

Obama budget includes funds for anti-fraud efforts

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If you've been reading GovWin's [latest report](#) on state and local investment in anti-waste, fraud, and abuse (WFA) solutions, you'll be familiar with Obama administration efforts to crackdown on "improper payments." (That's the fed's politically neutered term for "waste, fraud, and abuse.") As forecast in that report, President Obama's FY 2011 budget provides additional resources for this effort.

"\$250 million in additional resources that...will help expand the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, a joint effort by the Departments of Health and Human Services and Justice," to reduce WFA in Medicare, Medicaid, and SCHIP.

The White House estimates up to \$100 billion in improper payments annually. It's unclear whether this represents improper payments made only by federal agencies directly. However, GovWin has estimated up to \$67 billion in annual improper payments made by state and local agencies administering funds for the five largest federal social services programs.

Four more items (quoting verbatim from the budget) :

- First, we will bring more transparency to these errors by creating an online dashboard of key indicators and statistics so that the public can access information on improper payments, view payment error rates by agency and program, and see a list of the most egregious actors.
- Second, we will hold agencies accountable for reducing improper payments while maintaining program access, through--among other steps--designating one Senate-confirmed appointee to be accountable to the President for meeting improper payment reduction targets and consolidating program integrity activities.
- Third, we will provide incentives for States, agencies, and recipients to report and reduce payment errors by using rewards--such as allowing States that reduce improper payments--to recoup more Federal grant dollars to cover administrative expenses, and use punishments, such as financial penalties on contractors who do not timely disclose an improper payment.
- Lastly, the Administration is launching the Partnership Fund for Program Integrity Innovation an initiative which focuses on improving service delivery, payment accuracy, and administrative efficiency in Federal assistance programs while reducing access barriers for beneficiaries.

We'll be watching that last point closely as it portends good things for state anti-WFA investments.

[Personal aside: I beg the Beltway elite to please not call this new Senate-confirmed appointee an "Improper Payments Czar."]

Here's another good one.

"When States have to finance high levels of UI improper payments, employers face higher taxes and workers may see cuts in their benefit levels. Despite the efforts of States to reduce improper payments, over \$11.4 billion in UI benefits were erroneously paid in 2009--an overpayment rate of almost 10 percent. The Administration will tackle this problem by boosting funding for UI integrity efforts and proposing legislative changes that together would reduce improper payments by over \$4 billion and employer tax evasion by \$300 million over 10 years."

For those of you keeping score, you might recall that GovWin forecast \$8.2 billion in WFA for UI in 2010. These federal stats put us over \$3 billion under the mark for 2010. (And, I was worried our model assumed *too much* WFA in UI!) Either way, reliable statistics are hard to come by and I don't know the provenance of the \$11.4 billion figure.

If UI WFA remained steady for the next ten years (unlikely if unemployment continues to climb) for a total of \$114 billion, and we assume an optimistic timeline of four years to reach the reduction targets, the Obama administration would reduce UI WFA by around \$60 billion (53%) over the ten years.

Anyhow, go download [the budget](#) and search for the term "improper payments" to get the full picture.