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Before the Subcommittee on Government Operations and the Federal Workforce, Committee on Oversight and Accountability, House of Representatives

PAYMENT INTEGRITY

Significant Improvements Are Needed to Address Improper Payments and Fraud

Accessible Version

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GAO Highlights

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Highlights of GAO-24-107660, a testimony before the Subcommittee on Government Operations and the Federal Workforce, Committee on Oversight and Accountability, House of Representatives

September 2024

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Why GAO Did This Study

Reducing improper payments—payments that should not have been made or that were made in an incorrect amount—and fraud—obtaining something of value through willful misrepresentation—is critical to safeguarding federal funds and could help achieve cost savings and improve the government's fiscal position. These payment integrity issues also erode public trust in government and hinder agencies' efforts to execute their missions and program objectives effectively and efficiently.

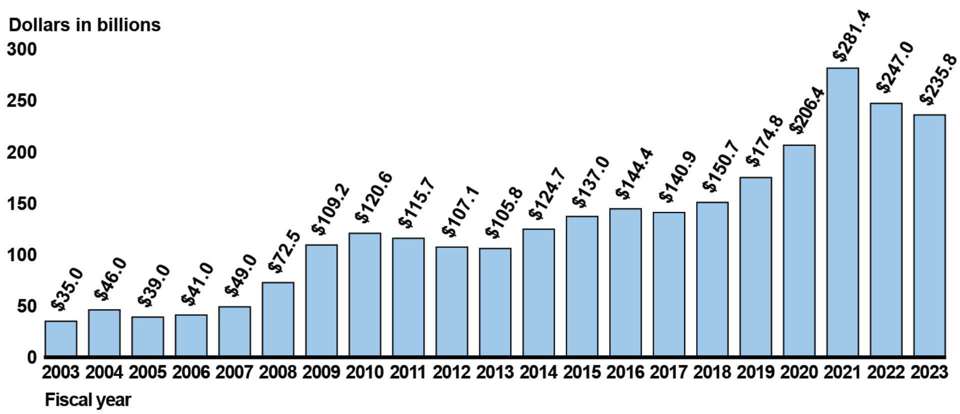
This testimony covers (1) estimates of government-wide improper payments and fraud; (2) the status of improper payments in six high-priority programs, as well as relevant GAO recommendations that have not been fully implemented related to improper payments and fraud within these programs; and (3) actions Congress could take to improve oversight of efforts to reduce improper payments and fraud.

This testimony is primarily based on GAO's recent work on improper payments and fraud. GAO reviewed additional information to determine the improper payment amounts, rates, and root causes for six program areas that represent about 85 percent of all reported improper payment estimates in fiscal year 2023. In addition, GAO analyzed agency financial reports and reviewed the fiscal year 2023 Payment Integrity Information Act of 2019 compliance reports that each agency's IG issued. More detailed information on the scope and methodology of GAO's prior work can be found within each specific report.

What GAO Found

Improper payments and fraud are long-standing and significant problems in the federal government. Since fiscal year 2003, cumulative improper payment estimates by executive branch agencies have totaled about $2.7 trillion. In fiscal year 2023 alone, federal agencies estimated $236 billion in improper payments, representing 71 programs, a small subset of all federal programs. While the fiscal year 2023 estimate is a decrease of about $11 billion from the prior year, this was largely due to Medicaid reducing eligibility requirements for beneficiaries and providers during the COVID-19 public health emergency.

Total Reported Executive Agency Improper Payment Estimates, Fiscal Years 2003–2023



Source: GAO. | GAO-24-107660

Six program areas were responsible for approximately $200 billion of the $236 billion fiscal year 2023 improper payments estimate:

1. Department of Health and Human Services' (HHS) **Medicare**;
2. HHS's **Medicaid**;
3. Department of Labor's **Unemployment Insurance**;
4. Small Business Administration's **Paycheck Protection Program**;
5. Department of the **Treasury's Earned Income Tax Credit**; and
6. Social Security Administration's **Supplemental Security Income**.

Each of the six selected program areas are currently or have been on GAO's High Risk List of areas with vulnerabilities to fraud, waste, abuse, and mismanagement or in need of transformation. Agencies have made progress in implementing GAO's recommendations for the six program areas, but the agencies can do more to improve payment integrity and address the remaining 14 unimplemented recommendations.

In addition to GAO's work, in fiscal year 2022, the inspectors general (IG) from 10 of the 24 Chief Financial Officers Act agencies found that their agencies did not fully comply with improper payments criteria as established by federal law and related Office of Management and Budget (OMB) guidance. The IGs of the 10 agencies that were not in compliance made at least 30 recommendations to their agencies from these compliance reports that remained open as of May 2024.

Improper payments and fraud are distinct concepts that are not interchangeable but are related. While all fraudulent payments are considered improper, not all improper payments are due to fraud. Unlike improper payment estimates that are produced by a subset of agencies at the program level, in April 2024, GAO estimated total direct annual financial losses across the government from fraud to be between $233 billion and $521 billion, based on data from fiscal year 2018 through fiscal year 2022.

GAO has also identified actions Congress can take to enhance its oversight and hold agencies accountable for reducing improper payments and fraud. Specifically, in March 2022 GAO recommended that Congress consider taking the following actions to enhance the transparency and accountability of federal spending.

