



**DEPARTMENT  
of HEALTH  
and HUMAN  
SERVICES**

**Fiscal Year**

**2025**

Office of Inspector General

*Justification of Estimates for  
Congress*



Department of Health and Human Services  
**Office of Inspector General**



Fiscal Year 2025

**Justification of  
Estimates for  
Congress**

## A Message From Inspector General Christi A. Grimm

I am pleased to present the Department of Health and Human Services (HHS), Office of Inspector General (OIG) fiscal year (FY) 2025 budget submission. OIG would use requested funding to protect the integrity, effectiveness, and efficiency of more than 100 HHS programs, as well as the health and welfare of the people they serve.

OIG's FY 2025 budget submission includes a total of \$499.7 million to oversee HHS programs. The submission reflects \$103.9 million for oversight of HHS's Public Health and Human Services (PHHS) programs and \$395.8 million for oversight of the Medicare and Medicaid programs. The requested resources would advance OIG's longstanding oversight in key PHHS areas including the health and safety of infants and children; the quality, safety, and integrity of public health programs; and the management of grants and contracts by agencies such as the National Institutes of Health and the Administration for Children and Families. OIG would continue its oversight of the Medicare and Medicaid programs, focusing on critical areas such as improving nursing homes; ensuring the integrity of growing managed care programs; addressing the high costs of prescription drugs; and advancing access to care.

Significantly, the FY 2025 budget also includes a joint HHS and Department of Justice (DOJ) legislative proposal for the Health Care Fraud and Abuse Control (HCFAC) program to combat serious health care fraud and abuse in Medicare, Medicaid, and the Children's Health Insurance Program. The funding levels for the mandatory HCFAC streams have not been reset in more than a decade, creating an expanding gap between Federal health care program expenditures and the program integrity resources used to ensure that taxpayer dollars are not misspent, patients receive quality care, and fraudsters are held accountable. Resources requested in the FY 2025 joint legislative proposal would support urgent and unmet needs with strategic investments in OIG's oversight and enforcement activities.

HHS-OIG employs modern technologies and tools to target high-impact opportunities to improve health and well-being, identify savings, thwart criminal schemes, and ensure programs are working as Congress intended. Our diligent and innovative workforce leverages deep expertise in overseeing complex and consequential initiatives, producing outsized impact. Our capacity to drive positive change is limited only by our budget, which has not kept pace with the growth of HHS programs, or the sophistication of schemes used to defraud the Government and threaten the Nation's health and well-being. The FY 2025 budget request would enable OIG to remain an agile organization that pivots quickly to address emerging risks.

OIG appreciates the continued support of Congress and HHS to advance the OIG mission to prevent fraud, waste, and abuse, and protect the health and well-being of all Americans.

/s/

Christi A. Grimm  
Inspector General



# Table of Contents

A Message from Inspector General Christi A. Grimm .....	2
Acronyms.....	5
<b>AGENCY OVERVIEW.....</b>	<b>6</b>
Mission, Vision, and Values .....	6
Organizational Chart.....	7
Organizational Components.....	8
<b>SECTION I: EXECUTIVE SUMMARY.....</b>	<b>11</b>
Preface to FY 2025 Budget Request.....	11
FY 2025 Budget Request Overview .....	13
PHHS Oversight and Enforcement .....	13
Medicare and Medicaid Oversight and Enforcement.....	14
Recent Accomplishments.....	15
All Purpose Table .....	16
Appropriations Language.....	17
Nonrecurring Expenses Fund.....	18
<b>SECTION II: BUDGET EXHIBITS.....</b>	<b>21</b>
Summary of Changes.....	21
Budget Authority by Activity .....	22
Amounts Available for Obligation.....	23
Appropriations History .....	25
<b>SECTION III: BUDGET NARRATIVES .....</b>	<b>27</b>
Adjustments to Base Funding Requirements.....	27
PHHS Oversight and Enforcement .....	29
HCFAC Oversight and Enforcement.....	31
<b>SECTION IV: LEGISLATIVE PROPOSAL.....</b>	<b>34</b>
<b>SECTION V: SUPPORTING EXHIBITS.....</b>	<b>38</b>
Object Classification Tables .....	39
Salaries and Expenses Tables .....	43
Detail of FTE .....	47
Detail of Positions.....	48
Resources for Cyber Activities .....	50
Performance Goals and Outcomes.....	51
Performance Outcomes and Outputs.....	54

Key Outcome and Output Tables.....	55
Performance Information for PHHS Oversight .....	56
Performance Information for Medicare and Medicaid Oversight.....	57
Physicians' Comparability Allowance.....	58

## Acronyms

BA	Budget Authority
CR	Continuing Resolution
FTE	Full-Time Equivalent
FY	Fiscal Year
GSA	General Services Administration
HCFAC	Health Care Fraud and Abuse Control
HHS	Department of Health and Human Services
IT	Information Technology
MSI	Mission Support and Infrastructure
OAS	Office of Audit Services
OCIG	Office of Counsel to the Inspector General
OEI	Office of Evaluation and Inspections
OI	Office of Investigations
OIG	Office of Inspector General
OMP	Office of Management and Policy
PB	President's Budget
PHHS	Public Health and Human Services
PL	Program Level

# AGENCY OVERVIEW

## Mission, Vision, and Values

The Department of Health and Human Services (HHS or the Department), Office of Inspector General (OIG) conducts independent oversight of HHS programs that provide health insurance, promote public health, respond to public health emergencies, protect the safety of food and medical products, and fund medical research, among other activities. OIG’s goals are to fight fraud, waste, and abuse; promote quality, safety, and value in HHS programs and for HHS beneficiaries; and advance excellence and innovation. OIG’s roadmap to accomplishing this work is detailed in our HHS-OIG [Strategic Plan 2020–2025](#).

**Mission:** OIG’s mission is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve. OIG is an independent, objective oversight organization that fights fraud, waste, and abuse. We work to ensure that Federal dollars are used appropriately and that HHS programs well serve the people who depend on them.

**Vision:** OIG’s 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, reliable recommendations and information for use in policymaking. We assess the Department’s performance, administrative operations, and financial stewardship. We audit the performance of providers, grantees, and contractors participating in HHS programs. We evaluate risks to HHS programs and beneficiaries and recommend improvements. We also investigate fraud and abuse against HHS programs and beneficiaries and hold wrongdoers accountable for their actions.

**Values:** OIG strives to be impactful, innovative, and people-focused. We apply these values to our work by using modern, cutting-edge tools and methods, and providing decisionmakers with actionable information to help them improve HHS programs and operations. We provide the results of our work to the public to foster transparency and consumer awareness.

OIG’s goals and objectives aim to drive positive change in the lives of all Americans. Accompanying each goal in the table below are relevant objectives related to OIG’s work.

### GOALS AND OBJECTIVES

#### Fight Fraud, Waste, and Abuse

- Prevent, detect, and deter fraud, waste, and abuse
- Foster sound financial stewardship and reduction of improper payments
- Hold wrongdoers accountable and recover misspent public funds

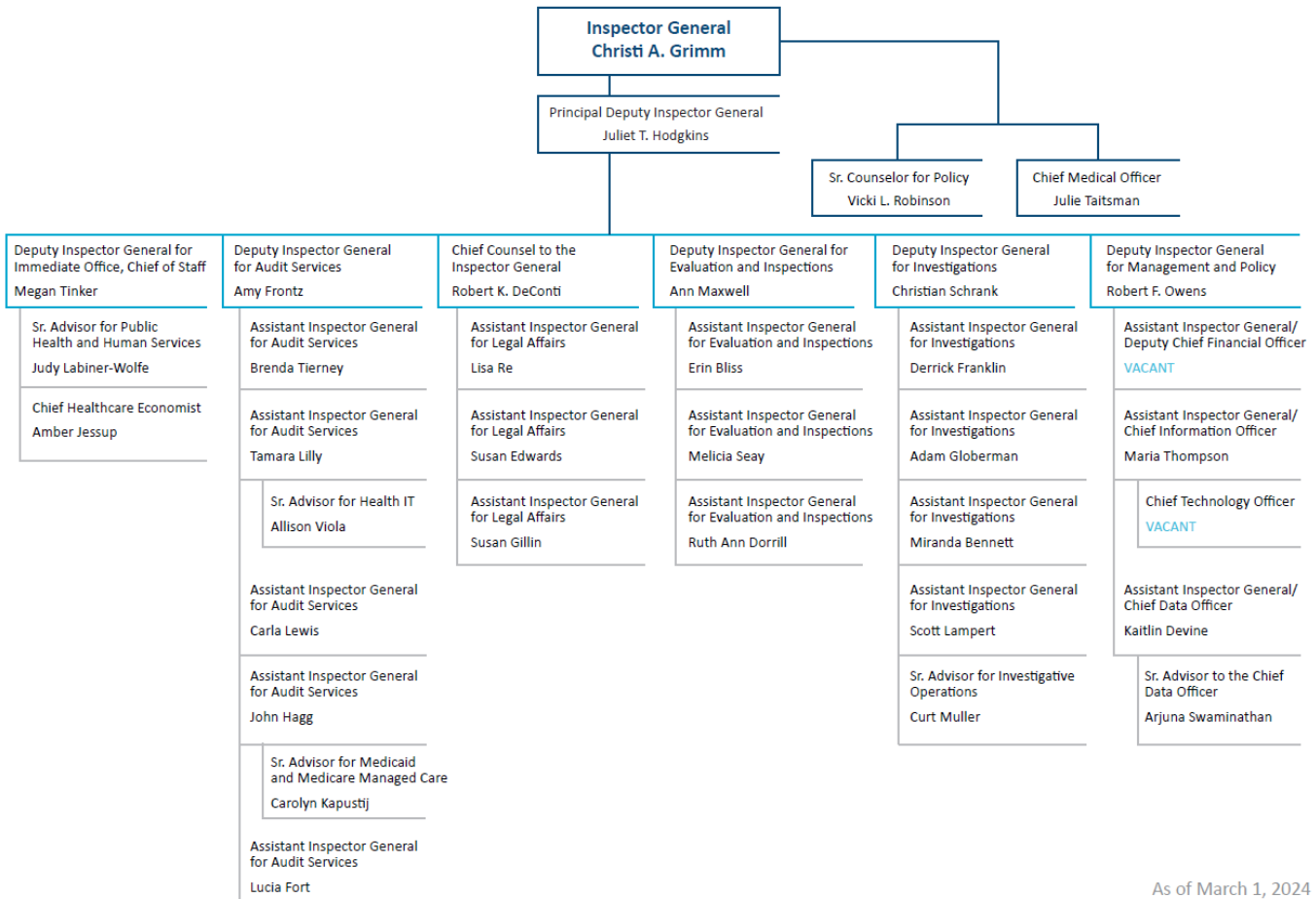
#### Promote Quality, Safety, and Value

- Foster quality, safety, and value of HHS-funded services
- Promote public health and safety
- Support high-performing health and human service programs

#### Advance Excellence and Innovation

- Maximize value by improving efficiency and effectiveness
- Promote security and effective use of data and technology
- Encourage implementation of OIG recommendations

