

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

Route Slip

TO: Don Gessaman
Dave Kleinberg
Jim MacRae
Barbara Selfridge

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FROM: Hermann Habermann (x3774)

Date: 2/8/93

REMARKS

Attached is a copy of the health care package that Jim Murr sent to the Deputy Director on 2/6.

C:
Jack Arthur

FEB 5 1993

**HEALTH PAD
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cc: Don Gessaman
Jim MacRae
Dave Kleinberg
Barbara Selfridge

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HEALTH PAD
BACKGROUND AND TASK OBJECTIVES

• **BACKGROUND**

IN ORDER TO SUPPORT THE ADMINISTRATION'S EMPHASIS ON HEALTH CARE, A NEW PROGRAM ASSOCIATE DIRECTOR (PAD) FOR HEALTH IS BEING CREATED WITHIN OMB.

• **TASK OBJECTIVES**

- TO DEVELOP AND ANALYZE ORGANIZATIONAL OPTIONS FOR STRUCTURING AND STAFFING THIS NEW POSITION.

- TO PROVIDE CRITERIA AND OPTIONS AND A RECOMMENDED OPTION TO ASSIST THE DIRECTOR AND DEPUTY DIRECTOR IN THIS DECISION.

HEALTH PAD
SCOPE AND PARTICIPANTS

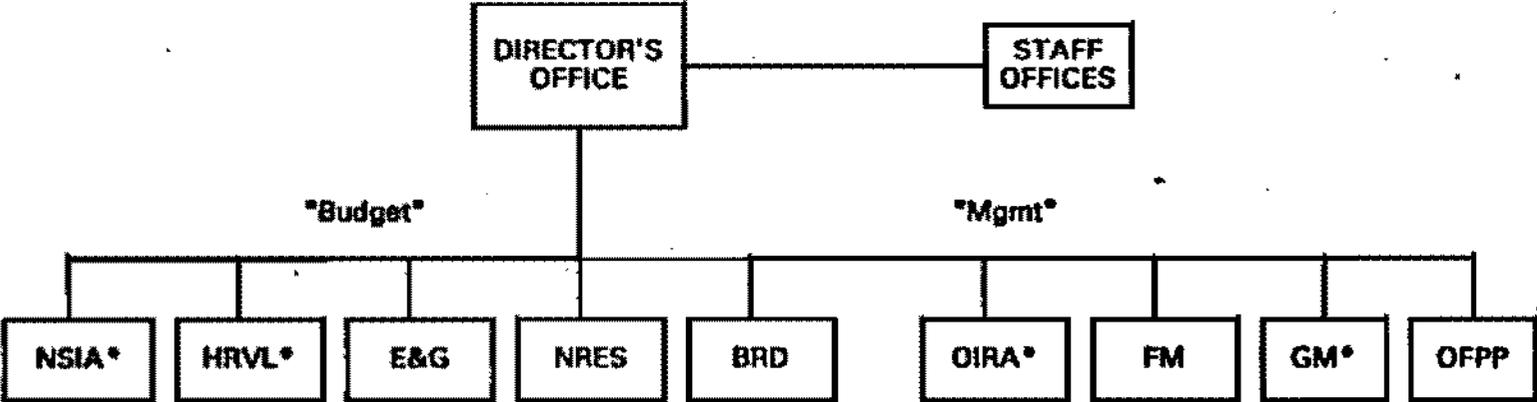
• **SCOPE**

- OPTIONS MUST NOT EXCEED OMB'S RESOURCE AND PERSONNEL CONSTRAINTS.
- OPTIONS SHOULD CONSIDER THE DIRECT AND INDIRECT IMPACTS (BENEFITS AND DRAWBACKS) ON OMB'S MISSION, INTERNAL EFFECTIVENESS AND CULTURE, AND INTERACTION WITH EXTERNAL ACTORS (AGENCIES, CONGRESS, AND INTEREST GROUPS).

• **LIST OF PARTICIPANTS**

- COMMENTS (ON AN EARLIER DRAFT) WERE RECEIVED FROM JACK ARTHUR, STEVE BANDEIAN, DON GESSAMAN, DAVID KLEINBERG, JIM MACRAE, JIM MURR, BOB RIDEOUT, AND BARBARA SELFRIDGE.
- THE PRESENTATION WAS PREPARED BY FRANK REEDER, HERMANN HABERMANN, AND BOB WYLER.

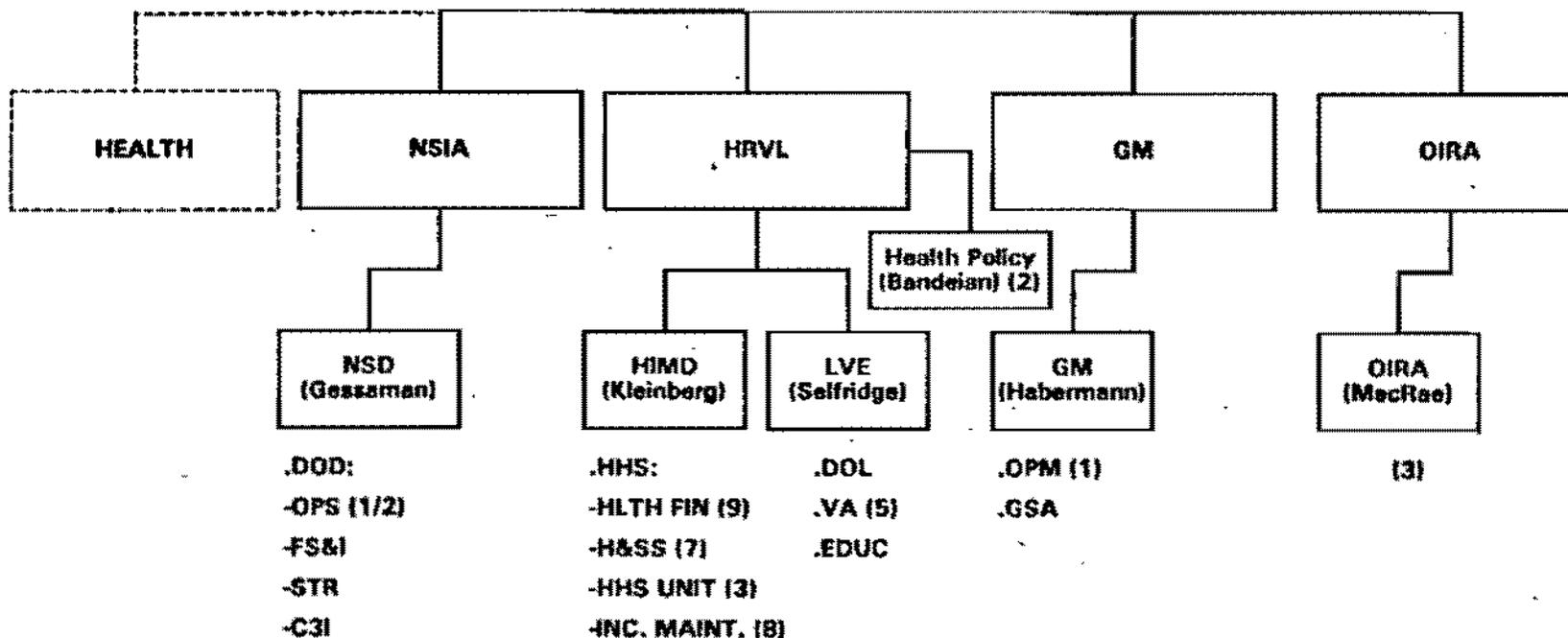
CURRENT STRUCTURE OF OMB



3

Note: '*' denotes OMB Divisions with 1 or more health care programs.

OMB DIVISIONS WITH HEALTH CARE RESPONSIBILITIES¹



¹ The number of professional staff involved with "health" accounts (and all of the VA branch) is shown in parenthesis.

UNIVERSE OF POTENTIALLY AFFECTED STAFF¹

● HIMD/HEALTH FINANCING BRANCH	1 SES (ZAFRA) & 8 EXAMINERS
● HIMD/HEALTH AND SOCIAL SERVICES BRANCH	1 SES (CLENDENIN) & 6 EXAMINERS
● HIMD/INCOME MAINTENANCE BRANCH	1 SES (FONTENOT) & 7 EXAMINERS
● HIMD/HHS UNIT	1 DAD (KLEINBERG) & 3 EXAMINERS ²
● HRVL/HEALTH POLICY	1 SES (BANDEIAN) & 1 ECONOMIST ³
● VA BRANCH	1 SES (GRAMS) & 4 EXAMINERS ⁴
● GMD/OPM/FEHB PROGRAM	1 OF 5 EXAMINERS
● NSD/DOD/MEDICAL PROGRAMS	½ OF 7 EXAMINERS
● OIRA/HUMAN RESOURCES AND HOUSING BRANCH	3 OF 9 DESK OFFICERS
	<hr/>
	1 DAD, 4 OTHER SES & 33½ PROFESSIONAL STAFF

¹ Excludes support staff.

² Includes branch staff involved in non-health functions.

³ Excludes 2 detailees.

⁴ Includes branch staff involved in non-health functions.

HEALTH PAD CONSIDERATIONS

- WILL STRUCTURE PERMIT FOCUS ON HEALTH CARE REFORM, AND GOVERNMENT-WIDE HEALTH POLICY?

- HOW WOULD STRUCTURE IMPACT OMB'S ABILITY TO COMMUNICATE EFFECTIVELY WITH KEY EXTERNAL ACTORS?
 - AUTHORIZING COMMITTEES
 - APPROPRIATIONS SUBCOMMITTEES
 - AGENCY HEADS AND BUDGET OFFICIALS
 - INTEREST GROUPS

- HOW WOULD STRUCTURE AFFECT OMB INTERNAL OPERATIONS?
 - BRANCH BALANCE, LOAD, AND STAFFING
 - ABILITY TO RESPOND TO AGENCYWIDE DATA REQUESTS AND TO IMPLEMENT ADMINISTRATION PRIORITIES.
 - ABILITY TO RESPOND TO CROSSCUTTING (I.E., HEALTH) DATA REQUESTS AND TO IMPLEMENT ADMINISTRATION PRIORITIES.
 - MORALE, WORK RELATIONSHIPS, SUPPORT FUNCTIONS AND EFFECTIVENESS

HEALTH PAD OPTIONS

OPTIONS FOR HEALTH PAD RESPONSIBILITIES (ARRAYED FROM FEWEST TO MOST ORGANIZATIONAL/STAFF CHANGES)¹:

● OPTION #1 (HEALTH POLICY OPTION). SUPPORT FOR HEALTH CARE REFORM AND CROSSCUTTING HEALTH POLICY.

