



AUG 2 2012

Rockville, MD 20857

The Honorable Tom Coburn
United States Senate
Washington, DC 20510

Dear Senator Coburn:

Thank you for your letter and our recent meeting concerning the Government Accountability Office (GAO) reports on the Health Center Program, *2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation* (GAO-12-504) and *Improved Oversight Needed to Ensure Grantee Compliance with Requirements* (GAO-12-546). The Health Resources and Services Administration (HRSA) is fully committed to ensuring the appropriate and effective use of federal funds. Through the Health Center Program, HRSA provides grant funding to private, non-profit, and public entities to support the delivery of comprehensive, quality preventive and primary health care services to medically underserved populations across the country. Today, approximately 1,200 health centers operate over 8,500 service delivery sites that provide care to approximately 20.2 million patients.

To support the expansion of the Health Center Program into medically underserved communities, HRSA uses the Health Center New Access Point (NAP) funding opportunity. The NAP is a competitive Health Center Program funding opportunity to support a new service delivery site(s) for the provision of comprehensive primary and preventive health care services. For fiscal year (FY) 2011, HRSA made several key changes in its Health Center NAP application guidance. The changes to the NAP funding guidance improved the awarding of Health Center NAPs in several important ways. First, resources were targeted to high need communities and populations through an increased score for need, as well as through priority points. Second, the increased emphasis on collaboration helped to ensure that health centers and other area providers are maximizing available resources to better address the community's primary health care needs.

Over the past several years, HRSA has significantly strengthened its Health Center Program oversight policies, systems, and processes. These improvements have included: the development of a core set of key program requirements, available to grantees and the public, which serve as the criteria for determining compliance and a foundation for HRSA program oversight; creation of a web-based program review tool to guide staff in consistently assessing, documenting, and tracking grantee compliance and performance; implementation of a new, in-depth site visit protocol to assess health center program compliance and performance; adoption of a core set of clinical and financial performance measures to track health outcomes and improvements in quality of care; and, introduction of a standard process to resolve program compliance issues.

At a HRSA-wide level, improvements in oversight processes have been implemented as part of the agency-wide HRSA Program Integrity Initiative that began in June 2010. HRSA has initiated a set of strategies to ensure that federal funds are being used appropriately and effectively. These strategies include regular grantee reporting on fiscal and program performance, financial assessments to ensure fiscal soundness, in-depth fiscal compliance and audit reviews, and targeted interventions for at-risk grantees.

HRSA takes the GAO reports very seriously, and will use the reports' findings to further inform its ongoing efforts to improve Health Center Program oversight and award processes. With respect to the GAO Recommendations for Executive Action, HRSA has already initiated a series of activities to address each of the report's recommendations as detailed in the enclosed HRSA Management Plan. In addition, HRSA appreciates and will review the specific program recommendations you shared during our recent meeting.

Thank you for your support of the Health Center Program. A similar letter is being sent to the other signatories.

Sincerely,



Mary K. Wakefield, Ph.D., R.N.
Administrator

Enclosure:

Health Center Program: Improved Oversight Needed to Ensure Grantee Compliance with Requirements (GAO-12-546) and 2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation (GAO-12-504) HRSA Management Plan

Health Center Program: Improved Oversight Needed to Ensure Grantee Compliance with Requirements (GAO-12-546) and 2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation (GAO-12-504)
HRSA Management Plan (Statement of Action)

GAO Concerns Regarding HRSA's Grantee Oversight		HRSA Actions		
Improved Oversight Needed to Ensure Grantee Compliance with Requirements (GAO-12-546)		Date Actions Initiated	Date Actions Completed	
<p>GAO Recommendation 1 – Develop and implement a mechanism for recording, tracking, and following-up on instances when project officers are unable to determine compliance during the annual compliance review process.</p>	<p>For the Fiscal Year (FY) 2013 Health Center Program annual application reviews, HRSA updated its electronic review tool to:</p> <ul style="list-style-type: none"> • Require Project Officers to record (in a structured electronic form field) areas where additional information is required to make a compliance determination. • Generate reports to track and follow-up on these compliance determinations, including required grantee submissions. 	April 2012	Completion date: July 2012	
		<p>HRSA is updating its Project Officer manual/guides for completing the annual application review to align with these enhancements and new requirements in the electronic review tool.</p>	April 2012	Target completion date: August 2012
<p>GAO Recommendation 2 – Require that when completing annual compliance reviews, project officers clearly document their basis for determining that grantees are in compliance with program requirements.</p>	<p>For the Fiscal Year (FY) 2013 Health Center Program annual application reviews, HRSA updated the electronic review tool to require Project Officers to provide the source documentation and basis for making "Yes, organization demonstrates compliance" for each program requirement.</p> <p>HRSA is updating its Project Officer manual/guides for completing the annual application review to align with these enhancements and new requirements in the electronic review tool, including providing guidance on how to clearly document the basis for a determination of compliance by citing the relevant files and/or information contained within application, as well as any additional sources of information.</p> <p>FY 2013 required trainings on the FY 2013 annual application review tool for Project Officers and other HRSA staff will include these key updates as well as the related system enhancements.</p>	April 2012	Target completion date: August 2012	
		<p>HRSA is updating its Project Officer manual/guides for completing the annual application review to align with these enhancements and new requirements in the electronic review tool, including providing guidance on how to clearly document the basis for a determination of compliance by citing the relevant files and/or information contained within application, as well as any additional sources of information.</p>	April 2012	Target completion date: August 2012
		<p>FY 2013 required trainings on the FY 2013 annual application review tool for Project Officers and other HRSA staff will include these key updates as well as the related system enhancements.</p>	April 2012	Target completion date: August 2012
		<p>HRSA is developing an updated set of Project Officer Review Sheets in the three specific areas identified by GAO, including Board Composition, After Hours Coverage and Key Management Staff program requirements.</p>	July 2012	Target completion date: August 2012
<p>GAO Recommendation 3 – Clarify agency guidance and provide training, as needed, to better ensure that project officers are accurately and consistently assessing grantees' compliance with program requirements.</p>	<p>HRSA issued a Policy Information Notice (PIN) that explains the requirement for sliding fee discount programs at health centers.</p> <p>HRSA will conduct two required trainings on the Health Center Program requirements and related Project Officer responsibilities, including any new policy clarifications.</p>	In development since 2011	PIN issued: July 2012	
		<p>HRSA will conduct two required trainings on the Health Center Program requirements and related Project Officer responsibilities, including any new policy clarifications.</p>	June 2012	Target completion date: September 2012