# Organizational Chart



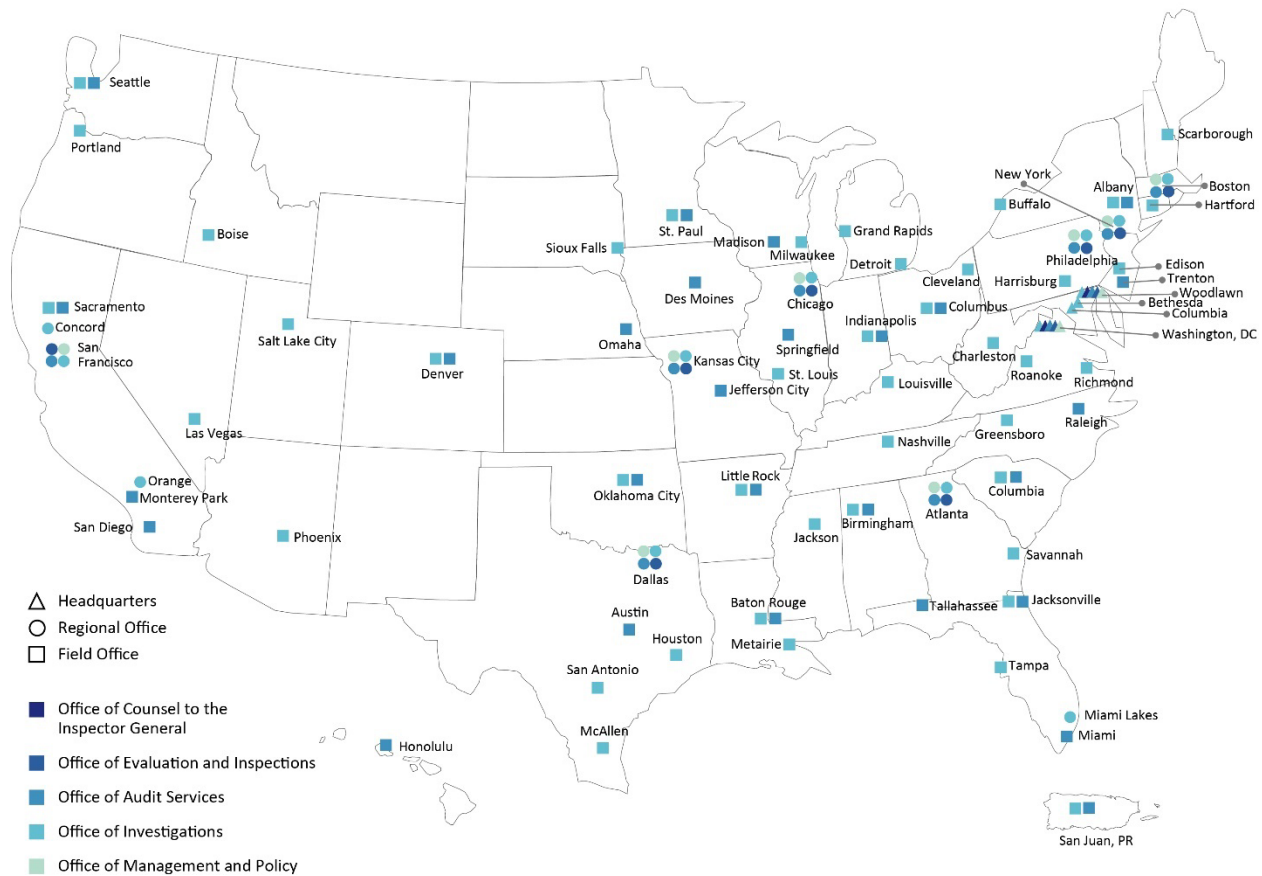
As of March 1, 2024



# Organizational Components

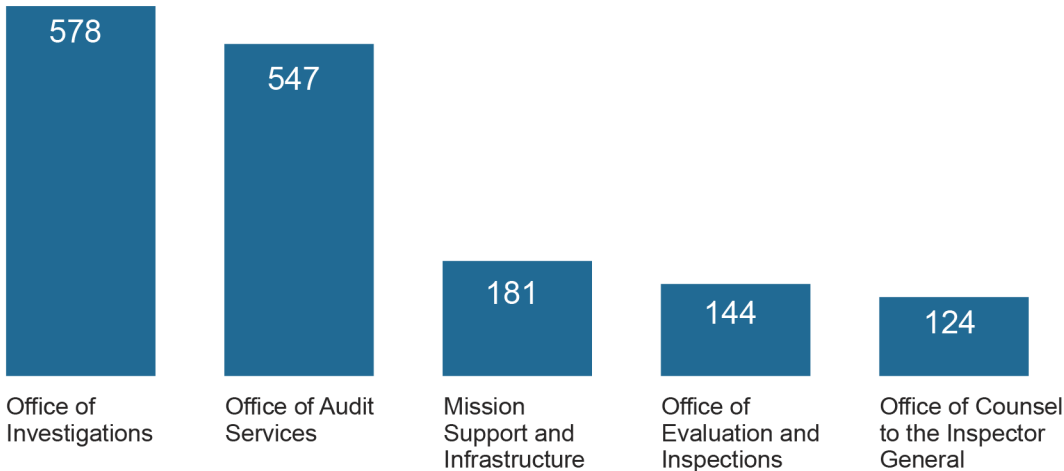
OIG’s multidisciplinary workforce is composed of investigators, auditors, evaluators, analysts, attorneys, program specialists, clinicians, economists, digital and technology specialists, and other experts. This workforce integrates diverse professional skills, tools, and perspectives to tackle complex health and human services issues and sophisticated fraud schemes. For example, OIG pairs criminal investigators and digital analysts—equipped with data and technology—to detect and investigate complex fraud cases more effectively. OIG uses its workforce strategically to address fraud and abuse from prevention and detection to, when necessary, enforcement.

OIG maintains a Washington, DC, office and a nationwide network of Regional and Field Offices. (See map below.) More than 70 percent of our employees work outside of the Metropolitan Washington area.



In fiscal year (FY) 2023, OIG’s total funding supported 1,574 full-time equivalents (FTEs) across OIG’s 5 components. (See chart below.)

### FTE by OIG Component



#### Office of Audit Services

OAS is the largest civilian audit agency in the Federal Government and conducts independent audits of HHS programs and/or HHS grantees and contractors. OAS examines the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and provides independent assessments of HHS programs and operations. These audits help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS. OAS also oversees HHS’s annual financial statement audits conducted under the Chief Financial Officers Act and HHS’s annual Federal Information Security Modernization Act audits.

#### Office of Investigations

OI actively collaborates with the Department of Justice (DOJ) and other Federal, State, Tribal, and local law enforcement authorities to conduct criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, beneficiaries, and employees. Our special agents have full law enforcement authority and execute a broad range of actions, including the execution of search warrants and arrests. With investigators covering every State, the District of Columbia, and Puerto Rico and other Territories, OI utilizes traditional as well as state-of-the art investigative techniques and innovative data analysis to fulfill its mission to protect the integrity of the programs administered by HHS. OI’s investigations lead to criminal convictions, False Claims Act resolutions, and administrative sanctions including, but not limited to, civil monetary penalties.

#### Office of Evaluation and Inspections

OEI conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, and abuse and promoting the economy, efficiency, and effectiveness of Department programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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

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 the False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

### **Mission Support and Infrastructure**

MSI is composed of the Immediate Office of the Inspector General and the Office of Management and Policy. MSI provides mission support that includes setting the vision and direction for OIG's priorities and strategic planning; ensuring effective management of budget, finance, human resources, and other operations; and serving as a liaison to HHS, Congress, and other stakeholders. MSI plans, conducts, and participates in a variety of cooperative projects within HHS and with other Government agencies. MSI also provides critical data analytics, data management, and IT infrastructure that enable OIG components to work efficiently and effectively. MSI houses OIG's state-of-the-art data analytics function with highly trained data analysts, scientists, and statisticians who collaborate closely with our other components' investigators, auditors, attorneys, and evaluators to uncover anomalies and detect potential fraud, waste, and abuse affecting HHS programs and beneficiaries.

# SECTION I: EXECUTIVE SUMMARY

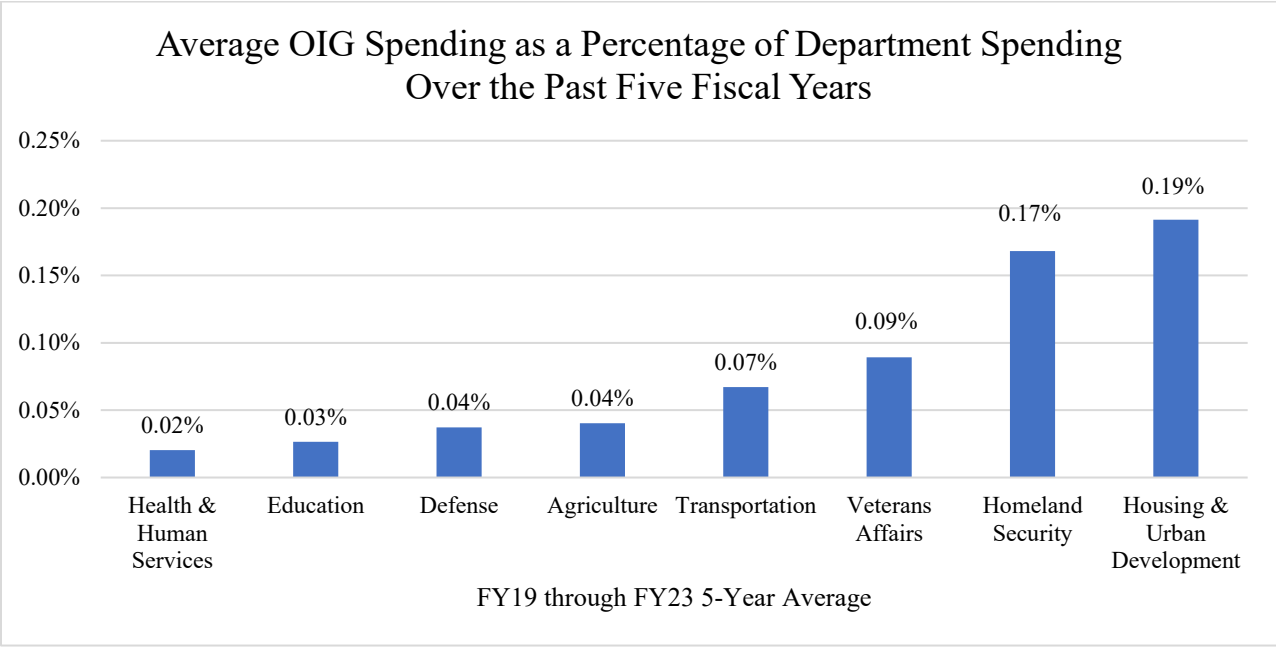
## Preface to FY 2025 Budget Request

OIG is a leader in the Nation’s efforts to fight fraud, waste, and abuse in HHS programs, with an exceptional record of success in providing independent, objective, data-driven, high-impact oversight that protects and strengthens HHS programs. OIG marshals its resources to deliver actionable recommendations and insights to HHS, Congress, and the public; foster transparency; and hold wrongdoers accountable for their actions. OIG’s work supports Department priorities, including protecting and strengthening access to high-quality and affordable health care; safeguarding and improving health; strengthening social well-being, equity, and economic resilience; restoring trust in science and research; and advancing strategic management to build trust, transparency, and accountability.

This FY 2025 funding request provides needed additional resources for OIG to oversee HHS’s growing expenditures, programs, and risks. OIG work consistently yields a positive return on investment (ROI). However, at current resource levels OIG’s investigators, auditors, and evaluators are unable to keep pace with growth in fraud schemes and other program integrity risks. Underfunding OIG means missed opportunities for ROIs in OIG, as well as missed opportunities to protect people from harm and show bad actors there are consequences to defrauding HHS, potentially emboldening future bad actors.

OIG’s oversight responsibilities have increased substantially, especially during the past several fiscal years, because of significant, new HHS funding for the pandemic response and expanded HHS program operations. In FY 2023, HHS had the highest expenditures among all Federal agencies—including the Department of Defense—at more than \$2 trillion. HHS delivered new and expanded programs and services in response to the pandemic and the surge in unaccompanied children at the U.S. southern border. HHS’s responsibilities have expanded additionally because of the Inflation Reduction Act’s changes to the Medicare Part D Program.

Notably, compared to other Cabinet-level Departments and their corresponding OIGs, HHS-OIG’s oversight and enforcement funding ratio ranks as one of the lowest. With just 2 cents for overseeing every \$100 spent by HHS, HHS-OIG needs to make hard choices about what and at what depth we oversee the broad portfolio of HHS programs—programs that touch the lives of all Americans.



Agency spend data provided by USASpending.gov.

The chart above shows the 5-year oversight spending averages from USASpending.gov for each of the largest departments for FY 2019 through FY 2023. These 5 fiscal years include spending for years before and during the COVID-19 pandemic. During the past 5 fiscal years, HHS-OIG’s average spending was approximately 0.02 percent of HHS spending. Comparably, spending during this time period for the eight largest Cabinet-level Inspectors General, including HHS, averaged 0.08 percent of respective department spending. On average, our peers have almost four times the oversight budget as a percentage of each respective department’s spending.

OIG ensures that fraud schemes are detected and stopped; bad actors are removed from HHS programs; defrauded and misspent HHS funds are found and returned; taxpayer funds are appropriately accounted for; risks and vulnerabilities in complex programs are identified; and people who depend on HHS programs are protected from grievous harms such as elder abuse, child sex trafficking, and substandard nursing home and hospice care. OIG’s enforcement and oversight helps the Department ensure that the Government is getting what it pays for and bolsters congressional and public confidence in investments in HHS programs.

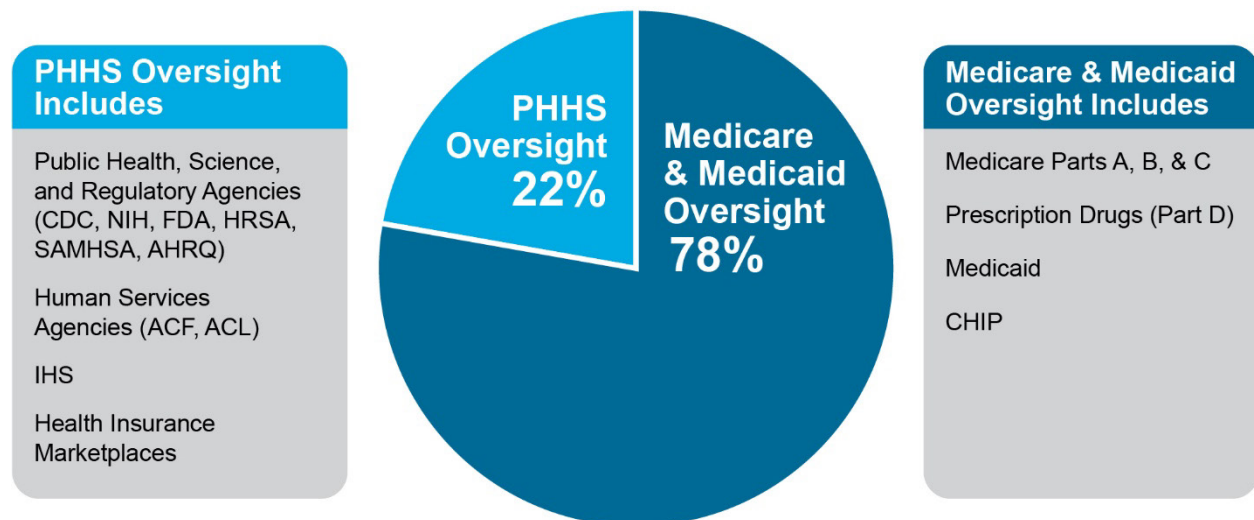
# FY 2025 Budget Request Overview

The total FY 2025 budget submission for OIG is \$499.7 million—a \$67.2 million increase from the FY 2023 Final Level.

