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 Wakefield

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
| July 2012 | Project Officer responsible, including any new policy clarifications.
| September 2012 | Project Officer responsible, including any new policy clarifications.
| May 2012 | Improving Oversight Needs to Ensure Ongoing Compliance with Requirement (GAO-12-749)

**HHS's Management Plan (Statement of Action)**

**2011 GAO Award Process Improvement Needed for Ongoing Compliance with Public Law Requirement (GAO-12-587R)**

Health Care Program: Improved Oversight Needed to Ensure Ongoing Compliance with Requirement (GAO-12-749)
<table>
<thead>
<tr>
<th>Date</th>
<th>Action Description</th>
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<tbody>
<tr>
<td>October 2012</td>
<td>Completion Date: Peer Review &amp; Final Report (November 2012)</td>
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<tr>
<td>June 2012</td>
<td>Completion Date: Review of the Final Report</td>
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<tr>
<td>December 2012</td>
<td>System Update: Implementation of the Final Report</td>
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<tr>
<td>June 2012</td>
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**Recommendation 6**

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**Recommendation 5**

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**Recommendation 4**

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<tr>
<td>September 2012</td>
<td>Preparing for FY 2013: HRSN will conduct an evaluation of the FY 2011 Health Center New Access Point process to identify potential improvements in the areas of need scoring, priority, and transparency of the process.</td>
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<tr>
<td>September 2012</td>
<td>Preparing for FY 2013: HRSN will incorporate the evaluation findings into the FY 2013 New Access Point process.</td>
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<tr>
<td>October 2012</td>
<td>Implement HRSN’s improvements in the areas of need scoring, priority, and transparency of the process.</td>
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**HHS Awarded Process Report - GAO**

**HHS Managed Care Plan (Stabilization of Action)**

2011 HHS Awarded Process: High-Need and Special Populations and Metrics Evaluation (GAO-12-564)

Health Center Program: Improved Oversight Needed to Ensure Grants Comply with Requirements (GAO-12-384)