

Questions from Chairman Gerald E. Connolly Subcommittee on Government Operations

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1.

The decentralization of certain federally-funded, state-administered programs can make it difficult for federal agencies to prevent improper payments. Do states prioritize the prevention of fraud and improper payments in these federally funded programs? In your experience as a caseworker in North Carolina, were you more incentivized to distribute benefits quickly or to prevent fraud and improper payments?

- a. I would like to strongly reject the suggestion from the hearing that states do not care about preventing improper payments or fraud. As a previous caseworker for the state of North Carolina, I know all too well how “program integrity” and fraud allegations affect the lives of recipients and caseworkers. Eligibility workers are often better trained to look for fraud than they are to provide [trauma-informed care](#) or to refer families to other assistance to address the many challenges of living in poverty. It was clear that, based on mandates coming from the federal government prioritizing fraud prevention and program integrity, the state cared far more about catching people getting more than they were supposed to than about caseworkers’ ability to care for people and meet their needs. While empathetic care takes more time and effort, workers were rewarded only for their timeliness and accuracy. Failure to recognize an overpayment, even if only once, could cost someone their job.

Despite the rarity of fraud, legislators and state agencies DO prioritize fraud prevention—so much so that there are millions of dollars in grants and targeted funding for fraud prevention and “program integrity.” It isn’t that fraud prevention and program integrity aren’t prioritized, it’s that states are looking for fraud in the wrong places. As the hearing made clear, the biggest sources of improper payments are international crime rings and unscrupulous providers, but states and counties focus on people experiencing poverty. State fraud units are notorious for privacy invasion and over-policing of public benefits recipients. People have reported home raids, threats to take their children away without cooperation, and even threats with the presence of guns.. These instances are so pervasive that people receiving public benefits often live under a cloud of fear.

Federal and state government have to recognize that calling for “more fraud provisions” without specifying the types of measures that are needed and highlighting the need to ensure that measures do not act as barriers to access for those in need perpetuates

stereotypes and invites abuses.

2. Though the federal government must prioritize program integrity, it also needs to deliver services to the public in an equitable fashion. What populations should policymakers consider when designing online applications or implementing antifraud controls like identity verification? How can the federal government ensure that individuals with limited access to technology can still access public benefits?
 - a. During the pandemic there have been multiple populations of folks who have struggled to access life necessities based on their limited access to technology. Multiple state advocates have also reported that folks who struggle to access online applications were having difficult times getting through on the busy phone lines to apply—causing some states to begin seeing declines in public benefits applications throughout different times of the pandemic. When I was a caseworker for the state of NC, there were multiple clients that I had, who liked to come into the office to apply because they could hand in their verifications, application information, and other documents directly to a caseworker without fear of their information being lost in the mail or at the front desk. When offices were closed, I am sure that folks similar to my old clients suffered because they couldn't have the direct contact with caseworkers. From my experience, different populations that the federal government should consider when designing online applications are:
 - i. People with disabilities
 - ii. The aging population
 - iii. People experiencing extreme poverty and homelessness (particularly ones who did not have an address or phone to be contacted at)
 - iv. Youth (particularly opportunity youth or those who have aged out of the foster care system)
 - v. People in rural areas that don't have access to internet services
 - b. Online applications should be mobile friendly as individuals with low incomes are more likely to have internet access on a phone than on a computer. They should also be available in multiple languages, and tested by actual users (both customers and caseworkers) prior to launch. Online applications should also never be the only way to access benefits; customers should also be able to apply in person, by phone or mail, whatever meets their needs. Congress should also explore ways to reduce duplication of effort, such as by allowing people eligible for SNAP benefits to be deemed eligible for Medicaid or other benefits.
3. In fiscal year 2021, Medicare made over \$40 billion in improper payments that resulted in monetary loss to the federal government. For Medicaid, that figure topped \$98 billion. What are the primary root causes of overpayments in Medicare and Medicaid? Are overpayments in these programs more often attributable to beneficiaries or to health care providers?
 - a. Medicaid and Medicare provide access to critical health services for about 136 million people—more than 4 in 10 people in the US. While steps should be taken to reduce improper payments, impeding access should be off the table. Beneficiaries of these programs are not responsible for the vast majority of improper payments, and limiting their

access to the health care they need would do nothing to solve the problem but instead cause them harm. Most improper payments in Medicaid are due to lack of documentation or mistakes made by the state agency, providers, or reporting systems. Provider fraud, such as billing for services that are never delivered, describing services as more complex than the ones actually provided, and therefore billing them at a higher rate than earned, and knowingly ordering medically unnecessary items or services, is less common. Beneficiary fraud is extremely rare.

According to the [Center on Budget and Policy Priorities](#), the Centers for Medicare & Medicaid Services (CMS) [released](#) its 2020 Estimated Payment Error Rate Measurement (PERM) rate — which measures “improper” payments in Medicaid and the Children’s Health Insurance Program (CHIP). The overall PERM rate reported was 21.36 percent. While it’s higher than last year’s 14.9 percent, that’s mostly because CMS measured eligibility payment errors for more states, not because errors increased.

Therefore, it is imperative that policymakers don’t use numbers reported from 2020 to justify increased fraud provisions and unnecessary administrative burden on recipients and caseworkers by imposing more required verifications or paperwork. imposing additional, burdensome verification and paperwork requirements or to distract from the larger [problem](#) of eligible people losing coverage and access to care. Also, finding an improper payment doesn’t mean the payment was made to an ineligible person or for a service that shouldn’t have been provided. Often, providers don’t follow the proper federal and state procedures when billing for services, which can also cause an improper payment. People need healthcare and preventative and early treatment are essential. Finding new ways to deny people access to essential benefits is not going to lessen the number of improper payments. Finding ways to simplify the application process would lessen administrative burden which in turn would lessen mistakes or errors that cause improper payments.

4. In March, 2022, you published a paper on program integrity in the Supplemental Nutrition Assistance Program (SNAP), which emphasizes that “SNAP fraud is quite rare.” You are also an expert in Temporary Assistance for Needy Families and Medicaid. To what extent has your research identified fraud in the federal programs it examines?
 - a. Yes, [SNAP fraud is quite rare](#). Political and media discussions frequently lump all forms of SNAP errors or violations as “fraud,” but this is inaccurate and misleading. The SNAP error rate calculated by the Food and Nutrition Service (FNS), the federal agency within the U.S. Department of Agriculture that administers SNAP, includes both overpayments, which is when people receive more SNAP benefits than they should have received, and underpayments, which is when people receive less than they should have received. Overpayments may be caused by agency errors, unintentional mistakes by recipients, or by intentional reporting of false information by recipients. Only the last of these—which is the least common—can be considered fraud. In [FY 2019](#), only 0.1 percent of SNAP issuances were overpayments based on IPVs—just a dime for every \$100 of SNAP benefits. And just 0.9 percent were overpayments of any sort, including household and agency errors. According to [testimony](#) before the U.S. House Committee on Oversight

and Government Reform, "the overwhelming majority of SNAP errors that do occur result from mistakes by recipients, eligibility workers, data entry clerks, or computer programmers, not dishonesty or fraud by recipients."

- b. TANF cash assistance is a relatively small program, serving approximately 800,000 total families in fiscal year 2021. The maximum benefit for a family of 3 in the median state is \$492 a month. In order to receive this money, applicants must typically attend multiple interviews or orientations, and must document their hours of work or participation in another required activity. There simply is no opportunity for large scale fraud in the TANF program; in fact the federal government estimates that [less than a quarter](#) of the families with low-incomes who are eligible for TANF actually receive any cash assistance.