OIG’s funding and oversight work is divided into two, legally defined categories:

**Public Health and Human Services Oversight.** In FY 2023, 22 percent of OIG funding supported oversight of HHS’s broad and diverse portfolio of Public Health and Human Services (PHHS) programs and services including, among others, health care funded by the Indian Health Service; research and other initiatives funded by the National Institutes of Health (NIH); Food and Drug Administration (FDA) efforts to ensure the safety of foods, drugs, and medical devices; and programs that address mental health and substance use disorders, protect the health and well-being of children, and help the Nation plan for, respond to, and recover from emergencies.

**Health Care Fraud and Abuse Control Program Oversight (Medicare and Medicaid).** In FY 2023, 78 percent of OIG’s funding supported oversight of Medicare and Medicaid programs, which include Medicare Parts A, B, and C, as well as the prescription drug benefit (Part D).



## PHHS Oversight and Enforcement

### Budget Submission: \$103.9 Million (+\$10.4 Million Above FY 2023 Final Level)

The \$10.4 million in additional resources represents a timely investment in the oversight of critical areas of risk to PHHS programs and the people they serve.

- \$9.5 million in additional resources to invest in 2 years of inflationary increases in the Federal workforce by funding federally mandated pay and benefits increases estimated in FY 2024 and FY 2025 for OIG’s PHHS budget.

- \$0.9 million in additional resources to invest in 2 years of nonpay inflationary increase projections.

## **Medicare and Medicaid Oversight and Enforcement<sup>1</sup>**

### **Budget Submission: \$395.8 Million (+\$56.8 Million Above FY 2023 Final Level)**

- \$275.3 million in HCFAC Mandatory funds (+\$50.5 million above FY 2023 Final Level),
- \$111.5 million in HCFAC Discretionary funds (+\$6.3 million above FY 2023 Final Level), and
- \$9.0 million in estimated HCFAC Collections (no change from FY 2023 Final Level).

The additional \$56.8 million requested for HCFAC Mandatory and HCFAC Discretionary funding represent a timely investment in OIG's enforcement and oversight work to protect and strengthen the Medicare and Medicaid programs and the people they serve.

- \$33.3 million in additional resources to invest in 2 years of inflationary increases in the Federal workforce by funding federally mandated pay and benefits increases estimated in FY 2024 and FY 2025.
- \$3.7 million in additional resources to invest in 2 years of nonpay inflationary increase projections.
- \$19.8 million to address the difficult shortfall in current OIG investigative personnel and non-personnel resources needed to tackle pervasive, harmful health care fraud.

---

<sup>1</sup> Medicare and Medicaid oversight and enforcement are funded using HCFAC resources.

## Recent Accomplishments

OIG is at the forefront of the Nation's efforts to fight fraud in HHS programs and hold wrongdoers accountable for their actions. OIG's work delivers results and actionable information and recommendations to program officials, policymakers, taxpayers, public and private partners, and consumers. The reach, range, and impact of our work and accomplishments are bound only by our resources.

OIG's statistical accomplishments and ROI provide a snapshot of our impact in preventing, detecting, and combating fraud, waste, and abuse. In FY 2023, OIG's work resulted in approximately \$3.16 billion in expected investigative recoveries and 1,453 criminal and civil actions. OIG excluded 2,112 untrustworthy individuals and entities from participation in Federal health care programs, including those convicted of patient abuse, neglect, and fraud. We issued 169 reports that included 464 new recommendations to strengthen HHS programs. Our audit work identified nearly \$283 million in expected recoveries as well as nearly \$1.5 billion in questioned costs. HHS operating divisions implemented 493 prior recommendations. OIG's work consistently yields a positive health care ROI of around \$10 returned for every \$1 invested, including expected and actual recoveries of funds to HHS programs.

OIG's work ensures that people served by HHS programs receive safe, quality services and that taxpayer funds are used to deliver cost-effective, high-value services. Using advanced analytics, we conduct risk assessments to identify emerging issues and provide meaningful oversight in key areas such as nursing homes, managed care, hospice care, foster care, telehealth, adverse events in health care facilities, the Unaccompanied Children program, prescription drug programs, and group home and assisted living facility care. In 2023 OIG's work helped to strengthen access to treatment for opioid use disorder, prevent prescription drug misuse, improve HHS operations, and enhance cybersecurity.

In overseeing PHHS programs, reducing fraud, waste, and abuse in grants and contracts is a top OIG priority. For example, OIG's oversight of NIH enhances the Federal Government's ability to detect, deter, and take enforcement action to ensure the proper stewardship of funds and the integrity of U.S. medical research. OIG oversight protects children served by HHS programs. OIG issued important work that found concerning gaps in the reporting of children missing from foster care to the National Center for Missing and Exploited Children as well as work recommending improvements to the Office of Refugee Resettlement's background check practices.

With respect to HCFAC programs, OIG fights fraud and provides oversight of spending and quality in Medicare and Medicaid. Two top priority areas are nursing homes and managed care: OIG is conducting enforcement and oversight to ensure these programs operate as intended. For example, in 2023 OIG identified ongoing challenges with nursing home safety and infection control. Also in 2023, OIG collaborated with DOJ to achieve a groundbreaking, \$172 million settlement from Cigna Group and its subsidiaries for Medicare Advantage fraud, clearly signaling that the government can and will hold wrongdoers in managed care accountable. Information about issued and ongoing work can be found on OIG's [Nursing Homes](#) web page and OIG's [Managed Care](#) web page.

For a more detailed discussion of OIG's recent accomplishments, please see OIG's [Fall 2023 Semiannual Report to Congress](#) and [Spring 2023 Semiannual Report to Congress](#) on our website.



## All Purpose Table

OIG <sup>2</sup> (dollars in millions)	FY 2023 <sup>3</sup>		FY 2024		FY 2025		FY 2025 +/- FY 2023	
	Final	FTE	CR	FTE	President's Budget	FTE	Amount	FTE
<b>PHHS Oversight</b>								
<b>Discretionary Budget Authority (BA)</b>	\$87.000		\$87.000		\$97.384		\$10.384	
<b>FDA Transfer</b>	\$1.500		\$1.500		\$1.500			
<b>NIH Transfer</b>	\$5.000		\$5.000		\$5.000			
<b>Subtotal, PHHS BA</b>	\$93.500	350	\$93.500	323	\$103.884	350	\$10.384	0
<b>HCFAC Oversight</b>								
<b>HCFAC Mandatory BA<sup>4</sup></b>	\$224.811		\$236.276		\$243.837		\$19.026	
<b>HCFAC Mandatory BA, Proposed Law</b>					\$31.452		\$31.452	
<b>HCFAC Discretionary BA</b>	\$105.145		\$105.145		\$111.509		\$6.364	
<b>Subtotal, HCFAC BA<sup>5</sup></b>	\$329.956		\$341.421		\$386.798		\$56.842	
<b>HCFAC Collections</b>	\$9.000		\$9.000		\$9.000			
<b>Subtotal, HCFAC PL</b>	\$338.956	1,214	\$350.421	1,183	\$395.798	1,300	\$56.842	86
<b>TOTAL BA</b>	\$423.456		\$434.921		\$490.682		\$67.226	
<b>TOTAL PL</b>	\$432.456	1,564	\$443.921	1,506	\$499.682	1,650	\$67.226	86
<b>NEF</b>								
<b>Secure Cloud Solutions and Zero Trust</b>			\$14.500		\$17.750			
<b>Implementation of Physical Security Controls</b>					\$5.790			

<sup>2</sup> This table does not include non-HCFAC reimbursable funding. See Object Classification Tables for reimbursable information.

<sup>3</sup> Excludes emergency and supplemental funding of \$2 million from the Disaster Relief Supplemental Appropriations Act (P.L. 117-328 Division N)

<sup>4</sup> Reflects a 5.7 percent sequestration.

<sup>5</sup> OIG's HCFAC funding is drawn from the Medicare Hospital Insurance Trust Fund (§ 1817(k)(3) of the Social Security Act) and is requested and provided through the CMS budget.

## Appropriations Language

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, [\$87,000,000] \$97,384,000: *Provided*, That of such amount, necessary sums shall be available for providing protective services to the Secretary and investigating non-payment of child support cases for which non-payment is a Federal offense under 18 U.S.C. 228: *Provided further*, That of the amount appropriated under this heading, necessary sums shall be available for carrying out activities authorized under section 3022 of the PHS Act (42 U.S.C. 300jj-52).

# Nonrecurring Expenses Fund

## Budget Summary (dollars in thousands)

	FY 2023 <sup>7</sup>	FY 2024 <sup>8</sup>	FY 2025 <sup>9</sup>
Notification <sup>6</sup>	\$13,400	\$14,500	\$23,540

### Authorizing Legislation:

Authorization..... Section 223 of Division G of the Consolidated Appropriations Act, 2008

Allocation Method..... Direct Federal, Competitive Contract

### Program Description and Accomplishments

The Nonrecurring Expenses Fund (NEF) permits HHS to transfer unobligated balances of expired discretionary funds from FY 2008 and subsequent years into the NEF account. Congress authorized use of the funds for capital acquisitions necessary for the operation of the Department, specifically information technology (IT) and facilities infrastructure acquisitions. NEF investments in OIG drive positive change and directly benefit mission capabilities.

### Budget Allocation FY 2025

For FY 2025, NEF is investing in two projects to protect and safeguard OIG personnel, property, facilities, and information, and to bring all OIG spaces into compliance with Homeland Security Presidential Directive 12: Policy for a Common Identification Standard for Federal Employees and Contractors; and to complete the implementation of new software capabilities on secure cloud platforms, and to implement a Zero Trust Architecture.

NEF will fund the design, materials, and installation of the Electronic Security System (ESS) at the 40 OIG office locations that do not have the system. This request, which is expected to be completed in FY 2025, will implement a centrally managed ESS and security standards to ensure safe and secure workplaces while providing real time awareness of security incidents and remote system management.

---

<sup>6</sup> Pursuant to Section 223 of Division G of the Consolidated Appropriation Act, 2008, notification is required of planned use.

<sup>7</sup> Notification submitted to the Committees on Appropriations in the House of Representatives and the Senate on September 23, 2022

<sup>8</sup> Notification submitted to the Committees on Appropriations in the House of Representatives and the Senate on October 19, 2023.

<sup>9</sup> HHS has not yet notified for FY 2025.

NEF will fund the implementation of new software capabilities on secure cloud platforms and implement a Zero Trust Architecture. This request complies with the “Executive Order on Improving the Nation’s Cybersecurity” and will focus on infrastructure modernization, cloud migration, data analytics, cloud engineering services, and cloud storage. This is the second iteration of a multiyear request that was initiated in FY 2024 and will be completed in FY 2026.

### **Budget Allocation FY 2024**

The FY 2024 NEF investment enabled OIG to implement new software capabilities on secure cloud platforms and implement a Zero Trust Architecture. This enhanced OIG’s cybersecurity architecture and secure cloud applications significantly increases infrastructure resiliency, stabilizes, and modernizes cybersecurity capabilities, and reduces the cycle of time-to-delivery for new mission capabilities. This project complied with the Executive Order on Improving the Nation’s Cybersecurity and encompasses tools and solutions to adopt security best practices to advance toward Zero Trust cybersecurity architecture, accelerate movement to secure cloud services, and centralize and streamline access to cybersecurity data to drive analytics for identifying and managing cybersecurity risks under the Data Center Optimization Initiative.

### **Budget Allocation FY 2023**

The FY 2023 NEF investment enabled OIG to continue the modernization of the portfolio of legacy audit evaluation, legal, and data analytics that were near the end of life. The FY 2023 NEF investment helped OIG complete the modernization projects for several applications for Medicaid Fraud Control Units Annual Statistic reporting applications, Subpoena tracking applications, and FOIA. In addition, the funding allowed us to optimize our cloud architecture and build a more secure and cost-effective platform for business and data applications.

Examples include:

1. applications in the GeoPortal, such as the Behavioral Health Treatment Viewer and COVID-19 Hospitalizations Story Map, to help States, policymakers, and the public understand resources and gaps in behavioral health services as well as pandemic-related impacts on hospitals and nursing homes;
2. tools such as the Contracts and Grants Analytics Portal, which streamlines access to contract and grants-related data and delivers a comprehensive view of HHS awards and A-133 single audit findings, and the Discretionary Funding Search Tool, which provides agents with data regarding pandemic funding from multiple funding streams, including the Provider Relief Fund and Uninsured Program; and
3. support for investigations and prosecutions of inappropriate opioid prescribing through the Medicare and Medicaid Opioid Overdose Dashboard.

### **Budget Allocation FY 2022 and prior**

OIG began its modernization journey with NEF funding in 2019, with efforts to retire legacy applications that tracked work products for our attorneys in our Advice Branch and upgrading the internal tracking of our Hotline submissions. We built out an integrated data platform that enabled us to mature our presence in the Cloud and to begin discussions around data governance and modernization of our analytics processes. Finally, we began a multi-year effort to significantly upgrade our aging network infrastructure as much of our equipment was reaching its end-of-life.