- **New improper payment reporting.** (1) Designate all new federal programs distributing more than $100 million in any one fiscal year as "susceptible to improper payments" and thus, subject to more timely improper payment reporting requirements and (2) require agencies to report improper payment information in their annual financial reports.
- **Fraud risk management reporting.** Reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports. Such reporting will increase congressional oversight to better ensure fraud prevention during normal operations and emergencies.
- **Fraud analytics.** Establish a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.
- **Internal control plans.** Require OMB to provide guidance for agencies to develop internal control plans that can then be put to immediate use for future emergency funding.
- **Data sharing.** Amend the Social Security Act to make permanent the requirement for the Social Security Administration to share its full death data with Treasury's Do Not Pay working system.
- **Chief Financial Officer (CFO) authorities.** Clarify that agency CFOs have oversight responsibility for internal controls over financial reporting and key financial information and require agency CFOs to (1) certify the reliability and validity of the improper payment risk assessments and estimates and monitor associated corrective action plans and (2) approve improper payment estimate methodology in certain circumstances.
- **USAspending.gov.** (1) Clarify the responsibilities and authorities of OMB and Treasury for ensuring the quality of federal spending data available on USAspending.gov and (2) extend the previous requirement for agency IGs to review agency data submissions on a periodic basis.

In addition, Congress can use a variety of tools to provide greater sustained oversight through hearings and the appropriations, authorizations, and oversight processes to incentivize executive branch agencies to improve program integrity and take efforts to prevent fraud. For example, scorecards are one way Congress can track agency performance in preventing, detecting, and recovering improper payments and reducing fraud within government programs.

Chairman Sessions, Ranking Member Mfume, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss actions that should be taken to help reduce improper payments and fraud in federal programs and activities.[1] Improper payments and fraud are long-standing, significant, and pervasive problems. Since fiscal year 2003, federal executive agencies have reported cumulative improper payment estimates of about $2.7 trillion. Further, in April 2024, we estimated total direct annual financial losses to the government from fraud to be between $233 billion and $521 billion, based on data from fiscal year 2018 through fiscal year 2022.[2] Beyond these financial impacts, improper payments and fraud erode public trust in government and hinder agencies' efforts to execute their missions and program objectives effectively and efficiently.

My testimony focuses on six high-priority program areas.[3] They make up about 85 percent (approximately $200 billion) of the total of estimated improper payments (approximately $236 billion) that agencies reported for fiscal year 2023.[4] The six are

1. the Department of Health and Human Services' (HHS) **Medicare** comprising Fee-for-Service, Medicare Advantage (Part C), and Medicare Prescription Drug (Part D) programs ($51 billion);

[1]The Payment Integrity Information Act of 2019 defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. 31 U.S.C. § 3351(4). As such, improper payments refer to all kinds of erroneous payments, including but not limited to those resulting from fraud. Fraud involves obtaining something of value through willful misrepresentation. All payments made because of fraudulent activities are considered improper payments. Improper payments could suggest that a program may be vulnerable to fraud. However, improper payments estimates are not a valid indicator of the extent of fraud in a particular program.

[2]GAO, *Fraud Risk Management: 2018-2022 Data Show Federal Government Loses an Estimated $233 Billion to $521 Billion Annually to Fraud, Based on Various Risk Environments*, GAO-24-105833 (Washington, D.C.: Apr 16, 2024). The range reflects the different risk environments during this period.

[3]The Office of Management and Budget (OMB) considers a program to be high priority if it reports estimated monetary losses from improper payments exceeding $100 million in a given fiscal year. For fiscal year 2023, there were 29 high priority programs.

[4]The dollar amounts represent each program's fiscal year 2023 estimated improper payments amount.

2. HHS's **Medicaid** ($50 billion);[5]
3. the Department of Labor's (DOL) **Unemployment Insurance**, including federal Pandemic Unemployment Assistance and Federal State Unemployment Insurance ($48 billion);[6]
4. the Small Business Administration's (SBA) **Paycheck Protection Program** comprising Loan Forgiveness and Loan Guaranty Purchases ($23 billion);
5. the Department of the Treasury's **Earned Income Tax Credit** ($22 billion); and
6. the Social Security Administration's (SSA) **Supplemental Security Income** ($5 billion).

Given the current fiscal environment, addressing improper payments and fraud in these six program areas is essential. Our most recent report on the nation's fiscal health noted that the federal government faces an unsustainable long-term fiscal path, including growing deficits from the projected spending increases in Medicare, Medicaid, and other federal health care programs; net interest on the debt; and Social Security.[7] It also highlighted the importance of strengthening payment integrity, including reducing improper payments, as a step to help to reduce the deficit.

This statement covers (1) estimates of government-wide improper payments and fraud; (2) the status of improper payments in the six high-priority programs, as well as GAO recommendations that the agencies have not fully implemented related to improper payments and fraud within these programs; and (3) actions Congress can take to improve oversight

[5]Under Medicaid's federal-state partnership, HHS's Centers for Medicare & Medicaid Services (CMS) provides oversight and technical assistance for the program, and states are responsible for administering their respective Medicaid programs' day-to-day operations.

[6]Unemployment Insurance is a federal-state partnership. States administer their own unemployment insurance programs, according to certain federal requirements and under DOL's oversight.

