



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



DEC 28 2012

TO: Kathy Greenlee
Administrator
Administration for Community Living

FROM: Stuart Wright */S/*
Deputy Inspector General
for Evaluation and Inspections

SUBJECT: Memorandum Report: *Community Living Assistance Services and Supports Program: 2012 Report to Congress*, OEI-04-11-00451

Effective January 1, 2011, Title VIII of the Patient Protection and Affordable Care Act (hereinafter referred to as the CLASS Act) established the Community Living Assistance Services and Supports (CLASS) program. The CLASS Act requires the Office of Inspector General (OIG) to submit an annual report to the Secretary and Congress on the overall progress of the CLASS program and the existence of waste, fraud, and abuse in the program. This memorandum report fulfills OIG's 2012 reporting requirement.

To fulfill this requirement in 2011, OIG issued the report *Community Living Assistance Services and Supports Program: 2011 Report to Congress* (OEI-04-11-00450).

For the relevant text of the CLASS Act, see the Appendix.

SUMMARY

According to the CLASS Act, OIG must submit an annual report to the Secretary of Health and Human Services (Secretary) and Congress on the overall progress of the CLASS program and the existence of waste, fraud, and abuse. Each report must include findings in four areas: (1) providing cash benefits; (2) determining eligibility; (3) providing quality assurance and protecting against waste, fraud, and abuse; and (4) recouping unpaid and accrued benefits.

The Department of Health and Human Services (HHS) could not identify a benefit plan that was both actuarially sound and consistent with additional requirements of the CLASS Act. As a result, CLASS program activities were suspended in October 2011. Because program activities remained suspended in 2012, OIG has no findings specific to the areas specified in its reporting requirement.

BACKGROUND

Effective January 1, 2011, the CLASS program was established as a federally administered, voluntary insurance program to help working adults cover some costs of long-term-care services and supports. The CLASS Act required the benefit plan to be actuarially sound for a 75-year period and to meet several other requirements regarding premium amounts, benefit amounts, and benefit eligibility.¹

On October 14, 2011, the Secretary informed Congress that HHS had not identified a CLASS program benefit plan that was both actuarially sound for the next 75 years and consistent with the requirements of the CLASS Act. Following this announcement, HHS suspended program implementation activities.

RESULTS

Prior to program suspension, the CLASS Office within the Administration on Aging was responsible for developing, overseeing, and implementing the CLASS program. Following program suspension, the CLASS Office focused its efforts on organizing and storing key office documents and helping staff transition to other jobs. The CLASS Office was officially abolished on April 18, 2012, with the publication of the Federal Register notice that incorporated the Administration on Aging into the newly created Administration for Community Living (ACL).² No CLASS program activities took place after this time.

Because program activities remained suspended in 2012, OIG has no findings specific to the areas specified in its reporting requirement. ACL has no plans to resume program activity.

CONCLUSION

We consider this memorandum report to meet OIG's annual CLASS Act reporting requirement. OIG will determine the most appropriate way to meet this requirement in future years on the basis of the CLASS program's status.

This report is being issued directly in final form because it contains no recommendations. If you have comments or questions about this report, please provide them within 60 days. Please refer to report number OEI-04-11-00451 in all correspondence.

¹ Public Health Services Act § 3203(a) and (b), 42 U.S.C. § 30011-2(a) and (b).

² 77 Fed. Reg. 23250 (Apr. 18, 2012).

APPENDIX

Public Health Services Act Sec. 3209, 42 U.S.C. § 30011-8

SEC. 3209. INSPECTOR GENERAL'S REPORT.

The Inspector General of the Department of Health and Human Services shall submit an annual report to the Secretary and Congress relating to the overall progress of the CLASS [Community Living Assistance Services and Supports] program and of the existence of waste, fraud, and abuse in the CLASS program. Each such report shall include findings in the following areas:

- (1) The eligibility determination process.
- (2) The provision of cash benefits.
- (3) Quality assurance and protection against waste, fraud, and abuse.
- (4) Recouping of unpaid and accrued benefits.