● OPTION #2 (ALL HHS OPTION). OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS.

● OPTION #3 (HHS HEALTH OPTION). OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS' HEALTH AREAS.

● OPTION #4 (HHS HEALTH AND OPM OPTION). OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS' HEALTH AREAS AND OPM'S FEHB PROGRAM.

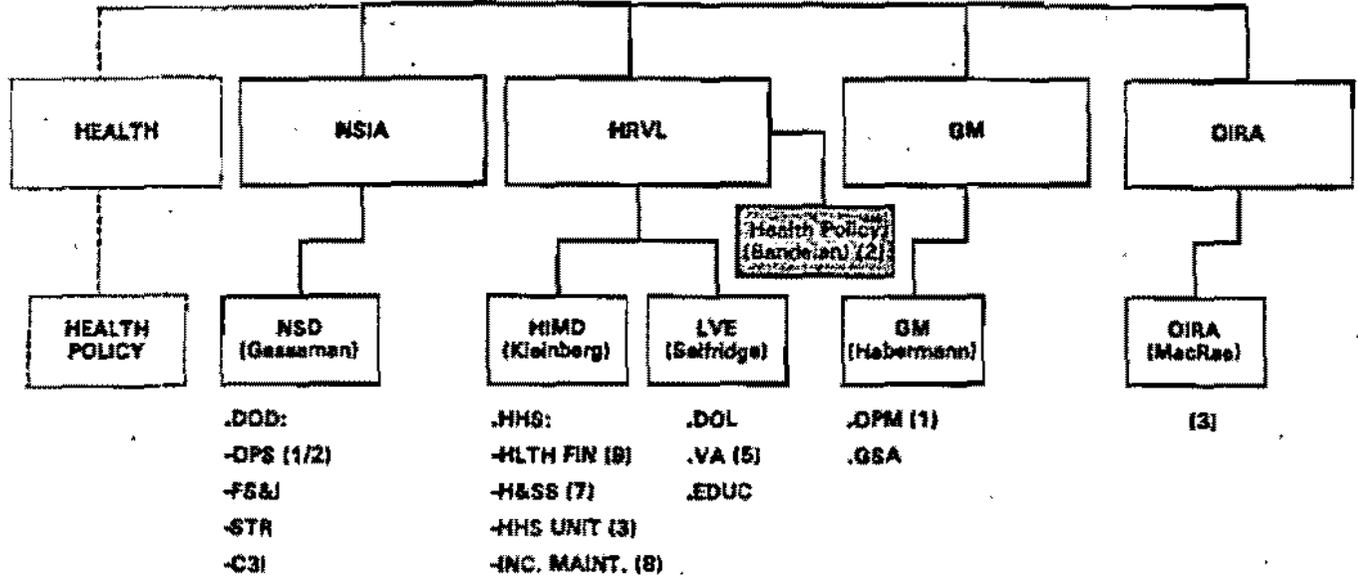
● OPTION #5 (HHS HEALTH AND VA OPTION). OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS' HEALTH AREAS AND ALL OF THE DEPARTMENT OF VETERANS AFFAIRS (VA).

● OPTION #6 (ALL HEALTH AND VA OPTION). OPTION #1 PLUS BUDGET RESPONSIBILITY FOR ALL HEALTH AREAS (HHS, DOD, OPM) AND ALL OF VA.

● OPTION #7 (ALL HEALTH AND VA WITH REGULATORY FUNCTIONS OPTION). ADDS REGULATORY REVIEW RESPONSIBILITIES TO THE PRECEDING OPTION.

¹ The 'boxed' options are discussed in the body of the presentation. Information on the remaining options may be found in the appendices.

**OPTION #1:
HEALTH POLICY OPTION**



• **DESCRIPTION.** THE HEALTH PAD AREA WOULD CONSIST OF:

- SUPPORT FOR HEALTH CARE REFORM
- CROSS-CUTTING HEALTH POLICY COORDINATION
- [NOTE: BUDGET EXAMINING RESPONSIBILITIES REMAIN UNCHANGED].

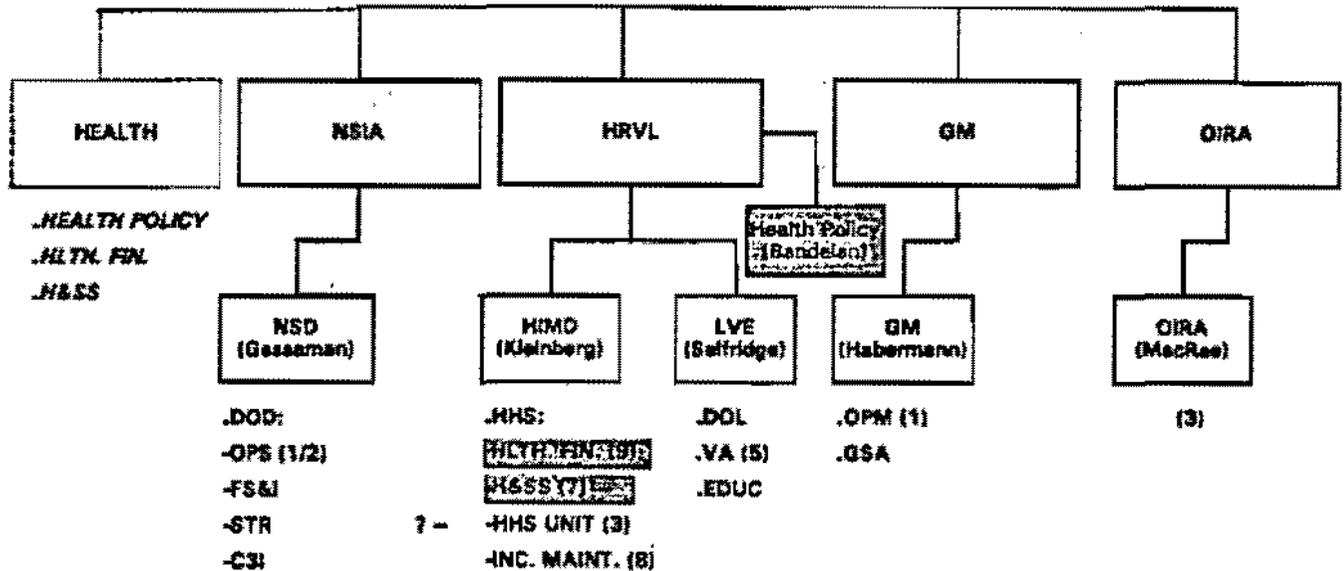
• **ADVANTAGES.**

- PERMITS THE PAD TO CONCENTRATE ON HEALTH REFORM AND NOT GET MIRED IN DAY-TO-DAY BUDGET, LEGISLATIVE, AND REGULATORY ISSUES.
- ENABLES PAD TO CONCENTRATE ON HEALTH REFORM MEASURES THAT WILL AFFECT ALL AMERICANS INSTEAD OF ON LESS CRITICAL EFFORTS TO CHANGE FEDERAL HEALTH PROGRAMS.
- KEEPS ALL OF OPM, DOD AND VA IN PRESENT DIVISIONS, PERMITTING A SINGLE UNIT TO EXAMINE ALL ASPECTS OF CIVILIAN AND MILITARY COMPENSATION, RESPECTIVELY, INCLUDING PROGRAM POLICY, OPERATIONS, ADMINISTRATION,

AND AGENCY OVERSIGHT AS WELL AS AUDIT AND ENFORCEMENT (IG).

- DISADVANTAGES.
 - LEAVES HEALTH PROGRAMS DIVIDED AMONG 3 PADS.
 - CREATES A PAD AREA WITH LESS THAN 10 STAFF. OTHER PAD AREAS HAVE ABOUT 60 STAFF. THIS MAY PROVIDE THE PAD WITH INSUFFICIENT ANALYTIC AND MODELING CAPACITY.
- COMMENT. GESSAMAN (NSD) RECOMMENDED ADOPTION OF THIS OPTION.

**OPTION #3:
HHS HEALTH OPTION**



● DESCRIPTION. THE HEALTH PAD AREA WOULD CONSIST OF:

- SUPPORT FOR HEALTH CARE REFORM
- CROSS-CUTTING HEALTH POLICY COORDINATION
- BUDGET RESPONSIBILITY FOR HHS'S HEALTH AREAS (I.E., MEDICARE, MEDICAID, PUBLIC HEALTH SERVICE, ETC.)

● ADVANTAGES.

- COMBINES HEALTH CARE REFORM POLICY WITH DIRECT BUDGET RESPONSIBILITY FOR THE LARGEST HEALTH PROGRAMS IN THE NATION (MEDICARE AND MEDICAID).
- PROVIDES FOCUS ON THE BIGGEST ISSUES AND AREAS WITHOUT DIVERTING ATTENTION TO BUDGET DETAILS FOR SMALLER HEALTH PROGRAMS, EACH OF WHICH DEALS WITH DIFFERENT CONSTITUENCIES AND CONGRESSIONAL COMMITTEES.
- ALLEVIATES CONCERN THAT HRVL PAD'S ISSUES HAVE BECOME TOO COMPLEX AND WIDE RANGING FOR A SINGLE POLICY OFFICIAL.

- KEEPS ALL OF OPM AND DOD IN PRESENT DIVISIONS, PERMITTING A SINGLE UNIT TO EXAMINE ALL ASPECTS OF CIVILIAN AND MILITARY COMPENSATION, RESPECTIVELY, INCLUDING PROGRAM POLICY, OPERATIONS, ADMINISTRATION, AND AGENCY OVERSIGHT AS WELL AS AUDIT AND ENFORCEMENT (IG).
- CHANGES STEMMING FROM HEALTH CARE REFORM IN FEHB, DOD, AND VA MAY BE BETTER DEVELOPED AND IMPLEMENTED THROUGH PADS WHO CAN DEVOTE GREATER TIME TO THEM.

