



**REVERSING THE CURSE:
ROOTING OUT WASTE AND FRAUD AND
RESTORING THE DIGNITY OF WORK**

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Chairman Arrington, Ranking Member Boyle, and members of the Committee, thank you for hosting this important hearing. I am Nick Stehle, the Vice President of Communications at the Foundation for Government Accountability (FGA). FGA has worked for many years on a wide variety of policy areas, including welfare, workforce, health care, and more.

In my role at FGA, I have worked in depth on several key federal policy issues, including Medicaid. I have also experienced the shortfalls of the Medicaid program as it currently exists on a personal level, as my teenage son requires constant attention for autism and epilepsy.

These professional and personal experiences have led me to the conclusion that now more than ever, the Medicaid program desperately needs reform to promote work over welfare, protect the truly needy, and root out waste, fraud, and abuse.

Medicaid is growing unsustainably

The Medicaid program is on a completely unsustainable path. Total federal spending on the program has increased fivefold since 2000.¹ Those costs have grown by more than 60 percent since 2019 and are on track to reach more than \$1 trillion per year over the next decade.² Despite this massive growth, the program is expected to consume an ever-larger share of the federal budget, crowding out resources for other core priorities.³

Able-bodied adults are driving soaring costs

The primary driver of this spending growth has been enrollment.⁴ But the biggest reason for the increase in enrollment is not a growing number of truly needy individuals, but instead an increase in the number of able-bodied adults on Medicaid.⁵ This population has increased from roughly seven million in 2000 to a staggering 34 million today.⁶ Shockingly, federal taxpayers now spend more on Medicaid for able-bodied adults than for the elderly, individuals with disabilities, or low-income children.⁷

To add insult to injury, most able-bodied adults flooding the program do not work at all. According to individual-level earnings data on tens of millions of enrollees provided by state Medicaid agencies across the country, a whopping **62 percent of able-bodied adults on Medicaid do not work at all**.⁸ Every dollar spent on welfare for able-bodied adults who refuse to work, train, or volunteer is a dollar unavailable to fund services for the truly needy.

Medicaid was always intended as a safety net for the truly needy, but somehow able-bodied adults have become the program's top priority. Indeed, Congress has given states massive financial incentives that all but guarantee able-bodied adults move to the front of the line.⁹ For every state dollar spent on Medicaid for children, the elderly, or individuals with disabilities, federal taxpayers match \$1.33.¹⁰ But every state dollar spent on able-bodied adults enrolled through ObamaCare's Medicaid expansion draws down \$9 from federal taxpayers.¹¹

The financial incentives faced by states are perverse and the truly needy ultimately pay the price.

Waste, fraud, and abuse rob resources from the truly needy

At the same time, waste, fraud, and abuse run rampant. More than one in every five dollars spent on Medicaid is improper—and roughly 80 percent of these improper payments are due to eligibility errors.¹²⁻¹³ All told, federal taxpayers are on track to spend more than \$2 trillion over the next decade on improper Medicaid payments alone.¹⁴

States are enrolling individuals on the program who are ineligible to begin with and keeping others on the program long after they have become ineligible.¹⁵ State and federal audits have uncovered enrollees who were enrolled in multiple states at the same time, enrolled multiple times in the same state, enrolled for decades after their deaths, enrolled using stolen or fraudulent Social Security numbers, still enrolled years after having moved out of state, and more.¹⁶

State and federal bureaucrats have also used loopholes and schemes to add millions of illegal aliens to the Medicaid program. From 2019 to 2023, the number of individuals enrolled on Medicaid who were unable to prove citizenship or lawful immigration status increased by an astonishing 400 percent.¹⁷ In some states, illegal aliens have been allowed to remain on the program for as long as 14 years before states acted.¹⁸

Other states have violated federal law by using federal funds to help finance—and federally funded Medicaid infrastructure to help operate—allegedly “state-funded” programs for illegal aliens.¹⁹ Some of these states have even used money laundering finance gimmicks designed to draw down additional federal dollars that can be used to cover the entire cost of those “state-funded” programs.²⁰

Unfortunately, much of this improper spending is fraud by design: welfare policies intentionally designed by bureaucrats to maximize enrollment at all costs.²¹ And every dollar squandered to this waste, fraud, and abuse is a dollar stolen from the truly needy.