The FY 2022 NEF investment enabled OIG to continue the modernization of the portfolio of legacy audit, evaluation, legal, and data analytics that were near the end of life. In FY 2022, we began modernization efforts for several Medicaid Fraud Control Units (MFCUs), Annual Statistic reporting, Subpoena tracking, and FOIA applications. In addition, the funding allowed us to migrate our legacy investigation management system to our AWS cloud environment and upgrade our network equipment. In FY 2022, we also continued development of the integrated data platform (IDP) and began development of the Data Workbench, a cloud-native workspace for HHS OIG staff to connect to enterprise datasets and conduct analytics securely. This work has facilitated the decommissioning of the OIG on premises data warehouse.

In 2022, more than 600 OIG staff members leveraged enterprise business intelligence and geospatial products in IDP applications to execute nearly 32,000 actions supporting OIG audits, evaluations, investigations, and provider-compliance monitoring.

# SECTION II: BUDGET EXHIBITS

## Summary of Changes

<b>OIG</b> <i>(dollars in thousands)</i>	
<b>FY 2023 Final</b>	
PHHS Discretionary Budget Authority	\$93,500
<b>FY 2025 President's Budget</b>	
PHHS Discretionary Budget Authority	\$103,884
<b>Net Change</b>	<b>\$10,384</b>

<b>OIG</b> <i>(dollars in thousands)</i>	<b>FY 2023 Final</b>		<b>FY 2025 President's Budget</b>		<b>FY 2025 +/- FY 2023</b>	
	<b>FTE</b>	<b>BA</b>	<b>FTE</b>	<b>BA</b>	<b>FTE</b>	<b>BA</b>
<b>Increases</b>						
A. Built-in:						
1. Salaries	350	\$49,703	350	\$56,365	-	+\$6,662
2. Benefits		\$20,895		\$23,696		+\$2,801
3. Contracts		\$15,105		\$15,713		+\$607
4. Training, Travel, Materials		\$7,797		\$8,110		+\$313
<b>Subtotal, Built-in Increases</b>		<b>\$93,500</b>		<b>\$103,884</b>		<b>+\$10,384</b>

## Budget Authority by Activity

OIG (dollars in thousands)	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget
<b>PHHS Oversight</b>			
Discretionary BA <sup>10</sup>	\$93,500	\$93,500	\$103,884
<b>Subtotal, PHHS Oversight</b>	<b>\$93,500</b>	<b>\$93,500</b>	<b>\$103,884</b>
<b>Medicare and Medicaid Oversight<sup>11</sup></b>			
HCFAC Mandatory BA	\$224,811	\$236,276	\$243,837
<i>HCFAC Mandatory BA, Proposed Law</i>			\$31,452
HCFAC Discretionary BA	\$105,145	\$105,145	\$111,509
<b>Subtotal, Medicare and Medicaid Oversight BA</b>	<b>\$329,956</b>	<b>\$341,421</b>	<b>\$386,798</b>
HCFAC Collections	\$9,000	\$9,000	\$9,000
<b>Subtotal, Medicare and Medicaid Oversight PL</b>	<b>\$338,956</b>	<b>\$350,421</b>	<b>\$395,798</b>
<b>Total, BA</b>	<b>\$423,456</b>	<b>\$434,921</b>	<b>\$490,682</b>
<b>Total, PL</b>	<b>\$432,456</b>	<b>\$443,921</b>	<b>\$499,682</b>
<b>FTE<sup>12</sup></b>	<b>1,564</b>	<b>1,506</b>	<b>1,650</b>

<sup>10</sup> Like prior tables, entries in the FY columns include one-time NIH and FDA transfers.

<sup>11</sup> Like prior tables, entries in the FY 2022 column include actual sequestration for HCFAC Mandatory and HCFAC Collections, while entries in the FY 2023 and FY 2024 columns reflect estimated sequestration.

<sup>12</sup> Excluding reimbursable or supplemental FTEs.

## Amounts Available for Obligation

OIG <i>(dollars in thousands)</i>	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget
<b>General Fund   Discretionary Appropriation</b>			
Annual Appropriation (Labor/HHS)	\$87,000	\$87,000	\$97,384
<b>Total, Discretionary Appropriation</b>	<b>\$87,000</b>	<b>\$87,000</b>	<b>\$97,384</b>
<b>Transfers</b>			
Transfer from NIH	\$5,000	\$5,000	\$5,000
Transfer from FDA	\$1,500	\$1,500	\$1,500
<b>Total, Transfers</b>	<b>\$6,500</b>	<b>\$6,500</b>	<b>\$6,500</b>
<b>Trust Fund   HCFAC Discretionary</b>			
Trust Fund HCFAC Discretionary Appropriation	\$105,145	\$105,145	\$111,509
<b>Total, HCFAC Discretionary</b>	<b>\$105,145</b>	<b>\$105,145</b>	<b>\$111,509</b>
<b>Trust Fund   HCFAC Mandatory</b>			
Trust Fund HCFAC Mandatory Appropriation	\$238,400	\$250,558	\$291,929
Trust Fund HCFAC Mandatory Sequestration	-\$13,589	-\$14,282	-\$16,640
HCFAC Collections	\$9,544	\$9,544	\$9,544
HCFAC Collections Sequestration	-\$544	-\$544	-\$544
Previously Sequestered, but Available	\$309	\$544	\$544
<b>Total, HCFAC Mandatory</b>	<b>\$234,120</b>	<b>\$245,820</b>	<b>\$284,833</b>
<b>Total Amount Sequestered</b>	<b>-\$14,133</b>	<b>-\$14,826</b>	<b>-\$17,184</b>
<b>Carryover</b>			
Unobligated Balance, Start of Year	\$47,672	\$57,324	\$40,000
Unobligated Balance, End of Year	\$57,324	\$40,000	\$40,000
Unobligated Balance, Lapsing	\$300	\$300	\$300
<b>TOTAL OBLIGATION AVAILABILITY</b>	<b>\$432,765</b>	<b>\$444,465</b>	<b>\$500,226</b>



## Program Authorization Legislation

<b>OIG</b> <i>(dollars in thousands)</i>	<b>FY 2024 Amount Authorized</b>	<b>FY 2024 CR</b>	<b>FY 2025 Amount Authorized</b>	<b>FY 2025 President's Budget</b>
Inspector General Act (IG Act) of 1978 (P.L. No. 95-452, as amended)				
IG Act, as amended, PHHS Discretionary	Indefinite	\$87,000	Indefinite	\$97,384
Health Insurance Portability and Accountability Act of 1996 (HIPAA) (P.L. No. 104-191, as amended)				
HIPAA, as amended, HCFAC Mandatory	\$236,276	\$236,276	\$243,837	\$275,289
HIPAA, as amended, HCFAC Discretionary	Enabling Only	\$105,145	Enabling Only	\$111,509
HIPAA, as amended, HCFAC Collections	Enabling Only	Indefinite	Enabling Only	Indefinite

## Appropriations History

Fiscal Year	Details	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2015	Direct Discretionary	\$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)
	<i>Subtotal</i>	<i>\$388,251,000</i>	<i>-</i>	<i>\$185,418,000</i>	<i>\$325,765,555</i>
2016	Direct Discretionary	\$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)
	<i>Subtotal</i>	<i>\$404,893,000</i>	<i>\$142,200,000</i>	<i>\$149,775,000</i>	<i>\$331,316,623</i>
2017	Direct Discretionary	\$85,000,000	\$86,500,000	\$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	\$200,273,000			\$199,684,560
	Sequestration				(\$13,778,235)
	<i>Subtotal</i>	<i>\$407,097,000</i>	<i>\$153,700,000</i>	<i>\$155,855,000</i>	<i>\$329,460,898</i>
2018	Direct Discretionary	\$68,085,000	\$81,500,000	\$81,500,000	\$81,500,000
	HCFAC Discretionary Allocation Adjustment	\$74,246,000	\$82,132,000	\$84,398,000	\$84,398,000
	HCFAC Mandatory	\$203,842,374	-	-	\$203,842,374
	Sequestration	-	-	-	(\$13,453,597)
	<i>Subtotal</i>	<i>\$346,173,374</i>	<i>\$163,632,000</i>	<i>\$165,898,000</i>	<i>\$356,286,777</i>

<b>Fiscal Year</b>	<b>Details</b>	<b>Budget Estimate to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriation</b>
<b>2019</b>	Direct Discretionary	\$80,000,000	\$81,500,000	\$86,500,000	\$86,500,000
	HCFAC Discretionary Allocation Adjustment	\$87,230,000	\$87,230,000	\$86,664,000	\$87,230,000
	HCFAC Mandatory	\$208,289,651	-	-	\$195,755,000
	Sequestration				(\$12,939,024)
	<i>Subtotal</i>	<i>\$375,519,651</i>	<i>\$168,730,000</i>	<i>\$173,164,000</i>	<i>\$356,545,976</i>
<b>2020</b>	Direct Discretionary	\$80,000,000	\$85,000,000	\$86,500,000	\$86,500,000
	HCFAC Discretionary Allocation Adjustment	\$98,000,000	\$93,000,000	\$89,625,000	\$93,000,000
	HCFAC Mandatory (including suspension)	\$213,248,000	\$200,082,000	\$200,082,000	\$212,626,959
	Sequestration (including suspension)				(\$7,300,773)
	<i>Subtotal</i>	<i>\$391,248,000</i>	<i>\$378,082,000</i>	<i>\$376,207,000</i>	<i>\$384,826,186</i>
<b>2021</b>	Direct Discretionary	\$90,000,000	\$86,500,000	\$86,500,000	\$86,500,000
	HCFAC Discretionary Allocation Adjustment	\$101,644,000	\$98,000,000	\$100,000,000	\$99,000,000
	HCFAC Mandatory	\$215,574,000	\$215,574,000	\$215,574,000	\$213,886,600
	Sequestration (including suspension)				(\$0)
	<i>Subtotal</i>	<i>\$407,218,000</i>	<i>\$400,074,000</i>	<i>\$402,074,000</i>	<i>\$399,386,600</i>
<b>2022</b>	Direct Discretionary	\$106,500,000	\$106,500,000	\$96,500,000	\$88,900,000
	HCFAC Discretionary Allocation Adjustment	\$102,145,000	\$109,145,000	\$102,145,000	\$102,145,000
	HCFAC Mandatory	\$208,863,000	\$208,863,000	\$208,863,000	\$220,944,180
	Sequestration				(\$6,314,180)
	<i>Subtotal</i>	<i>\$417,508,000</i>	<i>\$424,508,000</i>	<i>\$407,508,000</i>	<i>\$405,675,000</i>
<b>2023</b>	Direct Discretionary	\$112,829,000	\$100,900,000	\$93,900,000	\$93,500,000
	HCFAC Discretionary Allocation Adjustment	\$109,612,000	\$109,612,000	\$112,145,000	\$105,145,000
	HCFAC Mandatory	\$224,811,000	\$224,811,000	\$224,811,000	\$238,399,502
	Sequestration				(\$13,588,772)
	<i>Subtotal</i>	<i>\$447,252,000</i>	<i>\$435,323,000</i>	<i>\$430,856,000</i>	<i>\$423,455,730</i>

<b>Fiscal Year</b>	<b>Details</b>	<b>Budget Estimate to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriation</b>
<b>2024</b>	Direct Discretionary	\$123,301,000	\$81,500,000	\$93,500,000	
	HCFAC Discretionary Allocation Adjustment	\$112,434,000	\$100,145,000	\$107,735,000	
	HCFAC Mandatory	\$267,704,000	\$236,276,000	\$236,276,000	
	Sequestration				
	<i>Subtotal</i>	<i>\$503,439,000</i>	<i>\$417,921,000</i>	<i>\$437,511,000</i>	
<b>2025</b>	Direct Discretionary	\$103,884,000			
	HCFAC Discretionary Allocation Adjustment	\$111,509,000			
	HCFAC Mandatory	\$275,289,000			
	Sequestration				
	<i>Subtotal</i>	<i>\$490,682,000</i>			

# SECTION III: BUDGET NARRATIVES

## Adjustments to Base Funding Requirements

OIG's funding request includes \$47.4 million to offset mandatory cost increases related to civilian pay, benefits, and other inflationary expenses in FY 2024 and FY 2025. OIG's mission is currently supported by the work of 1,574 multidisciplinary professionals who perform investigations, audits, and evaluations. They also maintain the integrity of our independent IT infrastructure, perform complex data analysis that supports critical field operations, and impose administrative sanctions for fraud and other misconduct, thus excluding bad actors from participating in Federal health care programs. Three-quarters of OIG's operating budget is dedicated to civilian pay and benefits.

A detailed breakdown of estimated mandatory increases to OIG's expenses appears below.

**Federal Pay Raise** *FY24 +\$11.2 million | FY25 +\$6.7 million | +\$17.9 million*

FY 2024 Office of Management and Budget guidance mandates that each Federal agency request a 5.2-percent pay raise for its Federal workforce and a 2.0-percent pay raise in FY 2025. The requested funding will cover expenses associated with this increase.