[7]GAO, *The Nation's Fiscal Health: Road Map Needed to Address Projected Unsustainable Debt Levels*, GAO-24-106987 (Washington, D.C.: Feb. 15, 2024). Additionally, in April 2024, we testified on the growth in spending in Medicare and Medicaid and provided examples of steps HHS's CMS has taken to reduce improper payments in Medicare and Medicaid, as well as actions still needed by CMS and Congress. GAO, *Medicare and Medicaid: Additional Actions Needed to Enhance Program Integrity and Save Billions*, GAO-24-107487 (Washington, D.C.: Apr. 16, 2024).

of efforts to reduce improper payments and fraud, including the use of scorecards.

My remarks are primarily based on our large body of work examining improper payments and fraud in the federal government. For the six program areas, we also reviewed the agencies' financial reports and PaymentAccuracy.gov information to determine the estimated amounts, rates, and root causes reported publicly for the improper payments. In addition, we reviewed the latest audit reports by each inspector general (IG) on agencies' compliance with improper payments requirements. More detailed information on the scope and methodology of our prior work can be found within each specific report.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Improper payments and fraud are distinct concepts that are not interchangeable but are related.[8]

An improper payment is any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. Examples of improper payments include payments to an ineligible recipient, payments for an ineligible good or service, and duplicate payments. Agencies' improper payment reporting also treats any payment that cannot be determined to be proper due to lacking or insufficient documentation as improper.

Fraud involves obtaining something of value through willful misrepresentation. Willful misrepresentation can be characterized by making materially false statements of fact based on actual knowledge, deliberate ignorance, or reckless disregard of falsity. While all fraudulent

[8]GAO*, Improper Payments and Fraud: How They Are Related but Different*, GAO-24-106608 (Washington, D.C.: Dec. 7, 2023).

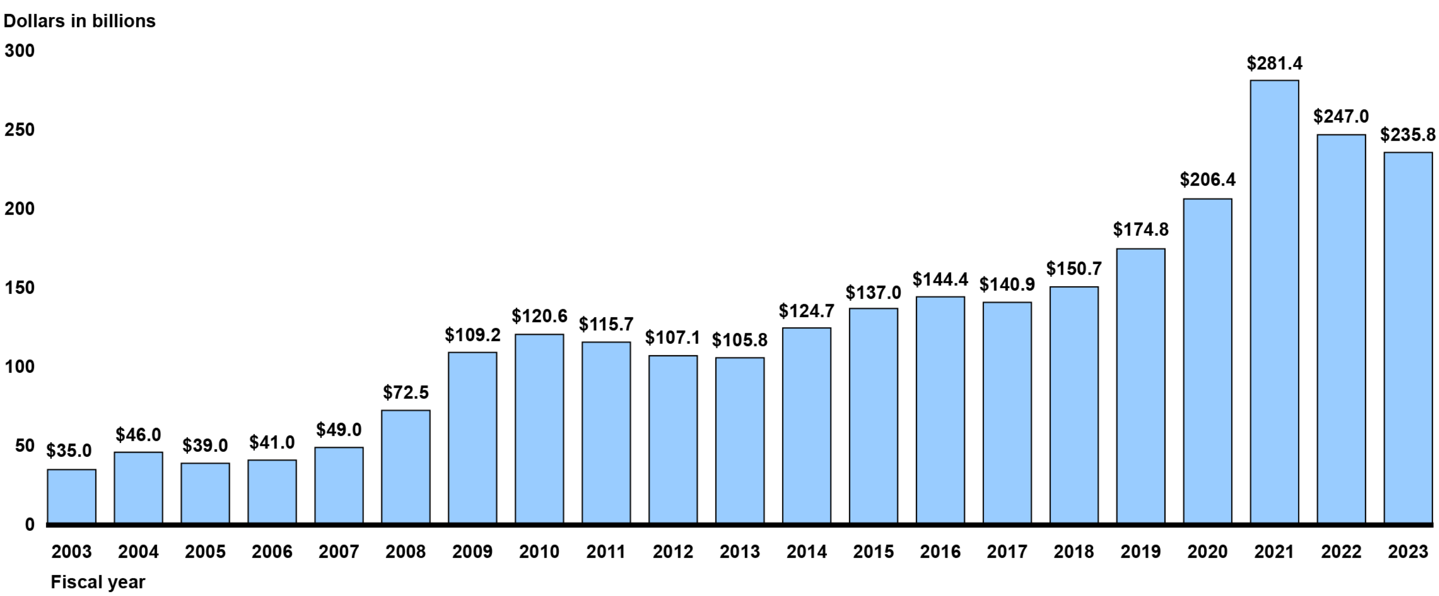
payments are considered improper, not all improper payments are due to fraud. Some, for example, are due to errors.

Improper Payments and Fraud Remain a Substantial, Pervasive, Government-Wide Issue

Estimated Improper Payments

Improper payments remain a substantial and pervasive issue. Since fiscal year 2003—when certain agencies began reporting improper payment estimates—cumulative improper payment estimates have totaled about $2.7 trillion. As shown in figure 1, the estimated improper payment amounts have generally increased over this period. This is in part because the number and size of programs reporting improper payment estimates have increased.