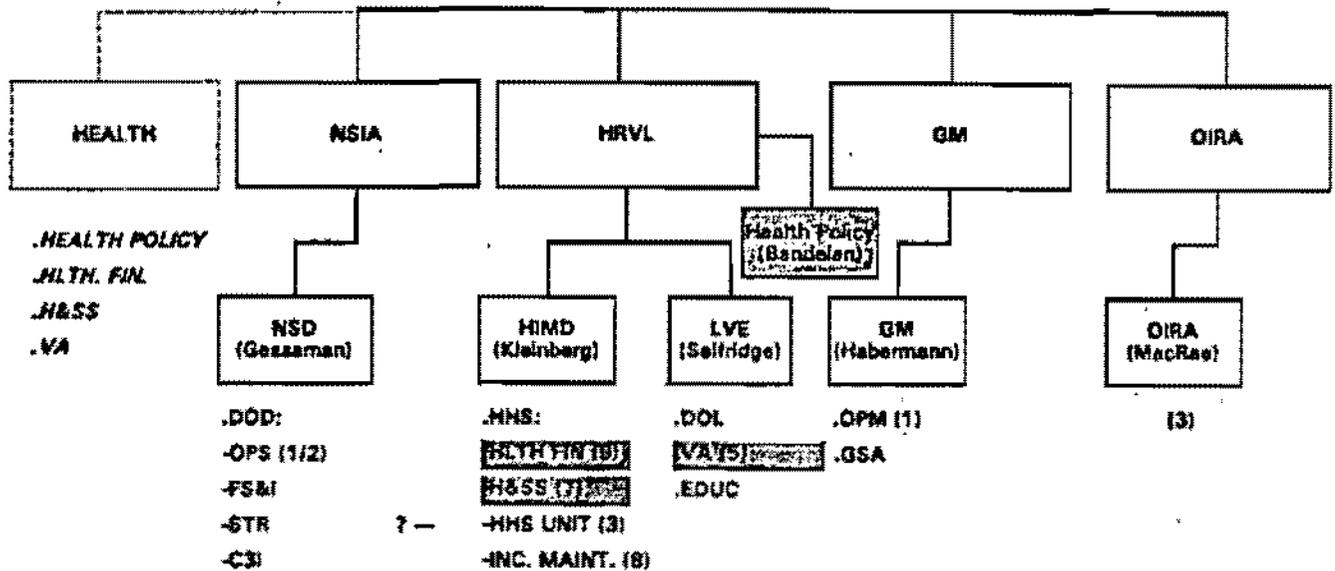
● DISADVANTAGES.

- ANY OPTION THAT SPLITS AN ORGANIZATION (I.E., HIMD IN THIS CASE) INVOLVES SOME DISRUPTION.¹
 - [##]² "CREATES ORGANIZATIONAL DISRUPTION THAT WILL HINDER STAFF PRODUCTIVITY AND RESPONSIVENESS DURING CRITICAL 1ST 180 DAYS OF HEALTH REFORM."
 - [##] "CREATES POSSIBLE NEW CAREER REPORTING RELATIONSHIPS THAT WILL LEAD TO SOME STAFF DEPARTURES AS EXPECTATIONS AND WORK STYLE CONFLICTS ARISE."
- [##] "HEALTH IS A SUFFICIENTLY COMPLEX AREA THAT IT WILL BE DIFFICULT FOR SMALL ISOLATED STAFFS IN VA, DOD, AND FEHB TO PROVIDE THE BEST OPTIONS AND ANALYSIS."
- WITH UNIVERSAL COVERAGE UNDER HEALTH REFORM, THE NEED FOR EXTENSIVE FACILITIES FOR VETERANS MAY BECOME PROBLEMATIC. SIMILARLY, FEHB AND CHAMPUS MAY BE INTEGRATED INTO THE GENERAL SYSTEM OF COVERAGE FOR THE UNDER AGE 65 POPULATION. THESE CHANGES MAY BE LESS LIKELY TO OCCUR IF THESE PROGRAMS REMAIN UNDER SEPARATE PADS.

¹ HIMD's implementation comments are provided in the appendices.

² While all statements and comments involve some subjectivity, statements denoted by this mark are particularly controversial or primarily of an "opinion" nature.

**OPTION #5:
HHS HEALTH AND VA OPTION**



● **DESCRIPTION.** THE HEALTH PAD AREA WOULD CONSIST OF:

- SUPPORT FOR HEALTH CARE REFORM
- CROSS-CUTTING HEALTH POLICY COORDINATION
- BUDGET RESPONSIBILITY FOR THE FOLLOWING:
 - HHS'S HEALTH AREAS (I.E., MEDICARE, MEDICAID, PUBLIC HEALTH SERVICE, ETC.)
 - DEPARTMENT OF VETERANS AFFAIRS (VA).

● **RELATED OPTION.** THE ADVANTAGES AND DISADVANTAGES OF MOVING HHS' HEALTH AREAS AND NOT MOVING OPM'S AND DOD'S HEALTH PROGRAMS ARE THE SAME AS OPTION #3. THOSE POINTS ARE NOT REPEATED HERE.

THEREFORE, THE FOLLOWING POINTS REFER ONLY TO WHETHER THE VA BRANCH SHOULD BE MOVED.

● **ADVANTAGE.**

- MOST OF VA'S PERSONNEL ARE INVOLVED WITH THEIR HEALTH PROGRAMS. PROVIDING THE HEALTH PAD WITH RESPONSIBILITY FOR THIS AGENCY WOULD FACILITATE THE COORDINATION OF

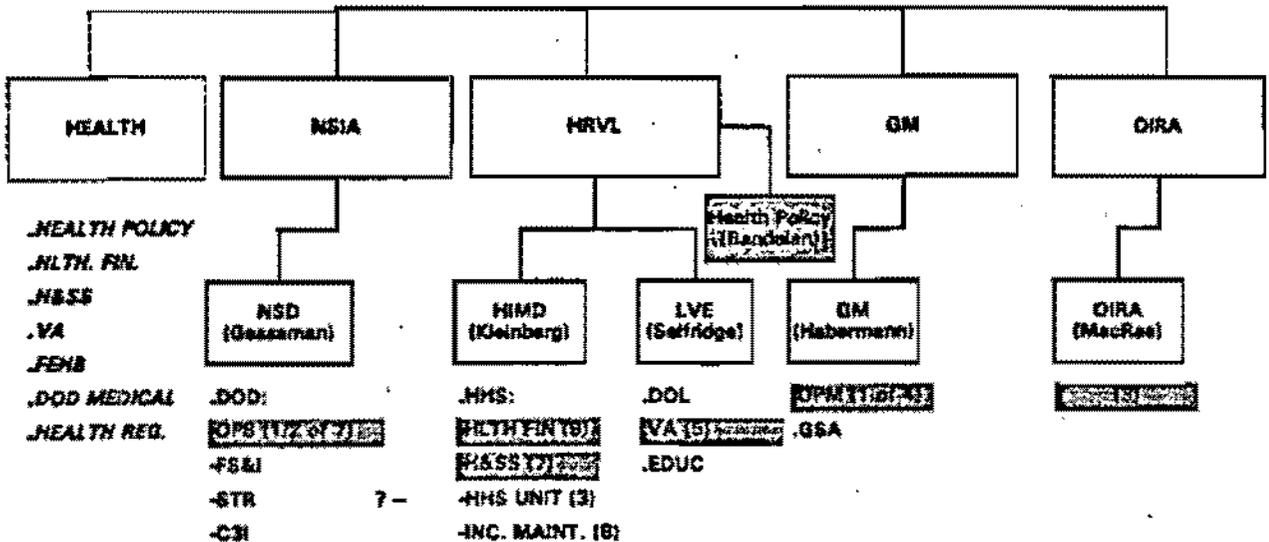
NATIONAL HEALTH REFORM WITH ONE OF THE LARGEST DIRECT CARE SYSTEMS IN THE UNITED STATES.

- DISADVANTAGE.

- VA AND DOD MEDICAL PROGRAMS HAVE LIMITED INFLUENCE ON PRIVATE SECTOR MEDICAL COSTS, AND COULD REQUIRE TIME CONSUMING NEGOTIATIONS WITH THE DEFENSE AND VETERANS COMMITTEES OF CONGRESS. SUCH NEGOTIATIONS WOULD HAVE LIMITED CONSEQUENCE ON OVERALL NATIONAL HEALTH EXPENDITURES.

- COMMENT. GESSAMAN (NSD) PROPOSED SPLITTING THE VA BRANCH BETWEEN TWO PAD AREAS. SELFRIDGE (LVE) BELIEVES THE BRANCH SHOULD NOT BE SPLIT. IF SPLITTING VA IS CONTEMPLATED, A SUPPLEMENTAL ANALYSIS CAN BE PROVIDED.

**OPTION #7:
ALL HEALTH AND VA WITH REGULATORY FUNCTIONS OPTION**



- **DESCRIPTION.** THE HEALTH PAD AREA WOULD CONSIST OF:
 - SUPPORT FOR HEALTH CARE REFORM
 - CROSS-CUTTING HEALTH POLICY COORDINATION
 - BUDGET RESPONSIBILITY FOR THE FOLLOWING:
 - . HHS'S HEALTH AREAS (I.E., MEDICARE, MEDICAID, PUBLIC HEALTH SERVICE, ETC.)
 - . DEPARTMENT OF VETERANS AFFAIRS (VA)
 - . OPM'S EMPLOYEE HEALTH (FEHB) PROGRAM
 - . DOD'S CHAMPUS AND DIRECT CARE PROGRAMS.
 - . REGULATORY AND INFORMATION COLLECTION REVIEW FUNCTIONS ASSOCIATED WITH THESE FUNCTIONS.
- **RELATED OPTION.** THE ADVANTAGES AND DISADVANTAGES OF MOVING HHS' HEALTH AREAS AND VA ARE IDENTICAL TO OPTION #3. THOSE POINTS ARE NOT REPEATED HERE.

- ADVANTAGES.

