3) The President shall include in each budget of the United States Government submitted to Congress –
>
> (A) a separate budget statement of the budget estimate prepared in accordance with paragraph (1);
> (B) the amount requested by the President for each Inspector General;
> (C) the amount requested by the President for training of Inspectors General;
> (D) the amount requested by the President in support for the Council of the Inspectors General on Integrity and Efficiency; and
> (E) any comments of the affected Inspector General with respect to the proposal if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office."

OIG meets the above requirement by providing the following information:

- OIG's aggregate budget estimate and request to HHS at the beginning of the FY 2018 process was $420 million.
- OIG's aggregate budget request to Congress for FY 2017 is $359 million.
- Funding requested for training is approximately $10 million.
- Funding will be necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).
- The OIG comments on this budget request are contained within this document.

OIG Training Requirements

In accordance with section 6(f)(3)(C) of the IG Act, this budget requests approximately $10 million in FY 2018 for training expenses, a portion of which will be funded from the Discretionary budget. This amount is composed of OIG's baseline training budget for its entire staff, which, with the FY 2018 request, includes approximately 1,600 criminal investigators, auditors, program evaluators, attorneys, and administrative and management staff.

OIG Financial Support for CIGIE

In support of the Government-wide IG community, OIG contributes funds for the operation of CIGIE. In accordance with the reporting requirements of section 6(f)(3)(D) of the IG Act, this budget requests necessary funding for OIG's support of CIGIE, a portion of which will be funded from the OIG's Discretionary budget.