Figure 1: Total Reported Executive Agency Improper Payment Estimates, Fiscal Years 2003–2023



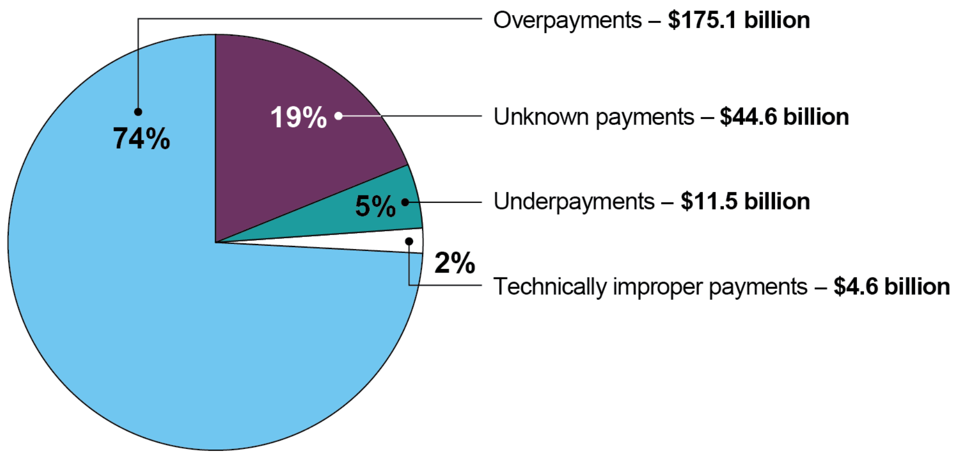
Source: GAO. | GAO-24-107660

Note: Prior year improper payment estimates have not been adjusted for inflation.

For fiscal year 2023, 71 programs and activities across 14 agencies reported improper payment estimates totaling about $236 billion. This represents a decrease of about $11 billion from the prior fiscal year. The decrease was largely due to a reduction in estimated improper payments for Medicaid in fiscal year 2023. Medicaid reduced eligibility requirements for beneficiaries and providers during the COVID-19 public health emergency.

As seen in figure 2, most of the $236 billion in executive agency improper payment estimates for fiscal year 2023 consisted of overpayments. The remaining improper payments consisted of underpayments, unknown payments, and technically improper payments.[9]

Figure 2: Agencies' Fiscal Year 2023 Reported Estimated Improper Payments by Type



Source: GAO analysis of Office of Management and Budget PaymentAccuracy.gov data. | GAO-24-107660

These estimates do not include all programs that agencies have determined are susceptible to significant improper payments. As a result, the estimated total does not reflect the full extent of improper payments. The fiscal year 2023 consolidated financial statement report for the federal government noted the that the federal government's inability to "determine the full extent to which improper payments occur and

[9]According to OMB guidance, "overpayments" are payments exceeding the amount due, and are payments that, in theory, should or could be recovered. "Underpayments" are those in which recipients received less than what was due. "Unknown payments" are those that a program cannot determine were either proper or improper. "Technically improper payments" are those in which recipients received funds they were entitled to, but the payment failed to follow all applicable statutes or regulations. Office of Management and Budget, *Requirements for Payment Integrity Improvement, Circular No. A-123, Appendix C*, OMB M-21-19 (Washington, D.C.: Mar. 5, 2021).

reasonably assure that appropriate actions are taken to reduce them" is a continued material weakness.[10] For example, an improper payment estimate for HHS's Temporary Assistance for Needy Families program, which receives about $17 billion annually, is not included. HHS reported that it does not have the authority to obtain the information it needs to estimate or report an improper payment amount for this program. In April 2022, we recommended that Congress consider providing HHS the authority to require states to report the data the agency needs to estimate and report on improper payments for this program.[11] As of September 3, 2024, Congress has not acted on this recommendation.

For fiscal year 2022, IGs determined that 14 of the 24 Chief Financial Officers Act of 1990 (CFO Act) agencies fully complied with Payment Integrity Information Act of 2019 (PIIA) criteria and related Office of Management and Budget (OMB) guidance. This includes publishing improper payment estimates, corrective action plans, and improper payment reduction targets for all risk-susceptible programs and activities, among other criteria and requirements. Fourteen agencies in compliance in fiscal year 2022 was an improvement from the previous fiscal year and is attributable to four previously noncompliant agencies becoming compliant.[12] According to the IG reports for the 10 remaining agencies, the primary drivers behind them not being in compliance in fiscal year 2022 were (1) high improper payment rate estimates (at least 10 percent), (2) inadequate risk assessments, and (3) unreliable estimates. The IGs of the 10 agencies that were not in compliance made at least 30 recommendations to their agencies in their compliance reports for fiscal year 2022 that remained open as of May 2024.[13]

[10]GAO, *Financial Audit: FY 2023 and FY 2022 Consolidated Financial Statements of the U.S. Government*, GAO-24-106660 (Washington, D.C.: Feb. 15, 2024).

[11]GAO, *COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments*, GAO-22-105397 (Washington, D.C.: Apr. 27, 2022).

[12]The four agencies that became compliant with applicable PIIA criteria in fiscal year 2022 were the Environmental Protection Agency, the National Aeronautics and Space Administration, the Office of Personnel Management, and SSA.

[13]For two of the 10 agencies, the IG did not disclose the status of prior IG recommendations in the latest (fiscal year 2023) compliance report. As such, the status of those recommendations was not known.