- Budget Areas

- CONSOLIDATES FEDERAL HEALTH PROGRAMS UNDER ONE PAD (RATHER THAN FOUR PADS), AND MAKES COORDINATION OF FEDERAL HEALTH POLICY EASIER.
 - MAKING THE PAD RESPONSIBLE FOR DOD MEDICAL PROGRAMS COULD RESULT IN HEALTH BENEFITS FOR DEPENDENTS AND RETIREES MORE COMPARABLE TO THOSE OF OTHER CIVILIANS.
 - POOLS ALL OMB HEALTH RELATED RESOURCES EXCEPT REGULATORY OVERSIGHT.

- Regulatory Review

- PROVIDING THE PAD WITH REGULATORY REVIEW FUNCTIONS FOR HEALTH CARE (BY MODIFYING DELEGATIONS OF AUTHORITY) WOULD BETTER ENSURE THAT ALL OMB OFFICES ARE FOLLOWING THE SAME POLICY OBJECTIVES.
 - POOLS ALL OMB HEALTH RELATED RESOURCES.
 - IMPORTANT CHANGES TO MEDICARE AND OTHER PROGRAMS ARE OFTEN IMPLEMENTED THROUGH REGULATORY CHANGES. COLLOCATION OF APPLICABLE REGULATORY REVIEW FUNCTIONS AND BUDGET FUNCTIONS COULD REDUCE INTERNAL DISAGREEMENTS ARISING FROM DIFFERENT POLICY PERSPECTIVES.

- DISADVANTAGES.

- Budget Areas

- INVOLVES MANAGEMENT OF A VARIETY OF ACCOUNTS AND PROGRAMS IN DIFFERENT AGENCIES. EACH PROGRAM AND AGENCY INVOLVES COMMUNICATION WITH A SEPARATE GROUP OF KEY ACTORS (AT OMB, CONGRESS, AFFECTED AGENCIES, AND INTEREST GROUPS).
 - THE BREADTH OF THE HEALTH PAD'S BUDGET RESPONSIBILITIES MAY DETRACT FROM THE PAD'S ABILITY TO BE RESPONSIVE TO SUBSTANTIAL HEALTH REFORM POLICY DEMANDS.
 - SPLITTING ALL OF OPM AND DOD BETWEEN PAD AREAS WOULD NOT PERMIT A SINGLE UNIT TO EXAMINE ALL ASPECTS OF

CIVILIAN AND MILITARY COMPENSATION, RESPECTIVELY, INCLUDING PROGRAM POLICY, OPERATIONS, ADMINISTRATION, AND AGENCY OVERSIGHT AS WELL AS AUDIT AND ENFORCEMENT (IG).

- ANY OPTION THAT SPLITS AN ORGANIZATION (I.E., HIMD, OPM, AND DOD IN THIS CASE) INVOLVES SOME DISRUPTION.
- [##] "THE MILITARY READINESS AND COMPENSATION COMPONENTS OF THE DOD HEALTH PROGRAM REQUIRE THAT IT BE VIEWED IN THE OVERALL CONTEXT OF DEFENSE REQUIREMENTS."

Regulatory Review

- THE PAPERWORK REDUCTION ACT (PRA) MAKES THE OIRA ADMINISTRATOR RESPONSIBLE FOR CARRYING OUT THE PAPERWORK CLEARANCE FUNCTIONS OF THE ACT.
 - [##] "BREAKING-LOOSE REGULATORY STAFF FROM THEIR INSTITUTIONAL PERSPECTIVE WILL REDUCE THEIR EFFECTIVENESS IN TRACKING ACTIVITIES AND NEGOTIATING SOLUTIONS."
 - COMBINING BUDGET AND REGULATORY RESPONSIBILITIES COULD RESULT IN GREATER ON-BUDGET TO OFF-BUDGET COST SHIFTING.
 - SPLITTING REGULATORY AND INFORMATION COLLECTION ACTIVITIES FOR HEALTH CARE COULD RESULT IN INCONSISTENT APPLICATION OF REGULATORY AND INFORMATION COLLECTION POLICIES.
- COMMENT. MACRAE (OIRA) RECOMMENDED THAT THE PRESENT ARRANGEMENT FOR REGULATORY REVIEW BE CONTINUED.

HEALTH PAD OPTIONS SUMMARY

- OPTION #1 (HEALTH POLICY OPTION), SUPPORT FOR HEALTH CARE REFORM AND CROSSCUTTING HEALTH POLICY.

- OPTION #2 (ALL HHS OPTION), OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS.

- OPTION #3 (HHS HEALTH OPTION), OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS' HEALTH AREAS.

- OPTION #4 (HHS HEALTH AND OPM OPTION), OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS' HEALTH AREAS AND OPM'S FEHB PROGRAM.

- OPTION #5 (HHS HEALTH AND VA OPTION), OPTION #1 PLUS BUDGET RESPONSIBILITY FOR HHS' HEALTH AREAS AND ALL OF THE DEPARTMENT OF VETERANS AFFAIRS (VA).

- OPTION #6 (ALL HEALTH AND VA OPTION), OPTION #1 PLUS BUDGET RESPONSIBILITY FOR ALL HEALTH AREAS (HHS, DOD, OPM) AND ALL OF VA.

- OPTION #7 (ALL HEALTH AND VA WITH REGULATORY FUNCTIONS OPTION), ADDS REGULATORY REVIEW RESPONSIBILITIES TO THE PRECEDING OPTION.

OBSERVATIONS AND RECOMMENDATIONS¹

- THE LEVEL OF ACTIVITY EXPECTED AND NEEDED TO IMPLEMENT HEALTH REFORM IS LIKELY TO CHALLENGE THE HEALTH PAD'S TIME CONSTRAINTS AND ENERGY LEVEL IRRESPECTIVE OF WHICH OPTION IS SELECTED.
- THE HEALTH PAD SHOULD SEEK TO CONTROL KEY HEALTH POLICIES AND HEALTH PROGRAMS' BUDGETS WHILE MINIMIZING OTHER RESPONSIBILITIES.

THE ORGANIZATIONAL IMPLICATION OF THIS PRINCIPLE DEPENDS, IN PART, ON THE OBJECTIVE OF THE HEALTH PAD POSITION.

- IN ADDITION TO SERVING AS THE OMB LEAD IN DEVELOPING NATIONAL HEALTH CARE REFORM POLICIES AND LEGISLATION, THE PAD SHOULD BE RESPONSIBLE FOR THOSE FEDERAL HEALTH PROGRAMS THAT WILL BE RATIONALIZED, CONSOLIDATED, OR ELIMINATED AS PART OF THE HEALTH REFORM PROCESS.
- IF ALL OR MOST FEDERAL HEALTH PROGRAMS (E.G., MEDICARE, MEDICAID, PHS, VA HOSPITALS/HEALTH, FEHB, AND DOD'S CHAMPUS/DIRECT CARE) WILL BE ACTIVELY INVOLVED IN OR AFFECTED BY NATIONAL HEALTH REFORM, PROVIDING THE PAD WITH BROAD BUDGET RESPONSIBILITIES IS SUGGESTED.

RECOMMENDATION. IN THIS CASE, OPTION 6 OR 7 (ALL HEALTH AND VA, OR ALL HEALTH AND VA WITH REGULATORY FUNCTIONS, RESPECTIVELY) IS RECOMMENDED.

- TO THE EXTENT THAT THE ADMINISTRATION DOES NOT INTEND TO PROPOSE SIGNIFICANT ACTIVITY IN THESE PROGRAMS, AND/OR ANTICIPATES TIME CONSTRAINTS ON THE PAD, A MORE FOCUSED APPROACH IS RECOMMENDED.

RECOMMENDATION. IN THIS CASE, OPTION 3 (HHS' HEALTH AREAS) IS RECOMMENDED. IT WOULD PERMIT THE PAD TO CONCENTRATE ON HEALTH REFORM ISSUES WHILE ALSO MAINTAINING BUDGET RESPONSIBILITY FOR THE LARGEST FEDERAL HEALTH PROGRAMS (I.E., MEDICARE AND MEDICAID) WHICH ARE INTEGRAL TO SUCCESSFUL

¹ As part of this review, we were asked to develop recommendations. Accordingly, these recommendations reflect our views and do not reflect a consensus of all participants.

HEALTH REFORM. ALSO, IT WOULD AVOID THE DISTRACTIONS (TIME AND ENERGY) ASSOCIATED WITH MANAGING MULTIPLE SMALLER PROGRAMS, EACH WITH DIFFERENT INTERNAL AND EXTERNAL ACTORS (PADS, CONGRESSIONAL COMMITTEES, AGENCY HEADS, AND INTEREST GROUPS) AND WOULD MINIMIZE ORGANIZATIONAL DISRUPTION.

IMPLEMENTATION TIMING

Description

Timing after decision on new Health PAD staffing

- IDENTIFY AND ANNOUNCE (EFFECTIVE IMMEDIATELY) THE AGENCIES, ACCOUNTS, AND STAFF THAT WILL REPORT TO THE HEALTH PAD. 2-3 DAYS
- ALLOCATE COMMON ORGANIZATIONAL UNITS (HHS UNIT, CLERICAL PERSONNEL, AND TECHNICAL STAFF) BETWEEN HEALTH PAD AND "HRVL" PAD. 30 DAYS
- REASSIGN AND PHYSICALLY MOVE CURRENT NON-HRVL STAFF. 30 DAYS
- COMPLETE PHYSICAL MOVE FOR ALL ORGANIZATIONAL UNITS. 6 MONTHS¹
(BEFORE 1995 BUDGET PROCESS)

¹ HIMD recommends beginning the staff moves and consolidation activity in 6 months (with dual reporting until that time) to minimize disruption. Their recommendation is discussed in the appendices.

APPENDICES

<u>Page</u>	<u>Description</u>
22.	Current Structure: Health Policy Development
23.	Current Structure: Health Financing Branch
24.	Current Structure: Health and Social Services Branch
25.	Current Structure: Income Maintenance Branch
26.	Current Structure: HHS Unit
27.	Current Structure: Veterans Affairs (VA) Branch
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38.-39.	HIMD Implementation Issues

CURRENT STRUCTURE/UNIT: HEALTH POLICY DEVELOPMENT¹

- ORGANIZATIONAL LOCATION

- Human Resources, Veterans and Labor (PAD)
- Health Policy Development Unit

- DESCRIPTION OF BRANCH'S HEALTH ACTIVITIES

- The unit has been responsible for health care reform within OMB, has participated in and coordinated executive branch health reform activities, and has assisted other OMB components on cross cutting health financing issues.
- Current staffing: 1 SES and 1 professional staff².
- Much of the work of the unit has been conducted through a series of interagency work groups.