**Promotional/Step Increases** *FY24 +\$5.6 million | FY25 +\$6.0 million | +\$11.6 million*

Each fiscal year, OIG's permanent Federal workforce staff who meet certain requirements are eligible for promotional and within-grade increases, or step increases. Promotional increases are part of a career ladder allowing certain General Schedule (GS) employees to achieve the next grade once time in service or career milestones have been met. Within-grade increases are periodic increases in a GS employee's rate of basic pay from one step of the grade to the next-higher step of that grade. Each grade has 10 step rates that are each worth approximately 3 percent of an employee's salary.<sup>13</sup>

**Benefits** *FY24 +\$7.4 million | FY25 +\$5.9 million | +\$13.3 million*

OIG is responsible for contributing to employees' Federal civilian benefit programs (e.g., Federal Employees Health Benefits, Federal Employees Retirement System, and the Thrift Savings Plan). The requested funding will cover expenses associated with inflationary, promotional, and grade and/or step increases.

**Non-Labor Inflation Increases** *FY24 +\$1.3 million | FY25 +\$1.3 million | +\$2.6 million*

OIG is modernizing a portfolio of legacy IT systems and working to meet the increases in Federal mandates surrounding cybersecurity and cloud efforts. Many cloud, IT applications, and

---

<sup>13</sup> Office of Personnel Management (OPM), General Schedule. Available at <https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/general-schedule/>.

infrastructure services are now based on an annual subscription and utilization-based cost model. OIG's base appropriations are not sufficient to support all of the annual cost increases needed to secure modern solutions for mission-critical operations and to comply with Federal mandates. The requested funding will cover estimated increases in expenses associated with maintaining IT systems and subscription increases.

**SSF and JFAs**

*FY24 +\$1.0 million | FY25 +\$1.0 million | +\$2.0 million*

OIG participates in Joint Funding Agreements (JFAs) with HHS and relies on the Service and Supply Fund (SSF). SSF is a revolving fund administered by HHS to provide consolidated operation, financing, and accounting for business-type activities involving common and shared services and commodities provided to OIG. These services include Human Resource functions and tools, financial management services, administrative services, information technology services, and Federal occupational health services. The requested funding will cover the estimated increases in expenses associated with JFAs and SSF.

# PHHS Oversight and Enforcement

## Header Table

OIG <i>(dollars in thousands)</i>	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget	FY 2025 +/- FY 2023
Budget Authority	\$87,000	\$87,000	\$97,384	\$10,384
FDA Transfer	\$1,500	\$1,500	\$1,500	-
NIH Transfer	\$5,000	\$5,000	\$5,000	-
<b>Total, PHHS BA</b>	<b>\$93,500</b>	<b>\$93,500</b>	<b>\$103,884</b>	<b>\$10,384</b>
<b>FTE</b>	<b>350</b>	<b>323</b>	<b>350</b>	<b>-</b>

## Five-Year Funding Table

Fiscal Year	Amount
FY 2021	\$86,500,000
FY 2022	\$88,900,000
FY 2023 Final	\$93,500,000
FY 2024 CR	\$93,500,000
FY 2025 President's Budget	\$103,884,000

### Program Description

OIG oversees more than \$300 billion in taxpayer dollars allocated to a highly diverse set of PHHS programs and funding recipients. The Department expends roughly two-thirds of its PHHS budget through contracts and grants. OIG uses funding from its annual discretionary appropriation to strengthen PHHS programs by leveraging data, modern technology, specialized expertise, and strategic partnerships to target high-risk areas, thus maximizing the effectiveness and outcomes of these critical programs. We use advanced data analytics and multidisciplinary, state-of-the-art investigative techniques to address integrity in PHHS programs and services. OIG uses an enterprisewide data strategy to more effectively detect fraud that touches multiple programs.

# HCFAC Oversight and Enforcement

## Header Table

OIG <i>(dollars in thousands)</i>	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget	FY 2025 +/- FY 2023
HCFAC Mandatory	\$224,811	\$236,276	\$275,289	\$50,478
HCFAC Discretionary	\$105,145	\$105,145	\$111,509	\$6,364
<b>BA Total</b>	<b>\$329,956</b>	<b>\$341,421</b>	<b>\$386,798</b>	<b>\$56,842</b>
HCFAC Collections	\$9,000	\$9,000	\$9,000	\$0
<b>PL Total</b>	<b>\$338,956</b>	<b>\$350,421</b>	<b>\$395,798</b>	<b>\$56,842</b>
<b>FTE</b>	<b>1,214</b>	<b>1,183</b>	<b>1,300</b>	<b>+86</b>

## Five-Year Funding Table

Fiscal Year	Amount
FY 2021	\$323,987,000
FY 2022	\$327,292,000
FY 2023 Final	\$338,956,000
FY 2024 CR	\$350,421,000
FY 2025 President's Budget	\$395,798,000

## Program Description

The Health Insurance Portability and Accountability Act of 1996 amended the Social Security Act and established a comprehensive program to combat fraud committed against all health plans, both public and private. The legislation required the establishment of a national HCFAC program under the joint direction of the Attorney General and the Secretary, acting through OIG. The HCFAC program is designed to: (1) coordinate Federal, State, and local law enforcement efforts to control fraud and abuse associated with health plans; (2) conduct investigations, audits, evaluations, and inspections of delivery and payment for health care in the United States; (3) facilitate enforcement of Federal health care fraud and abuse laws; (4) provide guidance to the health care industry in the form of advisory opinions, safe harbor regulations, and special fraud alerts; and (5) establish a national database of adverse actions against health care providers.

The funding OIG receives for HCFAC is available only for oversight of Medicare and Medicaid. These programs are the two largest, most complex health care programs at HHS. They offer benefits in multiple formats (fee-for-service, managed care, and newer models such as accountable care organizations); cover a broad array of health conditions, providers, services,



and settings; and operate pursuant to intricate statutory directives and regulations. More than 40 percent of Americans rely on these programs for health insurance, including adults over 65 years of age, people with disabilities, individuals and families with low incomes, and patients with end-stage renal disease. Both programs have been on the Government Accountability Office's (GAO's) list of high-risk Government programs for years. Medicare and Medicaid accounted for 51.8 percent, or \$128 billion, of all governmentwide estimated improper payments reported in FY 2022.

As the Government's leading expert in detecting and combating Medicare and Medicaid fraud—and with a specific statutory mission to prevent and detect fraud, waste, and abuse in HHS programs—OIG is uniquely positioned to provide independent, objective oversight that strengthens Medicare and Medicaid, promotes equitable access to high-quality and affordable health care, and builds trust, accountability, and transparency. OIG has the authorities, multidisciplinary expertise, agility, and experience to hold accountable wrongdoers engaged in increasingly sophisticated health care fraud schemes and to stay abreast of evolving trends signaling fraud, waste, or abuse.

OIG uses sophisticated data analytics and state-of-the-art investigative, auditing, and evaluative techniques to prevent and detect fraud, waste, and abuse, and to take enforcement actions where needed to protect programs and people. Moreover, OIG gets positive results by effectively leveraging important partnerships with Centers for Medicare and Medicaid Services (CMS), DOJ, State Medicaid Fraud Control Units (MFCUs), the Healthcare Fraud Prevention Partnership, the Pandemic Response Accountability Committee (PRAC), and others. OIG routinely achieves exceptional investigative results in close coordination with our law enforcement partners. OIG has a proven record of success in protecting and strengthening Medicare and Medicaid.

### **Budget Request**

OIG's FY 2025 request for Medicare and Medicaid oversight is \$395.8 million, which is an increase of \$56.8 million above the FY 2023 Final Level.

OIG's HCFAC funds are provided through a number of sources including HCFAC Mandatory, HCFAC Discretionary Allocation Adjustment, and HCFAC Collections. Current HCFAC funding levels to combat fraud, waste, and abuse are helping safeguard Federal health care programs, but more could be done to ensure that the Government is keeping pace with the size, scope, and complexity of the health care industry and Federal programs. Without additional resources, HHS must forgo investigating serious instances of fraud, waste, and abuse. OIG is seeking additional mandatory HCFAC investigative resources for health care fraud cases and oversight work through a joint legislative proposal, described further in the Legislative Proposals section below.

OIG's FY 2025 budget request includes:

- \$275.3 million in HCFAC Mandatory funding, an increase of \$50.5 million above the FY 2023 Final Level;
- \$111.5 million in HCFAC discretionary funding, an increase of \$6.4 million above the FY 2023 Final Level; and

- \$9.0 million in estimated HCFAC Collections. This estimate matches the FY 2023 Final Level. This funding reimburses OIG for its costs of conducting investigations, audits, and compliance monitoring. This amount is an estimate, and the amounts available will depend on the final amount collected.

# SECTION IV: LEGISLATIVE PROPOSAL

## Restructure Mandatory HCFAC

### *Increase Mandatory Health Care Fraud and Abuse Control (HCFAC) Funding*

The Health Insurance Portability and Accountability Act of 1996 established mandatory HCFAC funding streams for: the Medicare Integrity Program; the Medicare-Medicaid (Medi-Medi) data match program; HHS-OIG; the Federal Bureau of Investigation; and an account allocated between HHS and DOJ called the Wedge. Starting in FY 2010, the Affordable Care Act increased these mandatory funding streams by providing: (1) temporary, incremental funding amounts that expired at the end of FY 2021; and (2) a permanent, annual inflationary increase. The funding levels for mandatory HCFAC streams have not increased in more than a decade, creating an expanding chasm between growth in Medicare, Medicaid, and other Federal health care expenditures and program integrity resources used to provide oversight of these programs.

The legislative proposal increases all but one mandatory HCFAC funding stream by 20 percent over current law baseline levels; the HHS Wedge stream would grow by 10 percent. The additional mandatory HCFAC investment will support top priority activities by the agencies receiving these funds, such as a Medicare fee-for-service medical review; addressing emerging fraud schemes; fraud and abuse audits and investigations; increased staffing for oversight and enforcement; cutting-edge data analytics to detect trends and outliers; and fraud and abuse law enforcement and prosecution activities. Key focus areas will include managed care, nursing homes, and home and community-based services.

With respect to OIG specifically, the HHS-led HCFAC Mandatory Proposal provides a meaningful, targeted investment over time. This new investment would provide an additional \$50.5 million in funding for OIG in FY 2025 compared to FY 2023 Final Levels, giving OIG necessary funds to begin addressing unmet demands for our investigative expertise in protecting program funds and the health and safety of program enrollees.

### ***The Challenge***

A large and growing number of potential health care fraud cases go uninvestigated and unprosecuted, resulting in an absence of justice, weakened deterrence, and increased risk of harm to HHS programs and beneficiaries. Prosecutors for DOJ and U.S. Attorney's Offices nationwide regularly request additional OIG investigative resources to bring those who defraud HHS health care programs and beneficiaries to justice and recover taxpayer dollars. There is a critical shortage of skilled OIG investigators for DOJ fraud cases. OIG agents are in high demand because they have unparalleled expertise in HHS programs, complex health care fraud schemes, and the best tools and techniques to unravel those schemes.

Additional funding would allow OIG agents to pursue more civil fraud cases that have a potentially significant impact on Medicare and Medicaid, and on a favorable HCFAC ROI for the American taxpayer. In recent years, OIG faced an explosion of COVID-19-related fraud, necessitating the difficult choice to divert investigative resources from other viable cases to protect HHS programs and consumers from fraud. Delayed cases included civil False Claims Act cases, which are a primary way the Government recovers misspent funds. The tail of health

care fraud is long, and we anticipate needing to address fraud related to COVID-19, along with other types of health care fraud, well into the future.

At current funding levels, OIG has been turning down between 300 and 400 viable criminal and civil cases each year—enough cases for an additional 45 to 50 agents per year supported by 8 to 10 digital investigators and investigative analysts. The viable cases OIG has been turning down annually for lack of resources include potentially serious criminal and civil cases involving schemes such as billing for services not provided, identity theft, kickbacks, deceptive marketing, durable medical equipment fraud, and money laundering. It can take 2 to 3 years to investigate a complex health care fraud case. Every year, OIG falls further behind. Even so, in FY 2023 the financial return for each nonsupervisory OIG agent was more than \$7 million.

To keep up with the existing pace of untended but viable cases, OIG will need and have the infrastructure to hire 150 agents and support personnel beginning in FY 2025. To keep up with expected growth in cases over the longer term, OIG will need a total of 230 new agents and support personnel. OIG's request pursues resources to help address this shortfall in an executable and operationally justifiable way. Inflationary costs have further reduced the number of personnel available for investigations.

Apart from the 300 to 400 viable cases noted above, in FY 2023 OIG turned down more than 56 percent of the cases presented as part of the major case coordination effort we have with CMS's Center for Program Integrity—the third year in row with a declination rate of more than 50 percent. These are referrals of potential fraud from Unified Program Integrity Contractors and the Investigations Medicare Drug Integrity Contractor. Furthermore, OIG's Regional Offices reviewed and evaluated more than 2,698 Medicare- and Medicaid-related hotline complaints in FY 2022 and more than 4,501 such complaints in FY 2023. These complaints might have developed into viable cases, but we did not have the resources to open additional cases. This was a 40-percent increase in just 1 year of Medicare- and Medicaid- related hotline complaints that should but will not have an investigative follow-up. And this followed an almost 100-percent increase in such complaints unable to be pursued between FY 2021 and FY 2022. The ability to ensure a follow-up on hotline complaints when appropriate is key to maintaining public and congressional trust in the OIG Hotline system as a means for reporting suspected fraud and misconduct.