Estimated Government-Wide Fraud Losses

Improper payment estimates represent a small subset of executive agencies' programs, covering 71 programs in fiscal year 2023. In contrast, our estimate of financial losses due to fraud is based on data across the federal government. In April 2024, we estimated total direct annual financial losses across the government from fraud to be between $233 billion and $521 billion, based on data from fiscal year 2018 through fiscal year 2022. The range reflects the different risk environments during this period.[14] For example, the public health crisis, economic instability, and increased flow of federal funds associated with the COVID-19 pandemic increased pressure on federal agency operations to spend federal funds quickly and presented opportunities for individuals and criminal organizations to commit fraud. The amount of estimated fraud loss underscores the importance of prevention and need for federal agencies to manage fraud risks strategically.

Fraud estimates can demonstrate the scope of the problem, improve oversight prioritization, and help determine the return on investment from fraud risk management activities. IG and agency officials, however, noted challenges in producing fraud estimates. For example, limited fraud-related data and use of varying terms and definitions of fraud for recording data pose challenges. These data gaps and variability result in information that cannot be readily compared or consolidated to determine the extent of fraud across the federal government.

As a result, we recommended that OMB, in collaboration with the Council of the Inspectors General on Integrity and Efficiency, develop guidance on the collection of IG data to support fraud estimation. We also recommended that OMB, with input from agencies, develop guidance on the collection of agency data to support fraud estimation. OMB generally agreed with the recommendations. We also recommended that Treasury, in consultation with OMB, establish an effort to evaluate and identify methods to expand government-wide fraud estimation to support fraud

[14]Our estimate for fraud is not comparable to improper payment estimates. Improper payment estimates are based on a subset of federal programs, using a methodology not designed to identify fraud. We have also consistently reported that the federal government does not know the full extent of improper payments and have long recommended that agencies improve their improper payment reporting. In contrast, our fraud estimate includes all federal programs and operations and is based on fraud-related data. With these differences in scope and data, the upper end of our estimated fraud range ($521 billion) exceeded annual improper payment estimates ($236 billion for fiscal year 2023).

risk management. Treasury agreed with the recommendation.[15] OMB informed us that it has begun coordination to determine appropriate next steps regarding our recommendations. However, as of September 3, 2024, these recommendations have not yet been implemented.

Fraud is challenging to detect because of its deceptive nature. As a result, not all fraudulent activity will be detected or discovered. When it is discovered, the Department of Justice (DOJ) can bring charges of fraud against the alleged fraudsters. For example, DOJ has prosecuted over 2,000 COVID-19 fraud-related cases, and hundreds of additional cases are pending. We analyzed the department's public statements and court documentation and found that, from March 2020 through March 2024, at least 1,998 individuals or entities facing fraud-related charges were found guilty or liable.[16] This includes charges in cases involving SBA's loan programs, DOL's Unemployment Insurance (UI) programs, and Treasury's economic impact payments. Of the individuals found guilty, at least 1,596 had been sentenced as of March 31, 2024, and many have also been ordered to pay restitution and fines.

There were also federal fraud-related charges pending against at least 632 other individuals or entities involving federal COVID-19 relief programs, as of March 31, 2024.[17] We expect the number to continue to increase as investigations take time to develop and given the significant number of investigative leads. For instance, SBA's IG office reported that its actionable leads represent more than 100 years of investigative case work.[18] The government has 10 years to prosecute individuals who committed fraud related to the Paycheck Protection Program (PPP) and

[15]GAO-24-105833.

[16]The federal government may enforce laws through civil or criminal action. Such action may be resolved through a trial, a permanent injunction, a civil settlement, or a guilty plea. Our analysis is limited to the cases we identified from public sources and may not include all criminal and civil cases that DOJ charged as of March 31, 2024. Additionally, details of fraud cases and schemes presented in court documents may not be complete. All fraud does not result in prosecution. Cases that reach the prosecution stage in the fraud identification life cycle represent a fraction of the instances of fraud or all possible fraud cases.

[17]A charge is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

[18]Stolen Taxpayer Funds: Reviewing the SBA and OIG Reports of Fraud in Pandemic Lending Programs Hearing Before the House Committee on Small Business, 118th Cong. 45 (2023) (statement of Hannibal "Mike" Ware, Inspector General of U.S. Small Business Administration).

the COVID-19 Economic Injury Disaster Loan (EIDL) program.[19] DOL's IG has requested Congress similarly extend the statute of limitations for the pandemic relief UI programs as well.[20] Additionally, in a June 2024 press release, the Internal Revenue Service requested to Congress that the statute of limitations for fraud be extended for the Employee Retention Credit.[21] We support their requests.

Government-Wide Initiatives to Address Improper Payments and Fraud

Various interagency efforts have been established to combat improper payments and fraud. The examples of federal efforts presented below illustrate the different types of government-wide efforts. This is not a list of all federal efforts to address improper payments and fraud.

Pandemic Response Accountability Committee (PRAC). The PRAC is composed of federal IGs from several agencies with roles in overseeing COVID-19 relief and recovery funds. The PRAC has several ongoing reporting efforts and has developed data analytics tools to detect potential fraud.