- DESCRIPTION OF PROGRAM

- In its work, the unit has addressed the full range of issues involved in comprehensive health system reform. These issues involve analysis of different approach for:
 - Expanding access to the uninsured,
 - Controlling health care costs,
 - Reforming the health insurance market,
 - Streamlining the claims processing system,
 - Reforming the medical malpractice system,
 - Improving health data systems.
- The unit also has been responsible both for legislative and budgetary analysis of health reform proposals.

¹ These current structure "description" sheets are the representations of the individuals involved. Information provided (some of which is subject to disagreement) was not verified.

² Plus 2 detailees and 1 shared secretary.

CURRENT STRUCTURE/PROGRAM:
HEALTH FINANCING BRANCH

● **ORGANIZATIONAL LOCATION**

- Human Resources, Veterans, and Labor (PAD)
- Health and Income Maintenance Division (HIMD)
- Health Financing Branch

● **DESCRIPTION OF BRANCH'S HEALTH ACTIVITIES**

- OMB's Health Financing Branch reviews the budget, regulations, and proposed legislation for the Medicare and Medicaid programs that reside in the HHS's Health Care Financing Administration (HCFA).
- Current staff: 1 SES and 8 professional staff¹.
- The branch oversees a number of health care quality assurance programs that extend beyond Medicaid and Medicare, including:
 - . Survey and certification activities related to health care facilities,
 - . Mammography screening clinics, and
 - . The Clinical Laboratories Improvement Act.
- The Health Financing branch works with the Income Maintenance branch on a number of crosscutting issues, e.g., AFDC and SSI recipients are automatically eligible for Medicaid and make up 60% of the Medicaid caseload.

● **DESCRIPTION OF PROGRAMS**

- Medicare and Medicaid are estimated to spend \$290 billion in FY 1994, of which \$230 billion is Federal funds.
- Medicare is designed to finance needed and affordable medical care for the elderly, and Medicaid is designed to assure access to acute and long term residential care for selected low-income individuals.

¹ Plus 1 professional staff vacancy, 1 shared secretary, and 1 shared secretary vacancy.

CURRENT STRUCTURE/BRANCH:
HEALTH AND SOCIAL SERVICES BRANCH

● **ORGANIZATIONAL LOCATION**

- Human Resources, Veterans and Labor (PAD)
- Health and Income Maintenance Division
- Health and Social Services Branch

● **DESCRIPTION OF BRANCH'S HEALTH ACTIVITIES**

- The branch (HSS) examines the budgets, regulations, and proposed legislation for:

- . All eight of HHS' Public Health Services (PHS) agencies,
- . Selected Administration for Children and Families programs (including Head Start),
- . The Administration on Aging, and
- . The Consumer Product Safety Commission.

- Generally, PHS programs that target medically underserved and low-income populations serve the same clientele as HCFA's Medicaid program and USDA's nutrition programs (Food Stamps, WIC).

Effective use of Federal resources depends on coordination of policies and resources across HHS agencies and USDA.

- The HSS branch is the OMB lead on Federal funding and policies for biomedical research generally and HIV/AIDS specifically.
- Staffing: 1 SES and 6 professional staff.¹

¹ Plus 1 shared secretary and 1 shared secretary vacancy.

CURRENT STRUCTURE/BRANCH:
INCOME MAINTENANCE BRANCH

● **ORGANIZATIONAL LOCATION**

- Human Resources, Veterans and Labor (PAD)
- Health and Income Maintenance Division
- Income Maintenance Branch

● **DESCRIPTION OF BRANCH'S ACTIVITIES**

- This branch examines the following budgets:
 - . Social Security Administration,
 - . Food and Nutrition Service,
 - . Railroad Retirement Board,
 - . Legal Services Corporation,
 - . The Treasury Department's earned income credits, and
 - . Most of the Administration on Children and Families.
- Many of the branch's activities are considered by some to be health related, or have direct impacts on health spending under other programs. However, health activities account for less than 25% of the branch's work.
- The branch oversees Social Security revenues (FICA/SECA), which affect HI, calculates the impact of changing SMI premiums, reviews administration of Medicare applications and eligibility by the Social Security Administration.
- Food and Nutrition Service (FNS) programs, especially the Supplemental Feeding Program for Woman Infants and Children (WIC), help low income families improve their nutritional intake and draw pregnant women into the health care system.
- The Health Earned Income Credit gives a refundable credit for certain low income families purchasing health insurance covering their children.
- Staffing: 1 SES, 7 professional staff, and 1 support staff.

CURRENT STRUCTURE/UNIT:
HHS UNIT

● **ORGANIZATIONAL LOCATION**

- Human Resources, Veterans, and Labor (PAD)
- Health and Income Maintenance Division (HIMD)
- Health and Human Services (HHS) Unit

● **DESCRIPTION OF UNIT'S HEALTH RELATED PROGRAM/ACTIVITIES**

- Modelling interactions among health entitlement programs, i.e., Medicare, Medicaid, SSA, Food Stamps, FEHB.
- Third Party Liability (TPL) project and legislation.
- Medical malpractice reform legislation.
- Biotechnology research coordination (involving \$4 billion and 12 Federal agencies).
- Policy research and evaluation for HHS health programs.
- Responsible for the HHS Inspector General's and Assistant Secretary for Planning and Evaluation's budgets.
- Staffing: 3 professional staff and 1 support staff.

CURRENT STRUCTURE:
VETERANS AFFAIRS (VA) BRANCH

● **ORGANIZATIONAL LOCATION**

- Human Resources, Veterans and Labor (PAD)
- Labor, Veterans and Education Division (LVE)
- Veterans Affairs Branch

● **DESCRIPTION OF BRANCH ACTIVITIES**

- Responsible for oversight of all VA programs (\$33 billion in FY93) and two small agencies.
- Two major VA health programs, medical care and medical and prosthetic research, are discretionary.
- Non-medical programs include disability compensation, means-tested pension, housing loans, cemetery system, construction, education benefits and life insurance.
- 4 FTE (professional staff) are devoted to VA programs. 1.5 FTE devoted to medical programs. Temporary detailees are also used to examine specific VA health care issues.

● **DESCRIPTION OF PROGRAMS**

- Medical care (\$14.6 billion in FY93) provides direct health services to veterans and dependents through a nation-wide system of hospitals, clinics, and nursing homes that is the largest non-DOD Federal civilian employer (200,634 FTE in FY93).
- Medical and prosthetic research (\$232 million in FY93) is conducted at VA hospitals. Most of major construction program (\$493 million in FY93) supports medical system.
- Other VA non-medical programs that are directly tied to VA medical care include compensation, pensions, grants to States and minor construction.
- All veterans programs serve the same population and, in most cases, the same beneficiaries. VA and DOD health systems treat each other's beneficiaries and share medical resources. VA serves as a backup to DOD during major military conflicts.

CURRENT STRUCTURE/PROGRAM:
FEDERAL EMPLOYEE HEALTH BENEFITS (FEHB) PROGRAM

● **ORGANIZATIONAL LOCATION**

- General Management Division (GMD)
- Federal Personnel Policy Branch

● **DESCRIPTION OF BRANCH'S HEALTH ACTIVITIES**

- OMB'S Federal Personnel Policy Branch reviews OPM's budget and proposed legislation, and coordinates Federal pay and benefits policy issues. The Federal Employees Health Benefits (FEHB) program is managed by OPM, and is coordinated by this branch.
- 1 of 5 branch FTE (professional staff) are devoted to this program. In dollars, it represents 1 of 2 major branch programs.
- At OPM, this program is managed by the "Retirement and Insurance Group," which also manages civilian pensions and life insurance programs.

● **DESCRIPTION OF PROGRAM**

- The FEHB program is the largest employer based insurance program in the U.S. It insures 4.2 million enrollees, including active civilian employees, postal workers and annuitants, and their 5 million dependents.
- OPM establishes contracts with commercial insurance carriers, employee organizations, and HMOs and contributes about 2/3 of the premium. Enrollees may choose among the available plans.
- OPM has fairly wide discretion to manage this program. OPM negotiates specific provisions and premiums with contractors annually.

CURRENT STRUCTURE/PROGRAM:
DEFENSE HEALTH CARE

● **ORGANIZATIONAL LOCATION**

- National Security and International Affairs (PAD)
- National Security Division (NSD)
- Operations and Support Branch

● **DESCRIPTION OF BRANCH'S HEALTH ACTIVITIES**

- NSD's Operations and Support Branch reviews all DOD funding and proposed legislation for: operation and maintenance programs; personnel accounts; military compensation policy; military housing, bases and facilities; environmental restoration; and medical programs.
- Up to one-half of the time of one of seven examiners is devoted to the defense health program. This examiner also is responsible for reviewing DOD counter-narcotics, and Navy and Marine Corps operations.