A serious, emerging problem is the shortage of digital investigators and investigative analysts. Historically, agents could rely on boots-on-the-ground and paper records when conducting investigations. This is no longer true: Nearly every case requires digital investigative tools and capabilities. The demand for digital investigators and investigative analysts, as well as for supporting technology, is skyrocketing. These resources are needed so that OIG can collect, process, and forensically analyze incredibly large volumes of electronic evidence related to health care cases.

No other Federal investigators have OIG's level of specialized digital expertise and capability. Over the past 5 fiscal years, OIG collected a yearly average of 575.6 terabytes of digital data. (One terabyte equals one tractor-trailer full of paper documents.) Collecting decreased during portions of the public health emergency because of operational limitations on field collection of

evidence. Now, however, this volume is expected to grow as more health care data is delivered through electronic means.

## ***The Response***

### **Increase Capacity to Investigate and Prosecute Serious Health Care Fraud**

Increasing the investment in the HCFAC mandatory funding for HHS, CMS, DOJ, the Federal Bureau of Investigation (FBI), and OIG by 20 percent will result in sustained, predictable resources over future years for all HCFAC partners. The HCFAC partners have collectively delivered an almost 3-to-1 ROI (based on a rolling average). The investment will provide over time cumulative additional funding, which will be front-loaded during the first few years. As stated above, for FY 2025 it will provide OIG with approximately \$50.5 million in additional no-year funding above the estimated FY 2023 levels for Medicare and Medicaid work. With these resources, OIG will hire and train needed agents, digital personnel, and other investigative support (lawyers, auditors, data analysts) as well as address other critical oversight needs. The investment will bolster the effectiveness of the HCFAC partnership pursuit of fraud by providing CMS with more resources for activities that can support enforcement, such as site visits and medical reviews, and DOJ with more resources to prosecute cases in Federal court. OIG could right-size its investigative and oversight capacity to pursue cases that are currently being turned down and keep pace with the growth in and complexity of fraud schemes. OIG could also conduct more audits, evaluations, and data analyses to unearth misspent funds, potential fraud, and other vulnerabilities and recommend practical solutions to protect patients from harm and prevent fraud, waste, and abuse.

A substantial infusion of HCFAC funding for OIG will enable more Strike Force activity, ensure that reports of suspected fraud are followed up on, and expand OIG's capacity to provide CMS and State Medicaid agencies, as well as MFCUs and other law enforcement partners, with tips, trends, and fast analytics to detect and thwart fraud.

### **Address Priority Risk Areas**

With much-needed HCFAC resources, OIG will target opportunities to strengthen the effectiveness and efficiency of Medicare and Medicaid in areas such as nursing homes, managed care, substance abuse treatment, serious mental illness, home and community-based services, and cybersecurity.

OIG is aggressively pursuing nursing home improvement with strategic oversight and collaborative engagement with Government partners and private sector stakeholders. OIG work has identified pervasive problems of abuse and neglect in nursing homes and made actionable recommendations for improvement. With additional funding, OIG will be better positioned to protect residents and hold perpetrators accountable for abuse and neglect of residents including, as appropriate, criminal investigations, False Claims Act enforcement for provision of substandard and worthless services, implementation of corporate integrity agreements, and exclusions that include owners and operators of nursing homes that egregiously disregard resident safety and quality-of-care.

OIG work has identified key areas in which Medicare and Medicaid managed care programs may not be operating as intended, including significant problems in areas such as risk-adjustment and prior authorization and payment denials. With additional funding, OIG would be better positioned to prevent and detect increased risks of health care fraud in managed care, as well as the gaming of program incentives, upcoding by providers, and improper payments. Vulnerabilities in managed care can impair access to health care and the long-term sustainability of the programs and raise concerns about the quality of services provided to enrollees.

OIG has the authorities, capability, agility, and experience to use additional HCFAC resources to combat increasingly complex health care fraud and stay ahead of wrongdoers who are armed with sophisticated schemes, tools, and technologies. Using technology, data, and risk-assessment approaches, OIG will continue to focus on the most egregious bad actors and most concerning vulnerabilities to protect programs, enrollees, and taxpayers. We will continue to combat cybersecurity threats. Additional resources will increase our capacity to prevent fraud and promote the effectiveness and efficiency of the Medicare and Medicaid programs, using our full range of oversight methods and tools.

### ***Conclusion***

The HCFAC Mandatory Proposal—which is supported by HHS, OIG, CMS, DOJ, and the FBI—will provide a meaningful, targeted investment over time starting in FY 2025. The proposal, if enacted, will provide OIG with funds necessary to begin addressing unmet demands for OIG investigative expertise to pursue fraud against HHS programs and the people they serve. OIG has proven experience in working effectively with our HCFAC partners and will continue future collaboration and data sharing to achieve positive results.

# **SECTION V: SUPPORTING EXHIBITS**

(Exhibits begin on the following page)

## Object Classification Tables

Total Budget Authority   Direct (dollars in thousands)					
Object Class Code	Description	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget	FY 2025 +/- FY 2023
11.1	Full-time permanent	\$207,949	\$213,891	\$249,050	+41,101
11.3	Other than full-time permanent	5,895	6,064	7,061	+1,165
11.5	Other personnel compensation	8,114	8,346	9,717	+1,604
11.8	Special personnel services payments	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>221,958</b>	<b>228,300</b>	<b>265,828</b>	<b>+43,869</b>
12.1	Civilian personnel benefits	93,312	95,978	111,755	+18,443
13.0	Benefits for former personnel	270	275	281	+11
<b>Total</b>	<b>Pay Costs</b>	<b>315,540</b>	<b>324,554</b>	<b>377,864</b>	<b>+62,324</b>
21.0	Travel and transportation of persons	3,529	3,603	3,677	+148
22.0	Transportation of things	2,834	2,893	2,953	+119
23.1	Rental payments to GSA	21,206	21,651	22,105	+898
23.2	Rental payments to others	11	12	12	-
23.3	Communications, utilities, and misc. charges	3,632	3,708	3,784	+152
24.0	Printing and reproduction	76	77	79	+3
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	37,140	37,919	38,694	+1,554
25.3	Other goods and services from Federal sources	20,070	20,491	20,910	+840
25.4	Operation and maintenance of facilities	2,796	2,855	2,913	+117
25.5	Research and development contracts	-	-	-	-
25.6	Medical care	601	613	626	+25
25.7	Operation and maintenance of equipment	16,684	17,033	17,382	+698
25.8	Subsistence and support of persons	-	-	-	-
26.0	Supplies and materials	915	934	953	+38
31.0	Equipment	4,878	4,980	5,082	+204
32.0	Land and structures	2,377	2,427	2,476	+99
41.0	Grants, subsidies, and contributions	-	-	-	-
42.0	Insurance claims and indemnities	167	170	174	+7
44.0	Refunds	-	-	-	-
99.1	Expenditures	-	-	-	-
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>116,917</b>	<b>119,367</b>	<b>121,819</b>	<b>+4,902</b>
	<b>TOTAL</b>	<b>\$432,457</b>	<b>\$443,921</b>	<b>\$499,682</b>	<b>+67,226</b>



<b>PHHS Budget Authority   Direct</b> <i>(dollars in thousands)</i>					
<b>Object Class Code</b>	<b>Description</b>	<b>FY 2023 Final</b>	<b>FY 2024 CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 +/- FY 2023</b>
11.1	Full-time permanent	\$46,566	\$46,264	\$52,808	+6,242
11.3	Other than full-time permanent	1,320	1,312	1,497	+177
11.5	Other personnel compensation	1,817	1,805	2,060	+244
11.8	Special personnel services payments	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>49,703</b>	<b>49,380</b>	<b>56,365</b>	<b>+6,662</b>
12.1	Civilian personnel benefits	20,895	20,760	23,696	+2,801
13.0	Benefits for former personnel	53	54	55	+2
<b>Total</b>	<b>Pay Costs</b>	<b>70,651</b>	<b>70,194</b>	<b>80,116</b>	<b>+9,465</b>
21.0	Travel and transportation of persons	690	704	717	+28
22.0	Transportation of things	554	565	576	+22
23.1	Rental payments to GSA	4,144	4,227	4,311	+167
23.2	Rental payments to others	2	2	2	-
23.3	Communications, utilities, and misc. charges	710	724	738	+29
24.0	Printing and reproduction	15	15	15	-
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	7,258	7,404	7,550	+292
25.3	Other goods and services from Federal sources	3,922	4,001	4,080	+158
25.4	Operation and maintenance of facilities	547	557	568	+22
25.5	Research and development contracts				
25.6	Medical care	117	120	122	+5
25.7	Operation and maintenance of equipment	3,261	3,326	3,392	+131
25.8	Subsistence and support of persons	-	-	-	-
26.0	Supplies and materials	179	182	186	+7
31.0	Equipment	953	972	992	+38
32.0	Land and structures	465	474	483	+19
42.0	Insurance claims and indemnities	33	33	34	+1
44.0	Refunds	-	-	-	-
91.0	Confidential expenditures	-	-	-	-
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>22,850</b>	<b>23,307</b>	<b>23,768</b>	<b>+919</b>
	<b>TOTAL</b>	<b>\$93,500</b>	<b>\$93,500</b>	<b>\$103,884</b>	<b>+\$10,384</b>

<b>HCFAC Budget Authority   Direct</b> <i>(dollars in thousands)</i>					
<b>Object Class Code</b>	<b>Description</b>	<b>FY 2023 Final</b>	<b>FY 2024 CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 +/- FY 2023</b>
11.1	Full-time permanent	\$161,383	\$167,627	\$196,242	+34,859
11.3	Other than full-time permanent	4,575	4,752	5,564	+988
11.5	Other personnel compensation	6,297	6,540	7,657	+1,360
11.8	Special personnel services payments	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>172,255</b>	<b>178,920</b>	<b>209,462</b>	<b>+37,207</b>
12.1	Civilian personnel benefits	72,417	75,219	88,059	+15,642
13.0	Benefits for former personnel	217	221	226	+9
<b>Total</b>	<b>Pay Costs</b>	<b>244,889</b>	<b>254,360</b>	<b>297,748</b>	<b>+52,859</b>
21.0	Travel and transportation of persons	2,840	2,900	2,960	+120
22.0	Transportation of things	2,280	2,329	2,376	+96
23.1	Rental payments to GSA	17,062	17,424	17,793	+732
23.2	Rental payments to others	9	9	10	+0
23.3	Communications, utilities, and misc. charges	2,922	2,984	3,045	+123
24.0	Printing and reproduction	61	62	63	+3
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	29,882	30,515	31,144	+1,262
25.3	Other goods and services from Federal sources	16,148	16,490	16,830	+682
25.4	Operation and maintenance of facilities	2,250	2,298	2,345	+95
25.5	Research and development contracts	-	-	-	-
25.6	Medical care	483	494	504	+20
25.7	Operation and maintenance of equipment	13,423	13,708	13,990	+567
25.8	Subsistence and support of persons	-	-	-	-
26.0	Supplies and materials	736	725	767	+31
31.0	Equipment	3,925	4,008	4,090	+166
32.0	Land and structures	1,912	1,953	1,993	+81
42.0	Insurance claims and indemnities	134	137	140	+6
44.0	Expenditures	-	-	-	-
91.0	Confidential expenditures	-	-	-	-
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>94,067</b>	<b>96,061</b>	<b>98,051</b>	<b>+3,983</b>
	<b>TOTAL</b>	<b>\$338,956</b>	<b>\$350,421</b>	<b>\$395,798</b>	<b>+\$56,842</b>

<b>Reimbursable Budget Authority</b> <i>(dollars in thousands)</i>					
<b>Object Class Code</b>	<b>Description</b>	<b>FY 2023 Final</b>	<b>FY 2024 CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 +/- FY 2023</b>
11.1	Full-time permanent	\$2,134	\$2,242	\$2,305	+171
11.3	Other than full-time permanent	-	-	-	--
11.5	Other personnel compensation	361	379	390	+29
11.7	Military personnel	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>2,495</b>	<b>2,621</b>	<b>2,695</b>	<b>+199</b>
12.1	Civilian personnel benefits	623	655	673	+50
13.0	Benefits for former personnel	-	-	-	-
<b>Total</b>	<b>Pay Costs</b>	<b>3,119</b>	<b>3,276</b>	<b>3,368</b>	<b>+249</b>
21.0	Travel and transportation of persons	122	122	122	--
22.0	Transportation of things	16	16	16	--
23.1	Rental payments to GSA	-	-	-	-
23.3	Communications, utilities, and misc. charges	-	-	-	-
24.0	Printing and reproduction	-	-	-	-
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	-	--	--	--
25.3	Other goods and services from Federal sources	89	89	89	-
25.4	Operation and maintenance of facilities	17,631	17,474	17,382	-249
25.5	Research and development contracts	-	-	-	-
25.7	Operation and maintenance of equipment	-	-	-	-
25.8	Subsistence and support of persons	-	-	-	-
26.0	Supplies and materials	-	-	-	-
31.0	Equipment	-	-	-	-
32.0	Land and structures	6	6	6	-
33.0	Investments and loans	17	17	17	-
41.0	Grants, subsidies, and contributions	-	-	-	-
42.0	Insurance claims and indemnities	-	-	-	-
44.0	Refunds	-	-	-	-
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>17,881</b>	<b>17,724</b>	<b>17,632</b>	<b>-249</b>
	<b>Total</b>	<b>\$21,000</b>	<b>\$21,000</b>	<b>\$21,000</b>	<b>-</b>