The PRAC created the Pandemic Analytics Center of Excellence (PACE), which helps agencies identify potential fraud for investigation by combining oversight data in one place with a suite of analytic tools. As of March 2024, the PRAC reported that PACE has provided investigative support to federal law enforcement and IG partners in over 783 pandemic-related investigations. These investigations involved nearly 10,000 subjects and had an estimated fraud loss of over $2 billion. Moreover, the PRAC built an analytic model for the Pension Benefit Guaranty Corporation IG office that was used to identify overpayments of

[19]The statute of limitations for mail fraud and wire fraud prosecutions is 5 years (18 U.S.C.§ 3282), except for mail and wire fraud schemes that affect a financial institution, in which case the statute is 10 years (18 U.S.C. § 3293). Also, the statute of limitations for fraud related to PPP loans (15 U.S.C. § 636(a)(36)(W)) and PPP second draw loans (15 U.S.C.§ 637(a)(37)(P)) and for certain COVID-19 EIDL loans (15 U.S.C. § 636(b)(16)), COVID-19 EIDL advances (15 U.S.C. § 9009b(i)), and targeted COVID-19 EIDL advances (15 U.S.C. § 9009b (i)) has been extended to 10 years.

[20]The Pandemic Unemployment Fraud Recoupment Act (S. 1018) contains provisions that would address this request. As of September 3, 2024, Congress has not passed this bill.

[21]The Tax Relief for American Families and Workers Act of 2024 (H.R. 7024) contains provisions that would address this request. As of September 3, 2024, Congress has not passed this bill.

Special Financial Assistance funds, which resulted in a $127 million settlement agreement with a pension fund related to an overpayment.[22]

However, PACE is focused on pandemic programs and its funding is currently set to expire in 2025. Ongoing challenges with fraud and improper payments highlight the value of these analytical capabilities across the federal government. In March 2022, we recommended that Congress consider establishing a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.[23] This could be achieved by building upon and expanding PACE and making it permanent. This and other actions that Congress could take to strengthen internal controls and financial and fraud risk management practices across the government are described in greater detail later in this testimony and in appendix I.

Joint Financial Management Improvement Program (JFMIP). In fiscal year 2023 JFMIP, a cooperative venture between GAO, OMB, the Office of Personnel Management, and Treasury, began an initiative to take a "whole of government" approach to advancing the prevention and recovery of improper payments and preventing fraud. In February 2024, JFMIP published a 3-year plan to advance payment integrity by promoting greater access to and use of data and analytics and promoting best practices to equip agencies and states with information, tools, and resources to prevent fraud and improper payments.[24]

Additional Agency Efforts Could Reduce Improper Payments for Selected Programs

Medicare, Medicaid, UI, PPP, Earned Income Tax Credit, and Supplemental Security Income accounted for about 85 percent of the fiscal year 2023 improper payment estimate. As shown in table 1, these program areas have generally reported high amounts of estimated improper payments, improper payment rates, or both, for fiscal year 2018

[22]Pandemic Response Accountability Committee, *Semiannual Report to Congress, October 1, 2023 - March 31, 2024* (Washington, D.C.: June 20, 2024).

[23]GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, GAO-22-105715 (Washington, D.C.: Mar. 17, 2022).

[24]JFMIP, *Payment Integrity Initiative: A Three-year Plan to Advance Payment Integrity*, JFMIP-24-02 (Feb. 2024).

through fiscal year 2023. Consequently, it is critical that actions are taken to enhance payment integrity and reduce improper payments in these programs.

Table 1: Estimated Improper Payment Amounts and Rates by Program Area, Fiscal Years 2018–2023

Fiscal year (FY) estimated improper payment amounts (in billions) and rates (percent)

Program area	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Medicare[a]	$48 (7)	$46 (7)	$43 (6)	$50 (7)	$47 (6)	$51 (6)
Medicaid[b]	$36 (10)	$57 (15)	$86 (21)	$99 (22)	$81 (16)	$50 (9)
Unemployment Insurance[c]	$4 (13)	$3 (11)	$8 (9)	$78 (19)	$19 (22)	$48 (32)
Paycheck Protection Program[d]	no reported data	no reported data	no reported data	no reported data	$29 (4)	$23 (42)
Earned Income Tax Credit	$18 (25)	$17 (25)	$16 (24)	$19 (28)	$18 (32)	$22 (33)
Supplemental Security Income	$5 (8)	$6 (10)	$5 (9)	$6 (10)	$5 (9)	$5 (9)

Legend: – = no reported data.

Source: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, Department of Health and Human Services (HHS) and Centers for Medicare & Medicaid Services (CMS) data. | GAO-24-107660

Note: Improper payment estimates and rates displayed in the table include both improper and unknown payments. Executive agency estimates of improper payments also treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. The estimated improper payment rate is the estimated amount in improper payments divided by the amount in program outlays for a given program in a given fiscal year.

[a]The Medicare improper payment rate was calculated using the estimated improper payment amounts and outlays for Fee-for-Service, Medicare Advantage (Part C), and Medicare Prescription Drug (Part D) programs.

[b]Amounts reflect the federal share of estimated improper payments and do not include the nonfederal share. HHS attributes the decline in fiscal year 2023, in part, to flexibilities granted to states during the COVID-19 public health emergency. For example, states were required to keep people continuously enrolled in Medicaid regardless of whether their eligibility status changed. Thus, payments that would have previously been determined to be improper would not be improper under the relaxed requirements.

