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Billions lost to fraudsters

Did you know the federal government has more than 1,800 subsidy programs? From Medicare and Medicaid to student loans to food stamps and a whole lot more, politicians and bureaucrats every year dole out hundreds of billions of other people's dollars.

Naturally, with so much cash in play, giveaway programs are prone to waste and fraud. The Government Accounting Office tries to keep track of all the improper payments, thefts, fraud and such, but with so many people involved — recipients, government bureaucrats, contractors, providers and others — the best the GAO can do is estimate.

The Cato Institute has compiled its own list of fraud based on data from numerous sources, including the GAO. For example, Malcolm Sparrow of Harvard University, considered a top specialist in health-care fraud, says Medicare fraud alone totals \$85 billion, well above the official estimate, because of weak government spending controls.

The GAO says Medicaid fraud totals \$33 billion a year, but Professor Sparrow says it's probably closer to \$63 billion.

Cheating the government isn't all that difficult. A high-school dropout, Professor Sparrow says, with a laptop computer beat Medicare out of \$105 million by electronically submitting 140,000 fraudulent claims for equipment and services. A dentist skinned New York's Medicaid program of more than \$1 million by claiming fictitious patients and procedures, she once sought reimbursement for 991 procedures performed on a single day.

Every year, frauds grab \$1.7 billion earmarked for food stamps, \$1 billion for low-income renters, more than \$1 billion for student loans, \$1.4 billion for school lunches, \$4.6 billion for supplemental security income payments, \$800 million for the Children's Health Insurance Program, \$900 million for child care, \$1.7 billion for the Temporary Assistance for Needy Families program, \$800 million for veterans' health care, almost \$4 billion for unemployment benefits and more than \$500 million for farm aid. (A 2007 GAO report found the Department of Agriculture paid \$1.1 billion in farm subsidies over six years to 170,000 dead people.)

Basically, when you call a pig pile on "free money from the government," you will have no shortage of swine. Crooks need no help separating your hard-earned money from the government, but leave it to the government to lend a hand.

The California Department of Social Services, which sags under the strain of more than \$1 billion a year in documented waste and fraud, wanted to spare welfare recipients the inconvenience of cashing government checks. So like many other states, California issued its welfare clients Electronic Benefit Transfer debit cards that work in ATMs, including those in the state's 58 casinos and 90 state-licensed poker rooms. The Los Angeles Times said the ATM at a casino near the state Capitol is so convenient that a poker player "with long arms could lean back and withdraw cash without leaving his chair."

State records show EBT cards have been swiped at 36 casinos and 47 poker rooms this year, but the state can't say how much money was lost to this government-enabled fraud. But through a spokesman, Gov. Arnold Schwarzenegger did what all politicians do at a time like this: He promised to "do something" and then thoroughly embarrassed himself: "It is reprehensible that anyone would use taxpayer money for anything other than its intended purpose."

Yeah, right.