Medicaid has left the most vulnerable behind

Medicaid’s ballooning enrollment—caused both by able-bodied adults who refuse to work and by waste, fraud, and abuse—has left the most vulnerable behind. Across the nation, more than 700,000 individuals—most of whom have intellectual or developmental disabilities—are stuck on Medicaid waiting lists for needed home and community-based services.²²

The average wait for these services can last nearly 16 years in some states.²³ Many of these individuals will die before ever receiving the services they need.²⁴⁻²⁵ In the dozen states that were able to provide responsive data, more than 36,500 individuals died on these waiting lists just since those states expanded Medicaid to able-bodied adults under ObamaCare.²⁶

These aren’t just numbers on a sheet of paper. These are real people, including kids with intellectual or developmental disabilities. Real people, like my son Luke, who joined me for today’s hearing.

Luke has severe autism and epilepsy, and he needs constant attention. Though he probably had his first seizures in utero, the first seizure we saw was at just seven weeks. I held my newborn son as he seized. It took my wife Lee Ann and me taking him to multiple hospitals before someone finally believed us. It would take us 16 years to get a real answer. Last year, we found out that Luke has a random gene mutation that only a handful of people in the entire world have been found to have, which leads to severe intellectual disability and intractable epilepsy that is resistant to multiple medications. Luke is a sweet and happy kid—now almost a young man. He enjoys video games, Star Wars, hunting for diamonds with his grandparents at Crater of Diamonds State Park in Arkansas, and fiercely loves his brother and his two sisters—Peter, Joelle, and Isabel, who are all here with us as well. A couple of years ago, we sought out help—through a Home and Community-Based Services waiver—so that he can get the critical Medicaid services he needs to help him be a part of the community and so that he can receive in-home care when my wife and I can't be there. At the time, we were told the average wait for someone like him was 11 years. He becomes an adult in a little over 200 days. At this point, we don't know when he'll ever move off that waitlist.

It is easy to talk about Medicaid reform from behind a computer screen or in a hearing room. It's another thing entirely to live it. I see firsthand how illegal aliens, ineligible enrollees, and able-bodied adults who refuse to work are siphoning away resources that can—and should—go to fund services for our most vulnerable. These favored groups have moved to the front of the line while kids like Luke languish for decades before receiving the services they need.

The One, Big, Beautiful Bill helps get Medicaid back on track

Thankfully, there is hope on the horizon for families like mine. The reconciliation bill passed by the House of Representatives and being considered by the Senate would implement commonsense changes to the Medicaid program. For example:

- Able-bodied, childless adults would have to work, train, or volunteer part time in order to receive benefits.
- States would be required to root out waste, fraud, and abuse by conducting more frequent eligibility checks of able-bodied enrollees and ending payments to managed care companies for deceased and duplicate enrollees.
- Financing gimmicks and money laundering schemes that line the pockets of special interests would be curtailed.
- States would be rightly held accountable for choosing to prioritize expanding welfare for illegal aliens over funding services for Americans with disabilities.

These commonsense changes will move millions of able-bodied adults from welfare to work, crack down on fraud, and refocus the program on the truly needy.²⁷⁻²⁸ **But what these changes won't do is cut a single dollar out of Medicaid.** According to the Congressional Budget Office, Medicaid spending under the House-passed bill would still grow by more than 40 percent over the next 10 years.²⁹ Instead, these reforms would modestly slow Medicaid's future growth, putting it on a more sustainable path and refocusing it in the right policy areas.

Congress has an obligation to reform Medicaid

Every day that meaningful Medicaid reform is delayed or curtailed is another day that policymakers admit that illegal aliens, ineligible enrollees, fraudsters, and able-bodied adults who refuse to work matter more than kids with intellectual and developmental disabilities.

Medicaid reform is not a choice. It is a moral and fiscal imperative. Choosing not to act is relegating the program to putting the truly needy last and fraudsters, illegal aliens, and able-bodied adults who sit at home first—all while taxpayers foot the bill for an ever-growing program.

Now is the time to set Medicaid on a sustainable track—and one that protects the individuals it was intended to serve, rather than sending them to the back of the line.

I'm grateful for this Committee's work on the critically needed reforms in the One, Big, Beautiful Bill. I'm grateful for Chairman Arrington's commitment to refocus the program on the truly needy.

There is more work to be done. Taxpayers and the truly needy can't afford to wait.

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¹¹ Ibid.

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¹⁶ Ibid.

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¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

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