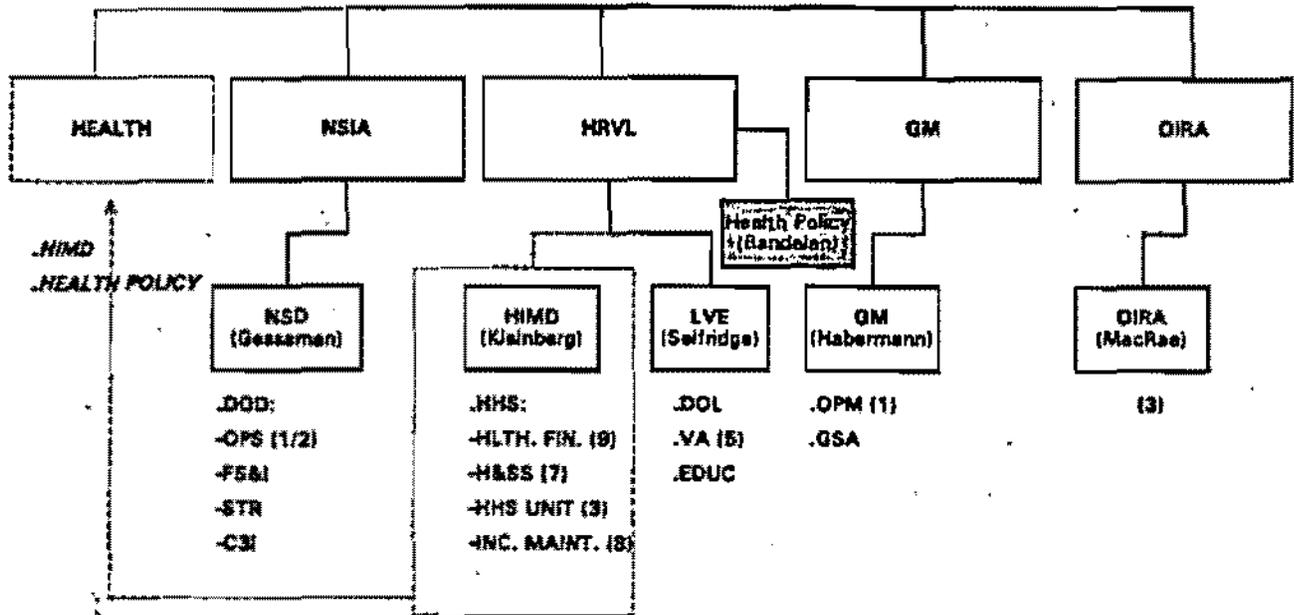
● **DESCRIPTION OF PROGRAM**

- The DOD health care program is led by the Assistant Secretary of Defense for Health Affairs.

The Comptroller, Assistant Secretary for Manpower and Personnel, Assistant Secretary for Program Analysis and Evaluation, and the military services also are involved in funding and managing DOD's medical program.

- Army, Navy, and Air Force operate direct care systems, and DOD manages "CHAMPUS," a health care financing program. Funding (\$15 billion annually) is provided through Defense discretionary appropriations.
- The health system provides care to 8.4 million eligible beneficiaries including 1.8 million active duty military. There are 137 military hospitals; 553 military medical clinics and 25 contract clinics.
- DOD's health program is a component of military readiness and the military compensation system.

**OPTION #2:
ALL HHS OPTION**



- **DESCRIPTION.** THE HEALTH PAD AREA WOULD CONSIST OF:
 - SUPPORT FOR HEALTH CARE REFORM
 - CROSS-CUTTING HEALTH POLICY COORDINATION
 - BUDGET RESPONSIBILITY FOR HHS AND HIMD'S SMALLER AGENCIES

- **ADVANTAGES.**
 - PRESERVES INTEGRATION OF HIMD PROGRAMS WHICH SERVE MANY SIMILAR FUNCTIONS AND CLIENTELES AND HANDLE MANY ADMINISTRATIVE SERVICES CENTRALLY.
 - THIS OPTION AVOIDS SPLITTING HHS BETWEEN TWO PADS. IT CONTINUES TO PROVIDE A SINGLE POINT OF CONTACT FOR THE DEPARTMENT OF HHS, FACILITATING COORDINATION WITH THE DEPARTMENT.
 - KEEPS ALL OF OPM AND DOD IN PRESENT DIVISIONS, PERMITTING A SINGLE UNIT TO EXAMINE ALL ASPECTS OF CIVILIAN AND MILITARY COMPENSATION, RESPECTIVELY, INCLUDING PROGRAM

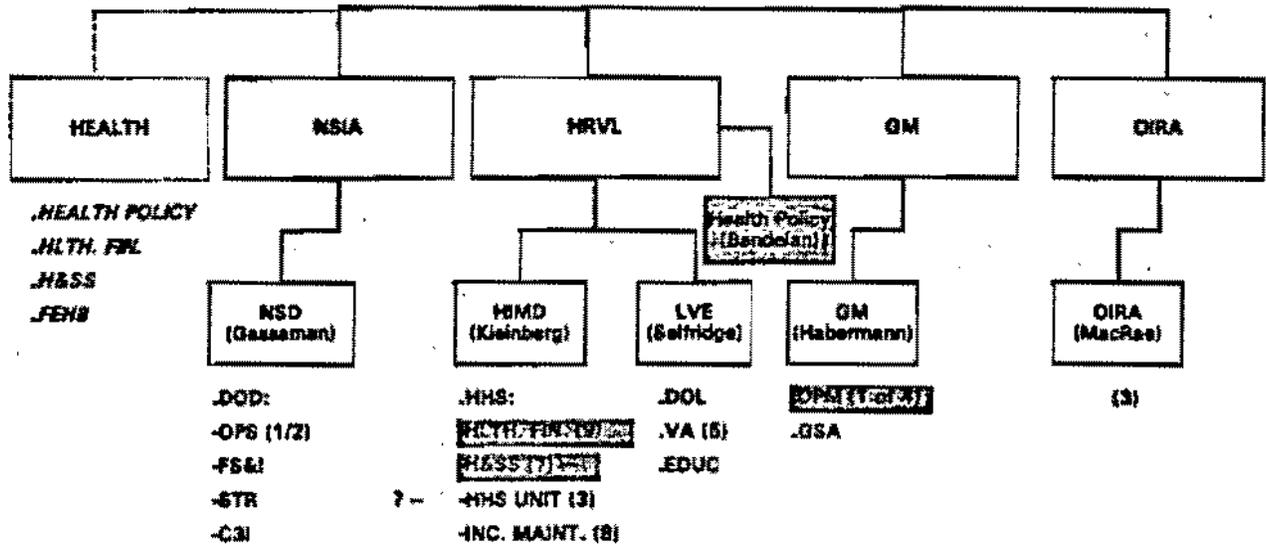
POLICY, OPERATIONS, ADMINISTRATION, AND AGENCY
OVERSIGHT AS WELL AS AUDIT AND ENFORCEMENT (IG).

- DISADVANTAGES.
 - HEALTH PAD'S ATTENTION WILL BE DIVERTED FROM NON-HEALTH ISSUES.
 - [##]¹ "FAILS TO PROVIDE OPTIMAL ALLOCATION OF WORK BETWEEN THE PADS. PROVIDES THE HEALTH PAD WITH A DISPROPORTIONATE SHARE OF THE FEDERAL BUDGET."

- COMMENTS. HIMD SUPERVISORS RECOMMENDED ADOPTION OF THIS OPTION.

¹ While all statements and comments involve some subjectivity, statements denoted by this mark are particularly controversial or primarily of an "opinion" nature.

**OPTION #4:
HHS HEALTH AND OPM OPTION**



- **DESCRIPTION.** THE HEALTH PAD AREA WOULD CONSIST OF:
 - SUPPORT FOR HEALTH CARE REFORM
 - CROSS-CUTTING HEALTH POLICY COORDINATION
 - BUDGET RESPONSIBILITY FOR THE FOLLOWING:
 - HHS'S HEALTH AREAS (I.E., MEDICARE, MEDICAID, PUBLIC HEALTH SERVICE, ETC.)
 - OPM'S EMPLOYEE HEALTH (FEHB) PROGRAM.

- **ADVANTAGES.**
 - PERMITS THE PAD TO CONCENTRATE ON HEALTH REFORM AND MAJOR HEALTH BUDGET ISSUES.
 - INCLUDING FEHB WOULD GIVE THE PAD RESPONSIBILITY IN AN AREA WHERE GOVERNMENT ACTION COULD BE A PROTOTYPE FOR HEALTH CARE COST CONTROL IN THE PRIVATE SECTOR.
 - VA AND DOD MEDICAL PROGRAMS HAVE LIMITED INFLUENCE ON PRIVATE SECTOR MEDICAL COSTS, AND COULD REQUIRE TIME CONSUMING NEGOTIATIONS WITH THE DEFENSE AND VETERANS COMMITTEES OF CONGRESS. SUCH NEGOTIATIONS WOULD HAVE

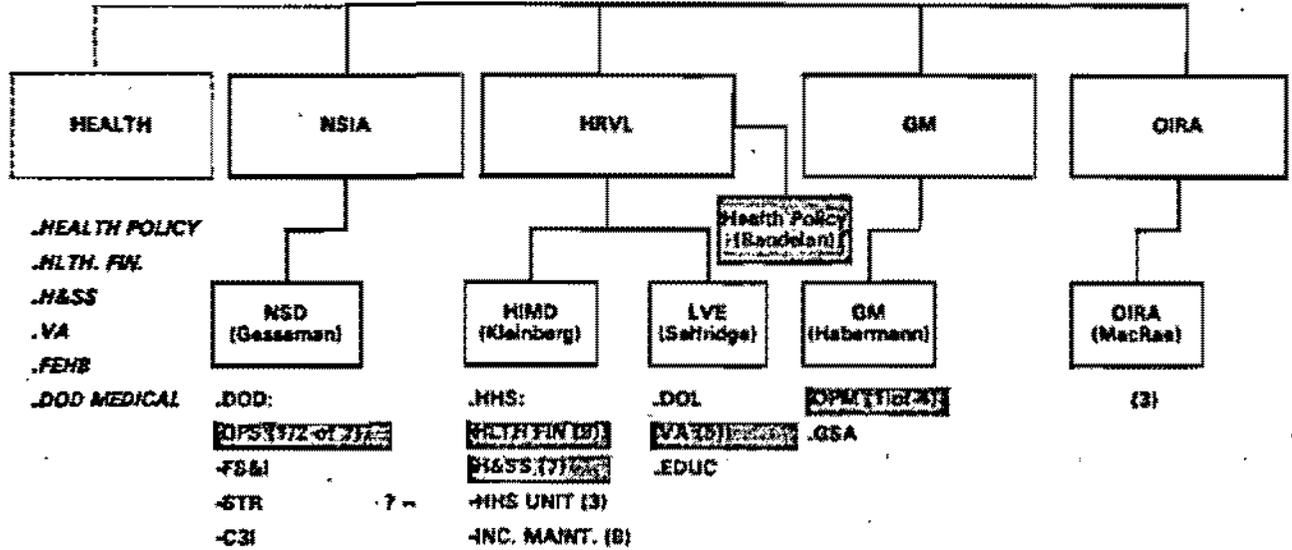
LIMITED CONSEQUENCE ON OVERALL NATIONAL HEALTH EXPENDITURES.