Health Center Program: Improved Oversight Needed to Ensure Grantee Compliance with Requirements (GAO-12-546) and 2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation (GAO-12-504)
HRSA Management Plan (Statement of Action)

GAO Concerns Regarding HRSA's Grantee Oversight		HRSA Actions		Date Actions Initiated	Date Actions Completed
<p>GAO Recommendation 4 – Ensure that site visit data contained in HRSA's electronic system are complete, reliable, and accurate to better target the use of available resources and to help ensure that all grantees have compliance-related site visits at regular and timely intervals.</p>	<p>GAO Recommendation 5 – Develop and implement procedures to ensure that instances of noncompliance with program requirements consistently result in the placement of a condition on a health center's grant.</p>	<p>HRSA established a policy that all Health Center Program grantees will receive an Operational Site Visit at least once every five years.</p>	<p>HRSA is updating its site visit module to generate program level reports that track all site visits and to include new data quality checks and safeguards.</p>	November 2011	March 2012
		<p>HRSA established new standard operating procedures for determining appropriate and consistent placement of conditions at times and for reasons outside of the annual application review process (referred to as "Off-Cycle" conditions).</p> <p>HRSA is updating its electronic system to ensure that Project Officers can electronically place program conditions on a Notice of Award at any time during the year, consistent with the new standard operating procedures.</p>	<p>HRSA annually reviews the progressive action process and results/outcomes, making improvements as appropriate to ensure grantees address non-compliance issues in a timely manner.</p> <p>A three-part Progressive Action training series was developed based on improvements made to the process/system. These trainings include:</p> <ul style="list-style-type: none"> • Part A: Progressive Action 101 (refresher) and Enhancements (May 2012) • Part B: Progressive Action Enhancements Integrated into FY 2013 Application Review Tool (August/October 2012) • Part C: New and Enhanced Progressive Actions Reports (October 2012) 	July 2011	July 2012
<p>GAO Recommendation 6 – Periodically assess whether its new progressive action process for addressing grantee noncompliance, including the time frames allotted for grantees to respond, is working as intended and make any needed improvements to the process.</p>				May 2012	<p>Target completion date: October 2012</p>

**Health Center Program: Improved Oversight Needed to Ensure Grantee Compliance with Requirements (GAO-12-546) and
2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation (GAO-12-504)
HRSA Management Plan (Statement of Action)**

GAO Concerns Regarding HRSA's Grantee Oversight		HRSA Actions	
		2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation (GAO-12-504)	
		Date Actions Initiated	Date Actions Completed
<p>Grant Award Process Report - GAO Recommendation – The Secretary of HHS should direct the Administrator of HRSA to evaluate the fiscal year 2011 New Access Point grant award process to identify lessons learned and potential improvements for future funding cycles, including consideration of (1) the effect of the change in the need score on targeting grants to communities with demonstrated need, (2) the effect of actions taken to target grants to applicants proposing to serve the designated special populations and sparsely populated and high-poverty areas, and (3) the transparency of the process to applicants, Congress, and the public. The Secretary should also direct the Administrator of HRSA to complete the evaluation before the next New Access Point funding opportunity is announced, make the results of the evaluation publicly available, and incorporate any improvements identified into the award process for that funding opportunity.</p>	<p>HRSA is conducting an evaluation of the FY 2011 Health Center New Access Point process to identify potential improvements in the areas of need scoring, priority points, and transparency of the process. HRSA will make the findings of its evaluation available to the public.</p> <p>HRSA is developing a Funding Opportunity Announcement (FOA) for the FY 2013 Health Center New Access Point awards. HRSA will incorporate the evaluation findings into the FY 2013 New Access Point FOA and subsequent FOAs.</p>	<p>September 2011</p> <p>January 2012</p>	<p>Target completion date: September 2012</p> <p>Target completion date: October 2012</p>