[c]For fiscal year 2023, the Unemployment Insurance improper payment rate was calculated using the improper payment amounts and outlays for Federal State Unemployment Insurance and federal Pandemic Unemployment Assistance programs. The federal Pandemic Unemployment Assistance program began in 2020 and was determined to be susceptible to improper payments based on the risk assessment Department of Labor (DOL) performed in fiscal year 2021. DOL published the improper payment estimate for the federal Pandemic Unemployment Assistance program for the period April 2020 through September 2021, for fiscal year 2023. The federal Pandemic Unemployment Assistance program expired in 2021. For fiscal year 2023, DOL included two pandemic programs—Federal Pandemic Unemployment Compensation and Pandemic Emergency Unemployment Compensation—in its estimated improper payment amount for Federal State Unemployment Insurance.

[d]The Paycheck Protection Program (PPP) did not begin until 2020. In fiscal year 2022, the Small Business Administration (SBA) reported an improper payment estimate for PPP loan approvals. SBA did not produce an estimate for approvals in fiscal year 2023 as funding for PPP loans ended in May 2021 and there have been no new loan approvals since that time. For fiscal year 2023, SBA began reporting improper payments estimates for PPP loan forgiveness and loan guaranty purchases.

Each of the six selected program areas are currently or have been on GAO's High Risk List.[25] Further, as shown in table 2, the IGs have largely reported that their agencies' programs did not comply with improper payment requirements for the last 6 fiscal years. While we have found that agencies have made progress in implementing our recommendations for each of the six program areas, the agencies need to do more to address our remaining unimplemented recommendations. Appendix III provides summary information on selected programs compliance with PIIA criteria for fiscal year 2023. Appendix IV provides information on our unimplemented recommendations related to payment integrity in the six program areas.

Table 2: Program Compliance with the Payment Integrity Information Act of 2019 (PIIA) and Improper Payments Elimination and Recovery Act of 2010 (IPERA) Criteria

Agency	Program	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Department of Health and Human Services (HHS)	Medicare Fee-for-Service	IG reported compliance	IG reported compliance	IG reported compliance	IG reported compliance	IG REPORTED NONCOMPLIANCE	IG reported compliance
HHS	Medicare Part C	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Compliance	IG Reported Noncompliance
HHS	Medicare Part D	IG Reported Compliance	IG Reported Compliance	IG Reported Compliance	IG Reported Compliance	IG Reported Compliance	IG Reported Compliance
HHS	Medicaid	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Compliance
Department of Labor	Unemployment Insurance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Compliance	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance
Small Business Administration (SBA)	Paycheck Protection Program[a]	N/A	N/A	N/A	IG Reported Noncompliance	IG Reported Noncompliance	IG Reported Noncompliance

[25]GAO maintains its High Risk program to focus attention on government operations that it identifies as high risk due to their greater vulnerability to fraud, waste, abuse, and mismanagement or their need for transformation to address economy, efficiency, or effectiveness challenges. For our most recent High Risk Update, see GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, GAO-23-106203 (Washington, D.C.: Apr. 20, 2023).

Agency	Program	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Department of the Treasury	Earned Income TaIG reported noncomplianc e Credit	IG reported noncomplianc e	IG reported noncomplianc e	IG reported noncomplianc e	IG reported noncomplianc e	IG reported noncompliance	IG reported noncomplianc e
Social Security Administratio n	Supplemental Security Income	IG reported noncomplianc e	IG reported noncomplianc e	IG reported noncomplianc e	IG reported noncomplianc e	IG reported compliance	IG reported noncomplianc e

Legend: ✓ = IG reported compliance; X = inspector general (IG) reported noncompliance; N/A = not applicable.

Source: GAO analysis of IG compliance reports. | GAO-24-107760

Note: This comparison includes IPERA criteria (Pub. L. No. 111-204, 124 Stat. 2224) for fiscal years prior to 2021 and PIIA criteria for fiscal year 2021 onward. IPERA established a requirement for agency IGs to report annually on their respective agencies' compliance. In March 2020, Congress and the President enacted PIIA, which repealed IPERA and the other improper payments reporting-related statutes and enacted substantially similar provisions, including those related to IGs' reporting on agency compliance with criteria and the compliance criteria themselves. PIIA, Pub. L. No. 116-117, 134 Stat. 113 (codified at 31 U.S.C. §§ 3351-58).

[a]The Paycheck Protection Program began in fiscal year 2020. SBA's IG assessed SBA as noncompliant for not conducting a program-specific risk assessment for SBA's pandemic relief programs that included the Paycheck Protection Program.

Medicare

Figure 3 provides an overview of the Medicare improper payment trends and IG and GAO findings.

Figure 3: Overview of Medicare

Department of Health and Human Services (HHS)

Medicare

High-Risk Determination:

Medicare has been on our High Risk List since 1990.

Actions HHS Has Taken to Improve Payment Integrity:

Centers for Medicare & Medicaid Services (CMS), within HHS, has taken several actions consistent with our recommendations that have improved payment integrity in Medicare.

- For example, CMS implemented capabilities that automatically stopped payments of certain improper and non-payable claims. These improvements to its fraud prevention system generated almost $2 billion in estimated savings over a 5-year period.
- In addition, CMS dedicated additional resources and extended a demonstration program nationwide that requires prior authorization for certain non-emergency ambulance transports.