● DISADVANTAGES.

- ANY OPTION THAT SPLITS AN ORGANIZATION (I.E., HIMD AND OPM IN THIS CASE) INVOLVES SOME DISRUPTION.¹
 - [##] "CREATES ORGANIZATIONAL DISRUPTION THAT WILL HINDER STAFF PRODUCTIVITY AND RESPONSIVENESS DURING CRITICAL 1ST 180 DAYS OF HEALTH REFORM."
 - [##] "CREATES POSSIBLE NEW CAREER REPORTING RELATIONSHIPS THAT WILL LEAD TO SOME STAFF DEPARTURES AS EXPECTATIONS AND WORK STYLE CONFLICTS ARISE."
- THE TEMPTATION TO TEST NEW CONCEPTS ON FEHB COULD RESULT IN FEDERAL LABOR RELATIONS PROBLEMS.
- SPLITTING ALL OF OPM AND DOD BETWEEN PAD AREAS WOULD NOT PERMIT A SINGLE UNIT TO EXAMINE ALL ASPECTS OF CIVILIAN AND MILITARY COMPENSATION, RESPECTIVELY, INCLUDING PROGRAM POLICY, OPERATIONS, ADMINISTRATION, AND AGENCY OVERSIGHT AS WELL AS AUDIT AND ENFORCEMENT (IG).

¹ HIMD's implementation comments are provided in the appendices.

**OPTION #6:
ALL HEALTH AND VA OPTION**



- **DESCRIPTION.** THE HEALTH PAD AREA WOULD CONSIST OF:
 - SUPPORT FOR HEALTH CARE REFORM
 - CROSS-CUTTING HEALTH POLICY COORDINATION
 - BUDGET RESPONSIBILITY FOR THE FOLLOWING:
 - HHS'S HEALTH AREAS (I.E., MEDICARE, MEDICAID, PUBLIC HEALTH SERVICE, ETC.)
 - DEPARTMENT OF VETERANS AFFAIRS (VA)
 - OPM'S EMPLOYEE HEALTH (FEHB) PROGRAM
 - DOD'S CHAMPUS AND DIRECT CARE PROGRAMS.

- **RELATED OPTION.** THE ADVANTAGES AND DISADVANTAGES OF MOVING HHS' HEALTH AREAS AND VA ARE THE SAME AS OPTION #3. THOSE POINTS ARE NOT REPEATED HERE.

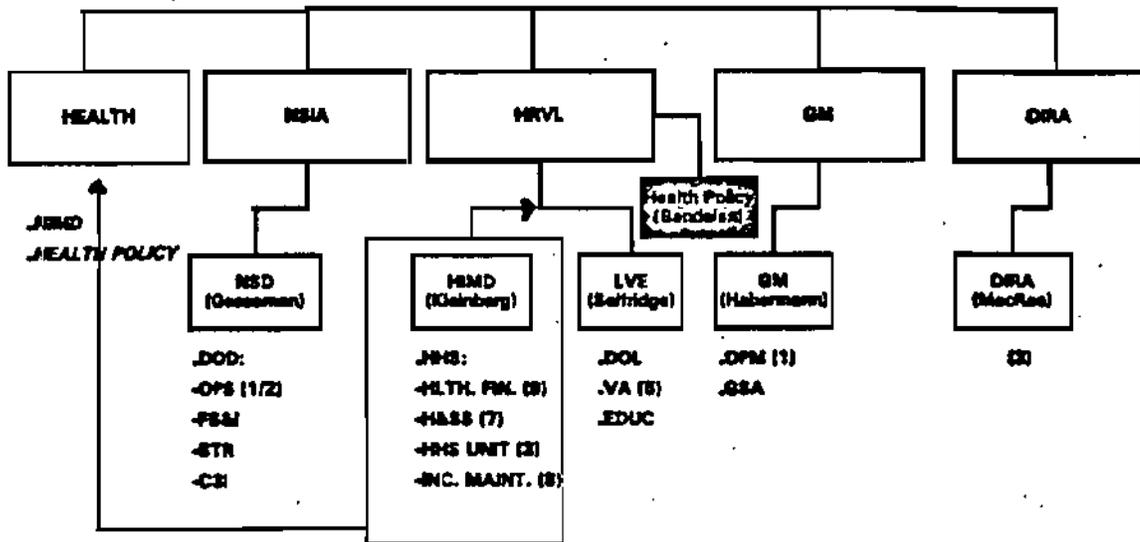
- **ADVANTAGES.**
 - CONSOLIDATES FEDERAL HEALTH PROGRAMS UNDER ONE PAD (RATHER THAN FOUR PADS), AND MAKES COORDINATION OF FEDERAL HEALTH POLICY EASIER.

- MAKING THE PAD RESPONSIBLE FOR DOD MEDICAL PROGRAMS COULD RESULT IN HEALTH BENEFITS FOR DEPENDENTS AND RETIREES MORE COMPARABLE TO THOSE OF OTHER CIVILIANS.
- POOLS ALL OMB HEALTH RELATED RESOURCES EXCEPT REGULATORY OVERSIGHT.

● DISADVANTAGES.

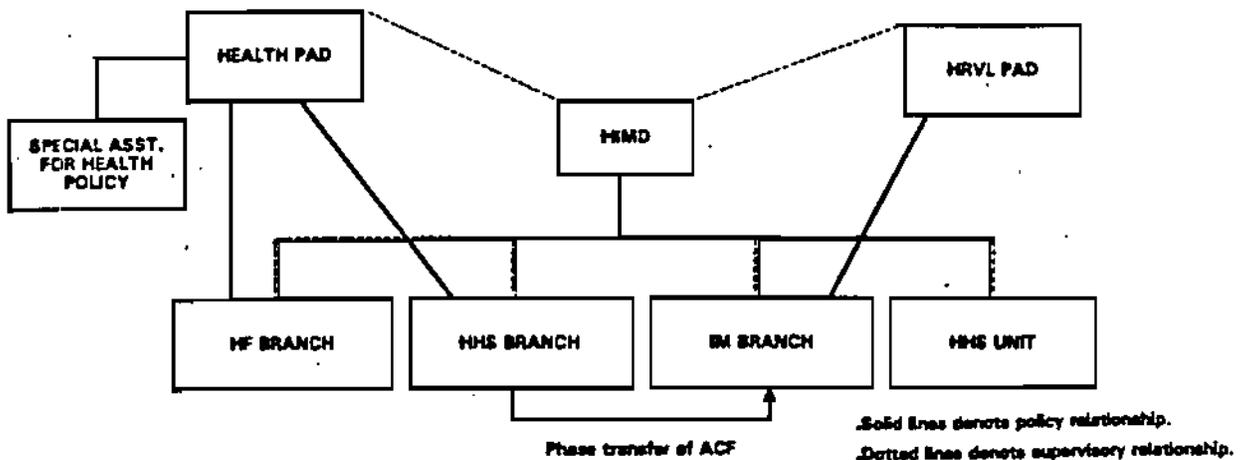
- INVOLVES MANAGEMENT OF A VARIETY OF ACCOUNTS AND PROGRAMS IN DIFFERENT AGENCIES. EACH PROGRAM AND AGENCY INVOLVES COMMUNICATION WITH A SEPARATE GROUP OF KEY ACTORS (AT OMB, CONGRESS, AFFECTED AGENCIES, AND INTEREST GROUPS).
- THE BREADTH OF THE HEALTH PAD'S BUDGET RESPONSIBILITIES MAY DETRACT FROM THE PAD'S ABILITY TO BE RESPONSIVE TO SUBSTANTIAL HEALTH REFORM POLICY DEMANDS.
- SPLITTING ALL OF OPM AND DOD BETWEEN PAD AREAS WOULD NOT PERMIT A SINGLE UNIT TO EXAMINE ALL ASPECTS OF CIVILIAN AND MILITARY COMPENSATION, RESPECTIVELY, INCLUDING PROGRAM POLICY, OPERATIONS, ADMINISTRATION, AND AGENCY OVERSIGHT AS WELL AS AUDIT AND ENFORCEMENT (IG).
- ANY OPTION THAT SPLITS AN ORGANIZATION (I.E., HIMD, OPM, AND DOD IN THIS CASE) INVOLVES SOME DISRUPTION.
- [##] "THE MILITARY READINESS AND COMPENSATION COMPONENTS OF THE DOD HEALTH PROGRAM REQUIRE THAT IT BE VIEWED IN THE OVERALL CONTEXT OF DEFENSE REQUIREMENTS."

HIMD (KLEINBERG) IMPLEMENTATION OPTION



- **DESCRIPTION.** (SEE DIAGRAM BELOW). OVER THE 1ST 180 DAYS, THE HEALTH PAD AREA WOULD CONSIST OF:
 - SUPPORT FOR HEALTH CARE REFORM
 - CROSS-CUTTING HEALTH POLICY COORDINATION
 - SHARED SUPERVISORY CONTROL OVER ALL HIMD BUDGET AREAS WITH SOLE POLICY CONTROL OVER HIMD'S HEALTH AREAS.

HIMD WOULD REMAIN INTACT, AND REPORT DUALY TO THE "HRVL" PAD AND HEALTH PAD ON APPROPRIATE ISSUES.



- ADVANTAGES.

- PRESERVES INTEGRATION OF HIMD PROGRAMS WHICH SERVE MANY SIMILAR FUNCTIONS AND CLIENTELES AND HANDLE MANY ADMINISTRATIVE SERVICES CENTRALLY.
- MAINTAINS BUDGET FOCUS; AND STAFF, AGENCY, CBO AND COMMITTEE RELATIONSHIPS.
- MINIMIZES DISRUPTION DURING DEVELOPMENT OF THE PRESIDENT'S HEALTH REFORM PACKAGE, STIMULUS PACKAGE, AND BUDGET PREPARATION.
- CONTINUES TO PROVIDE A SINGLE POINT OF CONTACT FOR THE DEPARTMENT OF HHS, FACILITATING COORDINATION WITH THE DEPARTMENT.

