



239.244.8808  
15275 Collier Blvd.  
Suite 201-279  
Naples, FL 34119

The Honorable Jodey Arrington  
Chairman, House Budget Committee  
204 Cannon House Office Building  
Washington, D.C. 20515

Dear Chairman Arrington,

The Foundation for Government Accountability (FGA) appreciates the chance to weigh in and write this letter in support of the proposed “Improper Payments Transparency Act.” More broadly, we enthusiastically support the efforts of the House Budget Committee to deal with the growing problem of rampant waste, fraud, and abuse in government programs that drives up the federal debt, raises costs for taxpayers, and robs the truly needy who rely on those programs.

Present and future American generations already face a staggering \$34 trillion in federal debt. While much of this spending has been done under the auspices of helping, the sad fact is that hundreds of billions are wasted every year—lost to fraud, abuse, and downright neglect, helping no one and greatly harming taxpayers. The problem is getting worse year by year. We support this committee’s efforts to address this national financial nightmare of unnecessary waste and restore fiscal sanity to the budget.

The Improper Payments Transparency Act is a strong start to fully solving this problem. It is difficult to solve a problem when it is hidden from view, and this bill puts this massive problem front and center. “Sunlight is the best disinfectant,” as the saying goes, and shining a bright light is the vital first step to curing this problem. It is particularly important because too many bureaucrats running these public programs currently in Washington, D.C. continue to insist that the programs are well run and that fraud is not a big problem, which is obviously untrue.

While there are many government programs plagued by improper payments, our support for this bill and the overall effort is most focused on three of the biggest programs that we engage on heavily at both the state and federal level: Medicaid, Food Stamps (SNAP), and Unemployment Insurance. Each of these programs is designed for the truly needy but each has grown well beyond that scope to cover millions of able-bodied adults who truly need to go to work. These expansions have directly contributed to the massive scale of improper payments and must be addressed. There are major issues in each program that must be addressed.

## Medicaid

Because of the Affordable Care Act's Medicaid expansion to able-bodied adults, the Medicaid program has grown at a staggering pace both in enrollment and cost in the last decade. The program is approaching a total cost to taxpayers of nearly a trillion dollars a year. Some states have improper rates well over 30 percent. This is obviously unacceptable, not only to taxpayers but to the truly needy who rely on this safety-net program.

Here are the facts: Most errors in the program, a full 80 percent, are eligibility related. When individuals misrepresent or are not asked about their income or household composition, or their information is not properly verified, it can result in improper enrollment into the program and, subsequently, improper payment on their behalf in the Medicaid program. This problem has grown out of control with the massive growth in enrollment. But it is not all merely a result of caseload management challenges, much of it is by design as the Biden administration has loosened eligibility verification processes dramatically.

In fact, a recently finalized rule from the Biden administration seeks to further weaken program integrity and remove processes from the program that would help to ensure that only eligible individuals receive benefits. The rule focuses on "streamlining" enrollment and "retention" in the program instead of reducing improper payment rates or making sure the eligibility process is sound. The rule moves Medicaid to near-universal acceptance of "self-attestation" which has driven improper payment rates upwards in other parts of the program. For example, the rule weakens verification of non-citizen eligibility, eliminates state options to conduct interviews, requires the use of pre-populated forms that contribute to improper payments, and bars states from reviewing cases more often than once every 12 months.

The constant expansions to able-bodied adults, undermining verification and eligibility processes, and turning a blind eye to fraud have created a crisis in a program meant for the truly needy.

## Food Stamps—Supplemental Nutrition Assistance Program (SNAP)

The food stamps program is also broken. Since 2000, spending has skyrocketed from \$17 billion to nearly \$120 billion, and enrollment has more than doubled. The improper payment rate has also skyrocketed. Today, more than \$1 out of every \$10 food stamps dollars is lost to waste, fraud, and abuse, a number that has increased by 70 percent in just the last five years. In some states, the improper payment rate

sits at over 50 percent, meaning more than half of the program's funds are being administered incorrectly.

Millions of dollars are lost each year in the food stamps program by sending benefits to people who are not eligible—inmates in prison, residents who have moved to another state, people whose incomes have risen above the eligibility threshold—while millions more are lost to organized criminal retail gangs who deliberately target the program's lax safeguards. Not only is this overwhelming the ability of state agencies to accurately verify the program, compounding the problem even further, it is taking benefits away from the Americans who truly need them. Every dollar lost to a bureaucratic slip-up or criminal retail gang is a dollar that does not go to a child, veteran, or disabled person in need.

One of the key issues in the food stamps program that is driving improper rates to record highs under the Biden administration is that the “front door” to eligibility is not being watched and guarded. Work requirements for able-bodied adults, asset tests, and in-person interviews, for example, have helped to ensure that the program is reserved for the truly needy and kept those most likely to commit fraud from accessing the program.

However, the Biden administration has discarded these important program integrity tools in favor of further expansions of enrollment and benefits. In fact, the current deputy undersecretary of the Food and Nutrition Service, Stacy Dean, a former welfare expansion lobbyist, continues to argue that improper rates are simply a byproduct of “the pandemic” and “not surprising.” It is alarming that the bureaucrat running Biden's food stamps program is not “surprised” by \$11 billion in improper payments and yet is not taking meaningful steps towards solving the problem.

The Biden administration has created a target-rich environment for fraud and improper payments, including by increasing benefits by 27 percent without congressional approval. Congress can and should reverse these trends to bring down improper payment rates in the program through a series of anti-fraud steps in welfare programs.

## Unemployment Insurance

Unemployment insurance overpayments during the pandemic resulted in nearly \$400 billion in state and federal funds paid to ineligible or fraudulent claims. Worse, it turned what has been—and should remain—a temporary assistance insurance benefit into an income replacement program that threatened the stability of the workforce and slowed down the post-pandemic economic recovery.

It is imperative that the Biden administration identify strategies for preventing future federal mistakes during economic downturns. Never again should benefit accuracy measurements be suspended. Never again should the Department of Labor allow states to turn off or bypass existing state protocols to prevent improper payments. And never again should states feel their ability to respond adequately to rising unemployment be conditioned not on payment accuracy but on payment volume.

The massive and systemic issues of improper payments across Medicaid, SNAP, and Unemployment Insurance programs, along with many other government-run programs, require urgent reforms. These programs, which are funded by taxpayers and provide a vital safety net, have been compromised by over-expansion and lack of rigorous oversight. The massive scale of waste, fraud, and abuse must be dealt with—and fast.

The Improper Payments Transparency Act is a crucial first step towards enhancing transparency and accountability. Understanding the full scope of the problem will be helpful in instituting stronger eligibility checks and verification and ensuring robust program integrity measures that will start to reverse the trend of improper payments. This reform is not only a fiscal imperative but a moral one, restoring public trust and helping to ensure that taxpayer dollars reach the truly needy who rely on the programs.

Sincerely,

A handwritten signature in black ink that reads "Tarren Bragdon". The signature is written in a cursive, flowing style with a long horizontal line extending from the top of the first letter.

Tarren Bragdon  
*President and CEO*  
Foundation for Government Accountability