



FEB - 2 2006

The Honorable Tom Coburn
United States Senate
Subcommittee on Federal
Financial Management
Government Information,
and International Security
Washington, D.C. 20510-8250

Dear Mr. Chairman:

Thank you for your December 14, 2005, letter regarding the Department of Health and Human Services' (HHS) compliance with the Improper Payments Information Act of 2002 (IPIA). HHS has been a leader in the area of monitoring and mitigating improper payments and it is a pleasure to share with you our accomplishments in this area.

As reflected in Appendix C of our FY 2005 Performance and Accountability Report (PAR), we have achieved significant successes in our improper payment initiatives this past year. The most notable being the reduction of improper payment error rates in a number of our programs. These include:

	<u>Reported FY 2004</u>	<u>Reported FY 2005</u>
Medicare	10.1%	5.2%
Head Start	3.9%	1.6%
Foster Care	10.3%	8.6% Final (Preliminary 10.02% reported in PAR)

In each of these programs, the reduction in the error rate exceeded the target rate that we had established in FY 2004.

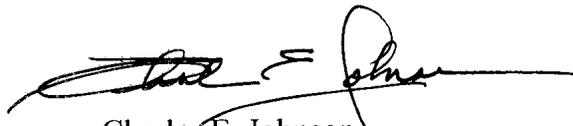
Additionally, we have made great strides in developing plans for estimating improper payments in Medicaid and the State Children's Health Insurance Program (SCHIP). Please refer to the enclosure for more information on these plans, as well as the specific information on the Medicare, Medicaid, SCHIP, Temporary Assistance for Needy Families (TANF), Foster Care and Child Care programs that you requested in your letter to me.

One of our most significant challenges in fully complying with IPIA has been the flexibility that States have under current legislation in the design and administration of some of these programs—particularly the Child Care and TANF programs. There are also limitations with regard to information that we can request of States. As indicated in the enclosure, however, we are engaging in numerous activities to identify strategies and formulate plans for estimating improper payments in these programs.

We would like to thank the Committee for this opportunity to share information on HHS' improper payment activities and for its support of our efforts to reduce improper payments in our programs. We look forward to the Committee's continued interest and support as we strive to achieve our goals through meeting the underlying objectives of the IPIA.

If I can be of further assistance, please feel free to contact me.

Sincerely,



Charles E. Johnson
Assistant Secretary for Budget,
Technology and Finance

Enclosures

cc: The Honorable Tom Carper