

THE PRESS-ENTERPRISE

An improper use of taxpayer dollars

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Headlines like “Audit: Feds approved benefits to kids with fake disabilities” and “Yet another whistleblower alleges Medicare Advantage fraud” are frighteningly common. Yet, the inspector general’s report about parents who “coached” their kids to pretend to be disabled in order to receive more than \$700 a month from the Social Security Administration, or the multiple whistleblower lawsuits alleging that doctors and insurance companies “upcode” patients’ diagnoses for conditions they do not have in order to generate larger Medicare payments, are just small examples of the waste, fraud and abuse that go on every day in government programs, often undetected.

The amount the federal government made in payments to ineligible beneficiaries, duplicate payments and inaccurate payments to eligible beneficiaries totaled a record \$137 billion in 2015, according to the government’s PaymentAccuracy.gov website. The vast majority of this, \$89.7 billion, came from the Health and Human Services Department, which administers the mammoth Medicare and Medicaid programs. The improper payments total is now more than three times what it was during the mid-2000s, exploding from approximately \$44 billion in 2007, and remaining at greater than \$100 billion since 2009.

The Office of Management and Budget has identified 16 programs with particularly high payment error rates. The Earned Income Tax Credit recorded the highest payment error rate of 23.8 percent, followed closely by the School Breakfast program with 23 percent. Dishonorable mentions go to the National School Lunch Program (15.7 percent), Medicare Fee-for-Service (12.1 percent), Unemployment Insurance (10.7 percent), Medicaid (9.8 percent) and Medicare Advantage – Part C (9.5 percent).

“While the magnitude of these improper payments is a serious concern, it is almost more troubling that they are so persistent, despite repeated efforts to address them,” Cato Institute research associate Charles Hughes maintained in a recent post. “Since 2011, cumulative improper payments totaled almost \$600 billion, which is more than total domestic discretionary federal spending last year.”

Clearly, government agencies need to devote more of their resources to ensuring proper oversight and eligibility screening. They should also expand the use of recovery auditing, which would not even cost taxpayers any additional money, since contractors could be paid based on a percentage of cost savings they recover for the government in overpayment errors.

This will never completely solve the problem, for, unlike private-sector businesses in a free market, government bureaucracies lack competition and their budgets are not based on how well they serve their customers. But it would at least go a long way toward preserving taxpayer

dollars until we can figure out how to eliminate poorly performing or unnecessary government programs altogether.