- DISADVANTAGES.

- CREATES REPORTING TO 'TWO MASTERS.'
- DRAWS-OUT THE ORGANIZATIONAL CHANGEOVER PROCESS.

- COMMENT. KLEINBERG (HIMD) RECOMMENDED ADOPTION OF THIS INTERIM ACTION.

Change. Disruption. Productivity Loss. How Much? When Can We Afford It?

Benefits from what looks like simply redrawing relationships should balance the real human, organizational, logistical, and institutional memory problems such changes would create. In the short term, there is disruption. It will impede OMB's ability to support the Administration's efforts on health care reform. In the long term, reassignments can be made and the issues raised below addressed.

HIMD is highly integrated. HIMD programs serve many similar functions and clienteles and handle many administrative services centrally. Undoing these connections will take time and management attention when both will be in short supply.

Some issues raised by the options (Items 2,4,5,6) which do not retain HIMD under a new Health PAD include:

- Morale. Institutions are their people, and the uncertainty and confusion resulting from these options will reduce morale, which will in turn affect:
- Productivity. Uncertainty over who the boss is, what they want, how logistics will be handled, as well as lower morale, could combine to reduce staff output. HIMD has created a certain *esprit de corps*. *Esprit* it may disappear, making it harder for OMB to get out the same amount of work.
- Staff turnover. Increased uncertainty, potential effects on morale, and a possible reduced sense of personal efficacy will generate an increase in staff turnover. This would impair OMB's institutional memory, its staff expertise, and the horsepower it has used to respond to policy officials' requirements. People are not interchangeable widgets. Staff who have chosen to work for specific supervisors may not remain when career leadership changes.
- Computing capacity. HIMD's hardware and software systems produce the highest quality materials in the most accessible format of any division in OMB – and are the easiest computer system to operate. Fully interchangeable with IBM/DOS formats, this Macintosh-based network of file-servers and shared databases could erode under certain options. Requiring staff to take a step backward and use mid-1980's technology would entail considerable time, expense, and loss of productive capacity. It would cost hundreds of thousands of dollars to convert HIMD materials to DOS-based systems, which does not take into account those models that cannot operate in the less-sophisticated DOS environment.

HIMD Staff, January 29, 1993

- Central file support. HIMD's files are stored centrally, and would have to be divvied up into whatever new structure is chosen. The 2-ton Lektriever file storage systems would have to be re-located (or removed). Central files were created to support policy officials with a ready source of institutional memory; removing them would reduce that support.¹
- HIMD Library. Over the last decade, HIMD has developed an extensive library of HIMD-related reports; data sources; and financial, legislative, and regulatory materials that support quick and accurate responses to OMB and White House policy officials. Disrupting access to this shared resource could reduce examiners' ability to produce timely materials for policy officials.
- Specific logistical issues involved in these options are:
 - Office operations. Secretarial support arrangements, including xeroxing, filing, etc, would have to be re-established.
 - Space. Physical relocations made to co-locate PAD staff, office reassignments may be made. New wall configurations may be required, movers may have to be summoned, and phone, fax, and computer connections re-established.
 - Information networks. Periodical materials upon which staff rely to keep current (specialty publications & subscriptions) would be disrupted.

All of these issues can be resolved. All involve costs in time and effort. The question is how to minimize the cost. This document is designed to array the issues, not impede the change. However, these costs should be taken into account if change is to come.

¹ Since special arrangements must be made to ensure that the weight of the Lektriever can be supported by the building's structure, moving them around requires considerable advanced planning and logistical arrangements.

February 22

PAD Health and PAD Human Resources -- Next Steps

As discussed at this morning's meeting, the next steps in this process are as follows.

<u>To Do</u>	<u>Who</u>	<u>When</u>
1. Meet with Kleinberg and Selfridge to inform them of this morning's discussion/decisions (and obtain their "concurrence"). Also inform Bandeian of the decisions.	Min/ Sawhill	By c.o.b. on Tues., 2/23
2. Meet with Clendenin to review functions of the "Health and Social Services Branch".	Sawhill	Asap
3. Meet with affected SES staff*.	Min/ Sawhill	After doing nos. 1 and 2.
4. Revise organizational charts, with listing of staff names, and prepare package for Executive Resources Board (ERB) approval. (Package to be reviewed with Min/Sawhill before ERB meets.)	Weigler/ Murr	ERB to meet by 2/25, Thurs.
5. Deputy and PADS meet with affected staff to inform them of decisions and effective date.		By Friday, 2/26 or Monday, 3/1.
6. Director sends memorandum to staff announcing selection of PAD/Health, PAD Human Resources, DADs, and new organizational structure.	Weigler/ Murr	Asap after doing no. 5.

(ON 2/22, THE DEPUTY WILL REVIEW THE ABOVE WITH THE DIRECTOR.)

*In addition to Kleinberg, Selfridge, and Bandeian, the affected SES staff are: Keith Fontenot (HIMD), Victor Zafra (HIMD), Barry Clendenin (HIMD), and Todd Grams (LVE). (Other LVE SES staff who are not directly affected are Barry White and Larry Matlack.)

From: Jim Murr

To: A. Rivlin S. Weigler
N. Min ✓ R. Damus
I. Sawhill J. Torkelson



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

March 2, 1993

OFFICE MEMORANDUM NO. 93-20

MEMORANDUM FOR OMB STAFF

FROM: Leon E. Panetta
Director

SUBJECT: Organizational Change

The purpose of this memorandum is to inform you that the Human Resources, Veterans, and Labor (HRVL) program area is being organized into two new program areas: (1) Health and (2) Human Resources. I am also pleased to announce the following Senior Executive Service (SES) staff changes, to be effective immediately, that are related to this organizational change:

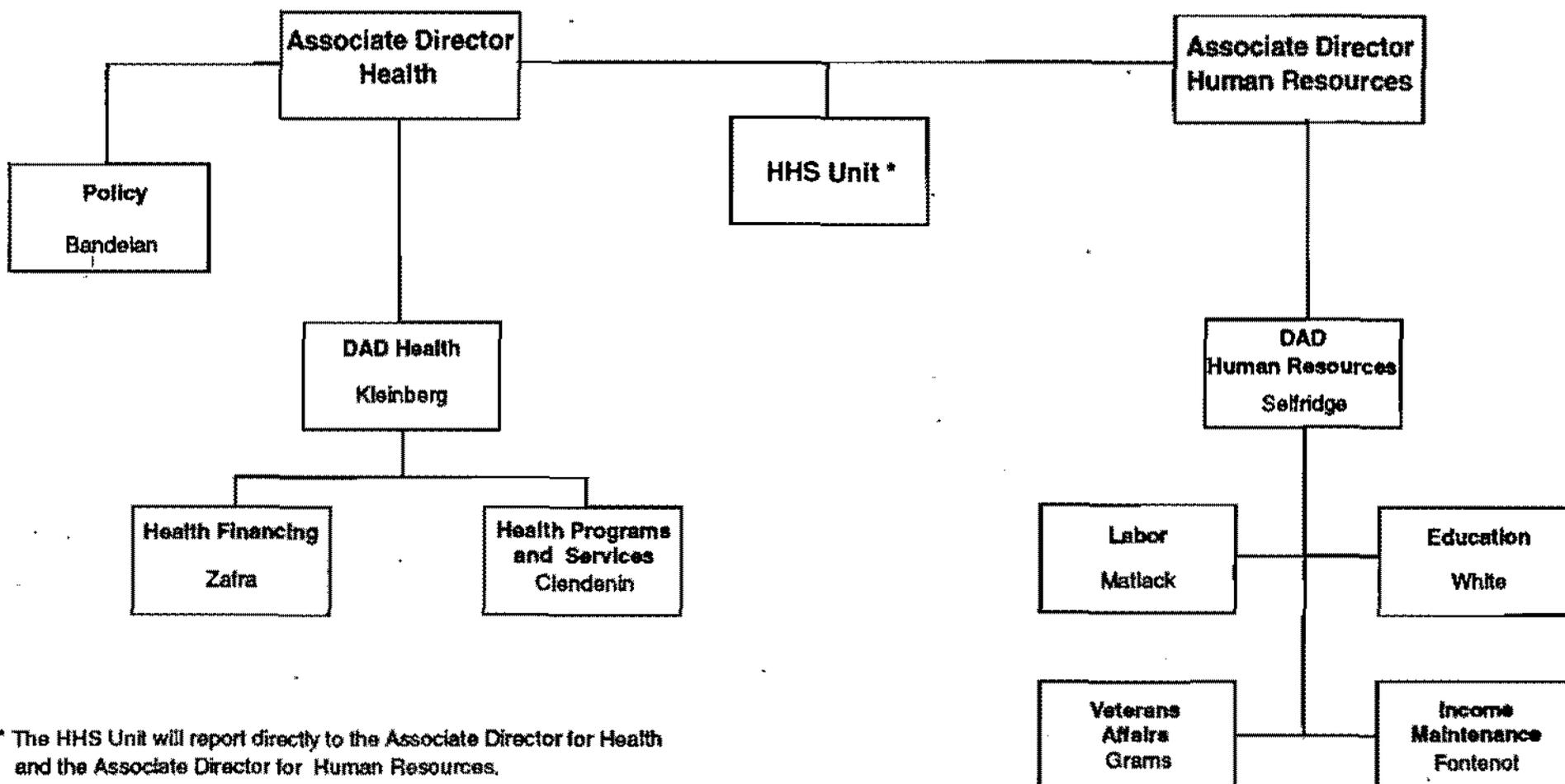
- o David Kleinberg will be the Deputy Associate Director for Health. The Health Division will consist of two branches: the Health Financing Branch and the Health Programs and Services Branch.
- o Barbara Selfridge will be the Deputy Associate Director for Human Resources. The Human Resources Division will consist of four branches: the Labor Branch, the Veterans Affairs Branch, the Education Branch, and the Income Maintenance Branch.

A chart reflecting this organizational change is attached.

I hope that you will join me in wishing all of the affected staff well in their new assignments.

Attachment

Office of Management & Budget



* The HHS Unit will report directly to the Associate Director for Health and the Associate Director for Human Resources.