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Prison life has never been so good! Uncle Sam now pays for TV, drugs

[IG report finds lack of oversight for payments](#)

By Phillip Swarts
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Food stamps. Free meals. Cable TV. Unemployment and disability benefits. And now prescription drugs.

It's a good time to be in prison, where inmates are mistakenly receiving tens of millions of dollars in benefits at taxpayer expense.

The latest folly comes compliments of [Medicare](#), which gave such poor oversight to its prescription coverage that it allowed \$11.7 million in drug benefits to go to inmates from 2006 to 2010, according to a report released Monday by the Health and Human Services inspector general.

“Individuals who are incarcerated in correctional facilities ... are generally not eligible for federal health care benefits,” the agency’s internal watchdog said in a report that blamed officials at the Centers for [Medicare](#) and Medicaid Services for poor management.

Investigators found that medical companies that gave drugs to inmates were improperly allowed to claim [Medicare](#) reimbursements because [CMS](#) lacked the safeguards necessary to screen out prisoners, and did not supply the medical companies the information needed to check for themselves.

The revelation was made a year after the same inspector general found that [Medicare](#) inappropriately paid \$33.6 million to health care providers to cover costs associated with medical treatment for inmates.

[CMS](#) officials acknowledged the problem but said their accounting is so disorganized that they don't even have a way to recoup the drug benefits they have misspent.

An audit last fall by the inspector general of the [Social Security Administration](#) found more problems with prisoners receiving taxpayer dollars. In a sampling of 100 Social Security disability recipients, one out of four had been receiving the benefit — wrongfully — while incarcerated.

“There’s no effective way to stop these improper payments, because no one really has any incentive,” said [Michael Cannon](#), a health policy analyst at the Cato Institute, a libertarian think tank. “It’s all someone else’s money, so nobody cares to prevent fraud as much as they should. This is maybe the main reason why government is less efficient than markets.”

Getting an exact amount of how much is being wasted annually from [Medicare](#) payment mistakes is difficult, but some estimates place the number as high as \$50 billion.

Erroneous benefits to prisoners also have been flowing through states. Investigations at the state level found \$1 million in food stamps given to inmates in Louisiana. Fiscal watchdog Citizens Against Government Waste reported that prisons in Illinois spent \$2.3 million on cable TV bills. A House of Representatives hearing in September found that prisoners received \$23 million in unemployment benefits in New Jersey, \$2 million in Illinois and \$600,000 in Wisconsin.

“It is an injustice that the tax dollars of law-abiding citizens are paying for these benefit checks for people who have broken the law and simply should not qualify for these benefits,” Rep. David G. Reichert, a Washington Republican who chairs the Ways and Means Human Resources subcommittee, said during the hearing.

Benefits behind bars

[Medicare](#) Part D pays for prescription drugs, but convicted felons are supposed to lose their benefits when they go to prison — along with many of their other rights and privileges. Instead, the Justice Department’s Bureau of Prisons takes charge of many health concerns for inmates.

Officials at [CMS](#) agreed there was a problem and said they would work to fix it.

“The lack of a more robust set of [CMS](#) internal processes regarding access to services under the [Medicare](#) Part D program has been a concern to [CMS](#),” a response from the agency said. “[CMS](#) is taking steps to address this issue and ensure that this requirement is executed in accordance with the information we receive from the correctional facilities and the [Social Security Administration](#).”

However, [Medicare](#) officials challenged the inspector general’s recommendation that they try to recoup the taxpayers’ money.

“There is no effective way of fully recovering these payments without first implementing the appropriate policies and procedures,” the agency said.

Investigators said [CMS](#) never checked the claims to see whether they were coming from inmates and didn’t give health care providers enough information.

“[CMS](#) did not provide sufficient and timely information to sponsors that would have allowed them to readily and accurately verify a beneficiary’s incarceration status and dates of incarceration,” the inspector general said.

The [Medicare](#) agency did not give health care providers any information on names or contact information for correctional facilities, which services would most likely be used by inmates, and the fact that some beneficiaries were incarcerated.

Without this data, the inspector general said, health care companies relied on public websites to try to determine whether their patients were in prison, an often hit-or-miss plan.

Wasteful payments in [Medicare](#) and Medicaid have long been targets of lawmakers trying to reduce spending and fiscal abuse in the government.

“We have a solemn responsibility to ensure that these programs have the resources they need to provide quality care and services, and part of that effort means cracking down on vulnerabilities in these programs that put taxpayer dollars at risk for waste, fraud and abuse,” said Senate Homeland Security and Governmental Affairs Committee Chairman Thomas R. Carper, Delaware Democrat.

Mr. Carper and a bipartisan group of lawmakers introduced a bill last year to increase penalties for [Medicare](#) and Medicaid fraud and bolster oversight at [CMS](#) to prevent erroneous payments.

“Americans who rely on [Medicare](#) and Medicaid expect Congress to work together to reduce waste and fraud,” said Sen. Tom Coburn of Oklahoma, the committee’s ranking Republican. “Improper payments divert scarce resources away from those most in need.”