## Salaries and Expenses Tables

Total Salaries and Expenses (dollars in thousands)					
Object Class Code	Description	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget	FY 2025 +/- FY 2023
11.1	Full-time permanent	\$207,949	\$213,891	\$249,050	+\$41,101
11.3	Other than full-time permanent	5,895	6,064	7,061	+1,165
11.5	Other personnel compensation	8,114	8,346	9,717	+1,604
11.8	Special personnel services payments	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>221,958</b>	<b>228,300</b>	<b>265,828</b>	<b>+43,869</b>
12.1	Civilian personnel benefits	93,312	95,978	111,755	+18,443
12.2	Commissioned Corps benefits	-	-	-	--
13.0	Benefits for former personnel	270	275	281	+11
<b>Total</b>	<b>Pay Costs</b>	<b>315,540</b>	<b>324,554</b>	<b>377,864</b>	<b>+62,324</b>
21.0	Travel and transportation of persons	3,529	3,603	3,677	+148
22.0	Transportation of things	2,834	2,893	2,953	+119
23.1	Rental payments to GSA	21,206	21,651	22,105	+898
23.2	Rental payments to others	11	12	12	+1
23.3	Communications, utilities, and misc. charges	3,632	3,708	3,784	+152
24.0	Printing and reproduction	76	77	79	+3
25.2	Other services from non-Federal sources	37,140	37,919	38,694	+1,554
25.3	Other goods and services from Federal sources	20,070	20,491	20,910	+840
25.4	Operation and maintenance of facilities	2,796	2,855	2,913	+117
25.5	Research and development contracts	-	-	-	-
25.6	Medical care	601	613	626	+25
25.7	Operation and maintenance of equipment	16,684	17,033	17,382	+698
<b>Subtotal</b>	<b>Other Contractual Services</b>	<b>77,291</b>	<b>78,911</b>	<b>80,524</b>	<b>+3,233</b>
26.0	Supplies and materials	915	934	953	+38
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>109,495</b>	<b>111,790</b>	<b>114,086</b>	<b>+4,591</b>
<b>Total</b>	<b>Salary and Expenses</b>	<b>425,034</b>	<b>436,344</b>	<b>491,950</b>	<b>+66,915</b>
	<b>Direct FTE</b>	<b>1,564</b>	<b>1,506</b>	<b>1,650</b>	<b>+86</b>

<b>PHHS Salaries and Expenses</b> <i>(dollars in thousands)</i>					
<b>Object Class Code</b>	<b>Description</b>	<b>FY 2023 Final</b>	<b>FY 2024 CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 +/- FY 2023</b>
11.1	Full-time permanent	\$46,566	\$46,264	\$52,808	+\$6,242
11.3	Other than full-time permanent	1,320	1,312	1,497	+177
11.5	Other personnel compensation	1,817	1,805	2,060	+244
11.7	Commissioned Corps personnel	-	-	-	-
11.8	Special personnel services payment	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>49,703</b>	<b>49,380</b>	<b>56,365</b>	<b>+6,662</b>
12.1	Civilian personnel benefits	20,895	20,760	23,696	+2,801
12.2	Commissioned Corps benefits	-	-	-	-
13.0	Benefits for former personnel	53	54	55	+2
<b>Total</b>	<b>Pay Costs</b>	<b>70,651</b>	<b>70,194</b>	<b>80,116</b>	<b>+9,465</b>
21.0	Travel and transportation of persons	690	704	717	+28
22.0	Transportation of things	554	565	576	+22
23.1	Rental payments to GSA	4,144	4,227	4,311	+167
23.2	Rental payments to others	2	2	2	-
23.3	Communications, utilities, and misc. charges	710	724	738	+28
24.0	Printing and reproduction	15	15	15	-
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	7,258	7,404	7,550	+292
25.3	Other goods and services from Federal sources	3,922	4,001	4,080	+158
25.4	Operation and maintenance of facilities	547	557	568	+22
25.5	Research and development contracts	-	-	-	-
25.6	Medical care	117	120	122	+5
25.7	Operation and maintenance of equipment	3,261	3,326	3,392	+131
25.8	Subsistence and support of persons	-	-	-	-
<b>Subtotal</b>	<b>Other Contractual Services</b>	<b>15,105</b>	<b>15,407</b>	<b>15,713</b>	<b>+607</b>
26.0	Supplies and materials	179	182	186	+7
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>21,399</b>	<b>21,827</b>	<b>22,259</b>	<b>+860</b>
<b>Total</b>	<b>Salary and Expenses</b>	<b>92,050</b>	<b>92,021</b>	<b>102,372</b>	<b>+10,326</b>
	<b>Direct FTE</b>	<b>350</b>	<b>323</b>	<b>350</b>	<b>-</b>

<b>HCFAC Salaries and Expenses</b>					
<i>(dollars in thousands)</i>					
<b>Object Class Code</b>	<b>Description</b>	<b>FY 2023 Final</b>	<b>FY 2024 CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 +/- FY 2023</b>
11.1	Full-time permanent	\$161,383	\$167,627	\$196,242	+\$34,859
11.3	Other than full-time permanent	4,575	4,752	5,564	+988
11.5	Other personnel compensation	6,297	6,540	7,657	+1,360
11.7	Commissioned Corps personnel	-	-	-	-
11.8	Special personnel services payments	-	-	-	-
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>172,255</b>	<b>178,920</b>	<b>209,462</b>	<b>+37,207</b>
12.1	Civilian personnel benefits	72,417	75,219	88,059	+15,642
12.2	Commissioned Corps benefits	-	-	-	-
13.0	Benefits for former personnel	217	221	226	+9
<b>Total</b>	<b>Pay Costs</b>	<b>244,889</b>	<b>254,360</b>	<b>297,748</b>	<b>+52,859</b>
21.0	Travel and transportation of persons	2,840	2,900	2,960	+120
22.0	Transportation of things	2,280	2,329	2,376	+96
23.1	Rental payments to GSA	17,062	17,424	17,793	+732
23.2	Rental payments to others	9	9	10	+1
23.3	Communications, utilities, and misc. charges	2,922	2,984	3,045	+123
24.0	Printing and reproduction	61	62	63	+2
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	29,882	30,515	31,144	+1,262
25.3	Other goods and services from Federal sources	16,148	16,490	16,830	+682
25.4	Operation and maintenance of facilities	2,250	2,298	2,345	+95
25.5	Research and development contracts	-	-	-	-
25.6	Medical care	483	494	504	+20
25.7	Operation and maintenance of equipment	13,423	13,708	13,990	+567
25.8	Subsistence and support of persons	-	-	-	-
<b>Subtotal</b>	<b>Other Contractual Services</b>	<b>62,186</b>	<b>63,504</b>	<b>64,812</b>	<b>+2,626</b>
26.0	Supplies and materials	736	752	767	+31
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>88,096</b>	<b>89,963</b>	<b>91,827</b>	<b>+3,731</b>
<b>Total</b>	<b>Salary and Expenses</b>	<b>332,985</b>	<b>344,323</b>	<b>389,574</b>	<b>+56,590</b>
	<b>Direct FTE</b>	<b>1,214</b>	<b>1,183</b>	<b>1,300</b>	<b>+86</b>

**Reimbursable Salaries and Expenses**  
(dollars in thousands)

Object Class Code	Description	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget	FY 2025 +/- FY 2023
11.1	Full-time permanent	\$2,134	\$2,242	\$2,305	+\$171
11.3	Other than full-time permanent	-	-	-	-
11.5	Other personnel compensation	361	379	390	+29
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>2,495</b>	<b>2,621</b>	<b>2,695</b>	<b>+199</b>
12.1	Civilian personnel benefits	623	655	673	+50
<b>Total</b>	<b>Pay Costs</b>	<b>3,119</b>	<b>3,276</b>	<b>3,368</b>	<b>+249</b>
21.0	Travel and transportation of persons	122	122	122	-
22.0	Transportation of things	16	16	16	-
23.1	Rental payments to GSA				
23.2	Rental payments to others				
23.3	Communications, utilities, and misc. charges	-	-	-	-
24.0	Printing and reproduction	-	-	-	-
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	89	89	89	-
25.3	Other goods and services from Federal sources	17,631	17,474	17,382	-249
25.4	Operation and maintenance of facilities	-	-	-	-
<b>Subtotal</b>	<b>Other Contractual Services</b>	<b>17,720</b>	<b>17,563</b>	<b>17,471</b>	<b>-249</b>
26.0	Supplies and materials	-	-	-	-
<b>Subtotal</b>	<b>Non-Pay Costs</b>	<b>17,858</b>	<b>17,701</b>	<b>17,609</b>	<b>-249</b>
<b>Total</b>	<b>Salaries, Expenses, and Rent</b>	<b>\$20,977</b>	<b>\$20,977</b>	<b>\$20,977</b>	<b>-</b>
	<b>Indirect FTE</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>-</b>

## Detail of FTE

OIG	FY 2023 Actual			FY 2024 Estimated			FY 2025 Estimated		
	CIV*	CC <sup>†</sup>	Total	CIV	CC	Total	CIV	CC	Total
PHHS <sup>14</sup>	350		<b>350</b>	323		<b>323</b>	350		<b>350</b>
Reimbursable	10		<b>10</b>	10		<b>10</b>	10		<b>10</b>
<b>PHHS Subtotal FTE</b>	360		<b>360</b>	333		<b>333</b>	360		<b>360</b>
HCFAC Direct	1,214		<b>1,214</b>	1,183		<b>1,183</b>	1,300		<b>1,300</b>
<b>HCFAC Subtotal FTE</b>	1,214		<b>1,214</b>	1,183		<b>1,183</b>	1,300		<b>1,300</b>
<b>OIG Total FTE</b>	1,574		<b>1,574</b>	1,516		<b>1,516</b>	1,660		<b>1,660</b>
<b>Average GS Grade</b>			<b>12.9</b>			<b>12.9</b>			<b>13.0</b>

\* Civilian

<sup>†</sup> Commissioned Corps

---

<sup>14</sup> PHHS includes FTE from COVID-19 supplemental funding. See next table for additional details.



## Detail of Positions

Direct Civilian Positions	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget <sup>15</sup>
<b>Executive Level (EX)</b>			
EX Level I	-	-	-
EX Level II	-	-	-
EX Level III	-	-	-
EX Level IV	-	-	-
EX Level V	1	1	1
<b>Subtotal, Executive Level Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total, Executive Level Salaries</b>	<b>\$197,300</b>	<b>\$197,300</b>	<b>\$197,300</b>
<b>Senior Executive Service (SES) and Senior Level (SL)<sup>16</sup></b>			
SES Positions	20	20	24
SL Positions	7	8	13
<b>Subtotal, SES &amp; SL Positions</b>	<b>27</b>	<b>28</b>	<b>37</b>
<b>Subtotal, SES &amp; SL Salaries</b>	<b>\$5,476,466</b>	<b>\$5,987,706</b>	<b>\$8,258,455</b>
<b>Summary of EX, SES, and SL</b>			
<b>Total, SES &amp; SL Positions</b>	<b>28</b>	<b>29</b>	<b>38</b>
<b>Total, SES &amp; SL Salaries</b>	<b>\$5,673,766</b>	<b>\$6,382,305</b>	<b>\$8,653,055</b>
<b>General Schedule (GS)<sup>17</sup></b>			
GS-15	151	145	159
GS-14	300	289	315
GS-13	711	684	746

<sup>15</sup> All eligible positions in FY 2025 assume an annualized 2-percent civilian pay increase.

<sup>16</sup> OIG's OPM-approved hiring capacity is up to 26 SES and 13 SL.

<sup>17</sup> Includes GL and GM schedules.

Direct Civilian Positions	FY 2023 Final	FY 2024 CR	FY 2025 President's Budget <sup>15</sup>
<b>GS<sup>17</sup> (continued)</b>			
GS-12	219	210	230
GS-11	65	63	68
GS-10	0	0	0
GS-9	59	57	62
GS-8	2	2	2
GS-7	23	22	24
GS-6	1	1	1
GS-5	2	2	2
GS-4	13	12	14
<b>Subtotal, GS Positions</b>	<b>1,546</b>	<b>1,487</b>	<b>1,622</b>
<b>Subtotal, GS Salaries</b>	<b>\$209,347,871</b>	<b>\$213,085,371</b>	<b>\$242,425,235</b>
<b>Total OIG Summary</b>			
<b>OIG Total Salaries</b>	<b>\$215,863,522</b>	<b>\$219,270,376</b>	<b>\$250,880,990</b>
<b>OIG Total Positions</b>	<b>1,574</b>	<b>1,516</b>	<b>1,660</b>
<b>Average Salary Information</b>			
<b>Average ES Level</b>	<b>II</b>	<b>II</b>	<b>II</b>
<b>Average ES &amp; SL Salary</b>	<b>\$195,588</b>	<b>\$213,276</b>	<b>\$222,520</b>
<b>Average GS Grade</b>	<b>12.9</b>	<b>12.9</b>	<b>13.0</b>
<b>Average GS Salary</b>	<b>\$136,153</b>	<b>\$143,276</b>	<b>\$149,676</b>
<b>Average GL Salary</b>	<b>\$87,764</b>	<b>\$92,503</b>	<b>\$96,481</b>
<b>Average GM Salary</b>	<b>\$159,776</b>	<b>\$168,404</b>	<b>\$175,645</b>

<sup>15</sup> All eligible positions in FY 2025 assume an annualized 2-percent civilian pay increase.

<sup>17</sup> Includes GL and GM schedules.

## Resources for Cyber Activities

<i>(dollars in millions)</i>				
<b>Cyber Category</b>	<b>FY 2023 Final</b>	<b>FY 2024 CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 +/- FY 2023</b>
<i>Cyber Human Capital</i>				--
<i>Planning Roles and Responsibilities</i>				--
<i>Sector Risk Assessment, Management, and Operations</i>				--
<i>Sector Coordination</i>				--
<b>Other NIST CSF Capabilities</b>				
Detect	0.864	0.976	0.982	+0.118
Identity	2.353	4.488	2.107	-0.245
Protect	14.654	18.220	21.263	+6.610
Recover	1.284	1.307	1.227	-0.057
Respond	1.170	1.378	1.412	+0.242
<b>Total Cyber Request</b>	<b>20.324</b>	<b>26.369</b>	<b>26.992</b>	<b>+6.667</b>
<i>Technology Ecosystems (non-add)</i>				--
<i>Zero Trust Implementation (non-add)</i>	0.713	1.097	6.728	+6.015

# Performance Goals and Outcomes

HHS-OIG is responsible for overseeing more than \$2 trillion in HHS spending and more than 100 different programs that provide critical services for hundreds of millions of individuals. With just 2 cents to oversee every \$100 spent by HHS, HHS-OIG must target its resources to maximize the impact of oversight and enforcement work. OIG's mission and Strategic Plan guide those difficult decisions across the organization. We routinely assess our performance to understand how our work has improved HHS programs and where additional efforts may be needed.

The Outcomes and Outputs Table below reports on HHS-OIG's performance for a range of key indicators, including important indicators related to expected recoveries for HHS programs and ROI. In addition, since FY 2018 HHS-OIG has used selected performance goals to focus our efforts on specific aspects of the most challenging problems facing HHS programs. Our work facilitated progress on critical issues, such as reducing the number of Part D prescribers we identified as having questionable prescribing by nearly 30 percent in 1 year and reducing Medicare spending on home health providers in geographic fraud hotspots by nearly 12 percent. HHS-OIG work advancing these performance goals achieved measurable progress on behalf of the American public.

During the past year, HHS-OIG engaged in a strategic review to assess future risks, opportunities, and challenges. Based on lessons learned and successes from previous performance goals, HHS-OIG assessed the need to refine our strategic approach. We determined that a more targeted set of performance goals would improve our capabilities to respond nimbly to emerging issues, conduct frequent data-driven assessments, diagnose problems, and find additional opportunities to enhance HHS-OIG's impact. Our strategic review identified three topics that warrant further prioritization to address long-term challenges: nursing homes, managed care, and HHS grants and contracts. HHS-OIG continues to work internally to further refine our strategic approach to maximize our opportunity for progress across these three topics.

HHS-OIG will continue to conduct our mission-critical work to oversee the vast array of HHS programs. Our mission-critical work is the foundation of our organization and essential to our role as the OIG for HHS. HHS-OIG's Strategic Plan guides this work to ensure that we are deploying our resources effectively to fight fraud, waste, and abuse; promote quality, safety, and value; and advance excellence and innovation.

During the strategic review, HHS-OIG closed evidence collection and assessment for previous performance goals and measures in order to realign agency focus and resources. The table below summarizes OIG's previous performance goals and measures that are now retired. HHS-OIG may refine and restart use of some of these previous performance goals or measures or develop new measures.

Performance Goals	Measure	Most Recent Result	FY 2024 Target*	FY 2025 Target	Target Delta
<b>Managed Care: Strengthen Medicaid effectiveness and protections against fraud, waste, and abuse (retired)</b>	Reduce Medicaid improper payments made to MCOs for people concurrently enrolled in multiple States (retired at the end of FY 2023)	2020 Baseline: <sup>18</sup> \$1.4 billion	-5%	Retired	N/A
<b>Managed Care: Promote quality care and comprehensive financial oversight of managed care programs (retired)</b>	Increase referrals of MCO provider fraud to OIG and/or MFCUs (retired at the end of FY 2023)	Measure Retired	Retired	Retired	N/A
<b>Improve emergency preparedness and COVID-19 response and recovery: Focus on nursing homes (retired)</b>	Reduce the prevalence and severity of nursing home challenges related to transporting residents during emergencies (retired at the end of FY 2023)	2022 Baseline: 27% (data collected every 2 years)	25%	Retired	N/A
<b>Protect people served by HHS programs from substance use disorder (retired)</b>	Increase the percentage of people with Medicare who receive medication to treat their opioid use disorder (retired at the end of FY 2023)	2022 Target: 17% Results: 18%	22%	Retired	N/A
<b>Strengthen HHS cybersecurity protection for systems and data (retired)</b>	Reduce the backlog of HHS cybersecurity incidents reported that have been open for more than 30 days (retired at the end of FY 2023)	Measure Retired	Retired	Retired	N/A

<sup>18</sup> In a 2022 audit report issued to CMS, we used 2020 data to develop our baseline of Medicaid improper payments totaling \$1.4 billion. We plan to take actions to promote a reduction in the baseline through additional reports issued to CMS and States, presentations to key stakeholders at the National Association of Medicaid Program Integrity Annual Conference, and coordination with CMS and State auditors.

Performance Goals	Measure	Most Recent Result	FY 2024 Target*	FY 2025 Target	Target Delta
	Improve the closure rate of new incidents to less than 30 days (retired at the end of FY 2023)	Measure Retired	80%	Retired	N/A

\*FY 2024 Congressional Justification noted targets for FY 2024. These targets have been retired and are no longer applicable. FY 2025 targets are in development as OIG refreshes the performance measures.

## Performance Outcomes and Outputs

Three indicators of OIG's progress in fighting fraud, waste, and abuse and promoting economy, efficiency, and effectiveness in HHS programs and operations are:

- a 3-year rolling average of expected recoveries from OIG's HHS oversight activities that resulted in investigative receivables and audit disallowances (post-adjudication expected recoveries),
- a 3-year rolling average of the expected ROI from OIG's HHS oversight activities that resulted in investigative receivables and audit disallowances, and
- accepted quality and management improvement recommendations.

These three outcome indicators reflect OIG's audits, evaluations, and investigative efforts as well as joint efforts with a network of program integrity partners. OIG audits and evaluations generate findings and recommendations intended to reduce costs, improve the efficiency and economy of programs, and/or increase protections for the health and well-being of people served by HHS programs. OIG informs Congress and HHS officials of its recommended potential cost disallowances and corrective actions. OIG engages proactively with HHS officials and other policymakers to promote prompt and effective implementation of recommendations. OIG remains at the forefront of the Nation's effort to fight fraud in HHS programs and hold wrongdoers accountable. Along with our partners including DOJ, MFCUs, and various Federal, State, and local law enforcement agencies, OIG detects, investigates, and prosecutes fraud through a coordinated, data-driven approach.

## Key Outcome and Output Tables

Key Outcome and Output Tables for the Congressional Justification reflect an estimated FY 2024 level that is flatlined to FY 2023 resources. Given the inflationary impact of a flatlined budget, some of the outcome and output measures may decrease from FY 2023 to FY 2024. For PHHS, estimated FY 2025 resource levels reflect an increase that covers inflation. For HCFAC, the estimated FY 2025 resource levels reflect implementation of the proposed A-19 that increases funding and expands our oversight work, resulting in some increases in expected outcomes and outputs.

Key Outcome <sup>19</sup>	FY 2023 Most Recent Actual	FY 2024 Estimate	FY 2025 Proposed Target	FY 2025 +/- FY 2024
Expected recoveries resulting from OIG involvement in health care fraud and abuse oversight activities (dollars in millions)	\$3,401	\$3,452	3,488	+36
ROI resulting from OIG involvement in health care fraud and abuse oversight activities	\$10:\$1	\$10:\$1	\$10:\$1	--
Number of quality and management improvement recommendations accepted	153	110	113	+3
Key Output	FY 2023 Most Recent Actual <sup>20</sup>	FY 2024 Estimate	FY 2025 Proposed Target	FY 2025 +/- FY 2024
<b>Audits:</b>				
Audit Products started	118 (Target met)	113	118	+5
Audit Products issued	132 (Target met)	112	116	+4
Audit Products issued within 1 year of start (percentage)	19% (Target not met)	19%	19%	---%
<b>Evaluations:</b>				
Evaluation Products started	48 (Target met)	40	43	+3
Evaluation Products issued	45 (Target met)	40	43	+3
Evaluation Products issued within 1 year of start (percentage)	29% (Target met)	30%	30%	---%
<b>Investigations:</b>				
Complaints received for investigation	2,743 (Target met)	2,668	2,857	+189
Investigative Cases opened	1,814 (Target met)	1,764	1,889	+125
Investigative Cases closed	1,933 (Target met)	1,879	2,012	+133
<b>PL funding</b> (dollars in millions)	<b>\$432.5</b>	<b>\$443.9</b>	<b>\$499.7</b>	<b>+\$55.8</b>

<sup>19</sup> The expected recoveries and ROI performance indicators are calculated using 3-year rolling averages.

<sup>20</sup> As the number of outputs each year shifts to reflect priorities, OIG uses a 20-percent threshold for determining whether a target is met.



## Performance Information for PHHS Oversight

---

Key Output	FY 2023 Actual	FY 2024 Estimate	FY 2025 Proposed Target	FY 2025 +/- FY 2024
<b>Audits:</b>				
Audit Products started	36	32	33	+1
Audit Products issued	43	31	33	+2
<b>Evaluations:</b>				
Evaluation Products started	9	9	10	+1
Evaluation Products issued	10	9	10	+1
<b>Investigations:</b>				
Complaints Received for investigation	528	495	528	+33
Investigative Cases opened	353	331	353	+22
Investigative Cases closed	397	372	397	+25
<b>BA funding</b> (dollars in millions)	<b>\$93.5</b>	<b>\$93.5</b>	<b>\$103.9</b>	<b>+\$10.4</b>

## Performance Information for Medicare and Medicaid Oversight

---

Key Output	FY 2023 Actual	FY 2024 Estimate	FY 2025 Proposed Target	FY 2025 +/- FY 2024
<b>Audits:</b>				
Audit Products started	82	81	85	+4
Audit Products issued	89	81	83	+2
<b>Evaluations:</b>				
Evaluation Products started	29	31	33	+2
Evaluation Products issued	35	31	33	+2
<b>Investigations:</b>				
Complaints received for investigation	2,215	2,173	2,329	+156
Investigative Cases opened	1,461	1,433	1,536	+103
Investigative Cases closed	1,536	1,507	1,615	+108
<b>BA funding</b> (dollars in millions)	<b>\$339.0</b>	<b>\$350.4</b>	<b>\$395.8</b>	<b>+\$45.4</b>

# Physicians' Comparability Allowance

1) Department and component

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

2) Explain the recruitment and retention problem(s) justifying the need for the PCA pay authority.

*(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

The OIG Chief Medical Officer (CMO) serves as OIG’s internal medical consultant to all OIG components on a wide array of OIG activities. The CMO 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.

3) and 4) Please complete the table below with details of the PCA agreement for the following years.

	2023 (Actual)	2024 *(Estimate)	FY 2025 (Estimate)
3a) Number of Physicians Receiving PCA	1	1	1
3b) Number of Physicians with One-Year PCA Agreements	0	0	0
3c) Number of Physicians with Multi-Year PCA Agreements	1	1	1
4a) Average Annual PCA Physician Pay (without PCA payment)	\$212	**\$222	**\$232
4b) Average Annual PCA Payment	\$30	\$30	\$30

\* FY 2024 data will be approved during the FY 2025 Budget cycle.

\*\* FY 2024 and FY 2025 estimates reflect a conservative performance-based increase (4.7 percent base pay + bonus, over 2 years) that may be authorized consistent with OIG’s Senior Professional Pay-for-Performance System and annual supplemental guidance.

5) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of the PCA in the prior fiscal year.

*(Please include any staffing data to support your explanation, such as number and duration of unfilled positions and number of accessions and separations per fiscal year.)*

See above response 2 for details. The position was not vacant in the prior fiscal year, which is partly attributable to the PCA.

6) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

OIG sets its annual PCA amount consistent with HHS policy. In 2024, approximately \$30,000 will be provided to the physician in Category IV-B. Regarding the increase in the average annual PCA physician pay (without PCA payment), the estimated salary of OIG’s Chief Medical Officer reflects a conservative rating-based pay adjustment commensurate with this physician’s individual performance and impact on achieving agency priorities and mission imperatives under an OPM-approved and certified “pay for performance” appraisal system that covers Senior-Level positions. Actual pay increases will be made according to HHS and OIG policy and annual pay guidance and/or directives issued by the Office of Personnel Management and/or Office of Management and Budget.



# 2025 Justification of Estimates for Congress

Department of Health and Human Services  
**Office of Inspector General**

[OIG.HHS.GOV](https://oig.hhs.gov)