What Remains to Be Done:

We have recommendations that are not yet fully implemented that would further enhance payment integrity in Medicare. For example, we recommended that

- CMS request legislative authority to allow recovery auditors to conduct prepayment claim reviews. HHS did not concur with our recommendation and has not taken any action to request such legislative authority.
- CMS assess Medicare documentation requirements to ensure the requirements are necessary and effective while appropriately addressing program risks. HHS concurred with this recommendation and, as of March 2024, CMS stated that it is assessing how to best implement this recommendation.

Trends in Improper Payments

HHS's Fiscal Year 2023 Improper Payment Estimate:

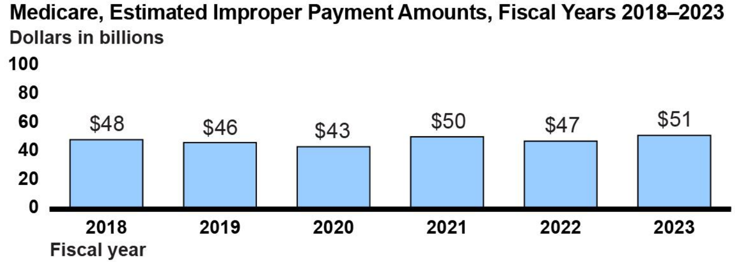
$51 billion

Fiscal Year 2023 Outlays:

$789 billion

Medicare has not experienced a significant change in its estimated improper payments, with total improper payments ranging from about $43 billion to over $51 billion from fiscal year 2018 to fiscal year 2023. During this time, Medicare estimated improper payment rates have remained around 6 to 7 percent.

Medicare, Estimated Improper Payment Amounts, Fiscal Years 2018–2023



Agency Cited Causes of Improper Payments:

HHS attributed most of Medicare's improper payments to missing or insufficient documentation, for example, missing or insufficient documentation to support that skilled nursing facility services were necessary or that a facility met certification requirements. In addition, HHS also attributed lack of medical necessity and discrepancies in medical records as significant contributors to Medicare's improper payments.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):

For each fiscal year from 2021 through 2023, the HHS Inspector General (IG) reported that 1 of the 3 Medicare programs was not compliant with PIIA criteria while the other 2 Medicare programs were fully compliant. Specifically, the HHS IG reported that Medicare Advantage was not fully compliant for fiscal years 2021 and 2023. Medicare Fee-For-Service was not fully compliant for fiscal year 2022. For fiscal year 2023, HHS IG stated that Medicare Advantage was not fully compliant because HHS did not demonstrate improvements to payment integrity for the program.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, HHS, and CMS data; HHS (agency seal). | GAO-24-107660

Accessible Text for Figure 3: Overview of Medicare

Department of Health and Human Services

Medicare

High-Risk Determination:

Medicare has been on our High Risk List since 1990.

Actions HHS Has Taken to Improve Payment Integrity:

Centers for Medicare & Medicaid Services (CMS), within HHS, has taken several actions consistent with our recommendations that have improved payment integrity in Medicare.

- For example, CMS implemented capabilities that automatically stopped payments of certain improper and non-payable claims. These improvements to its fraud prevention system generated almost $2 billion in estimated savings over a 5-year period.
- In addition, CMS dedicated additional resources and extended a demonstration program nationwide that requires prior authorization for certain non-emergency ambulance transports.

What Remains to Be Done:

We have recommendations that are not yet fully implemented that would further enhance payment integrity in Medicare. For example, we recommended that

- CMS request legislative authority to allow recovery auditors to conduct prepayment claim reviews. HHS did not concur with our recommendation and has not taken any action to request such legislative authority.
- CMS assess Medicare documentation requirements to ensure the requirements are necessary and effective while appropriately addressing program risks. HHS concurred with this recommendation and, as of March 2024, CMS stated that it is assessing how to best implement this recommendation.

Trends in Improper Payments

HHS's Fiscal Year 2023 Improper Payment Estimate: $51 billion

Fiscal Year 2023 Outlays: $789 billion

Medicare has not experienced a significant change in its estimated improper payments, with total improper payments ranging from about $43 billion to over $51 billion from fiscal year 2018 to 2023. During this time, Medicare estimated improper payment rates have remained around 6 to 7 percent.

Medicare, Estimated Improper Payment Amounts, Fiscal Years 2018–2023

- Fiscal year 2018: $48 billion
- Fiscal year 2019: $46 billion
- Fiscal year 2020: $43 billion
- Fiscal year 2021: $50 billion
- Fiscal year 2022: $47 billion
- Fiscal year 2023: $51 billion

Agency Cited Causes of Improper Payments:

HHS attributed most of Medicare's improper payments to missing or insufficient documentation, for example, missing or insufficient documentation to support that skilled nursing facility services were necessary or that a facility met certification requirements. In addition, HHS also attributed lack of medical necessity and discrepancies in medical records as significant contributors to Medicare's improper payments.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA): For each fiscal year from 2021 through 2023, the HHS Inspector General (IG) reported that 1 of the 3 Medicare programs was not compliant with PIIA criteria while the other 2 Medicare programs were fully compliant. Specifically, the HHS IG reported that Medicare Advantage was not fully compliant for fiscal years 2021 and 2023. Medicare Fee-For-Service was not fully compliant for fiscal year 2022. For fiscal year 2023, HHS IG stated that Medicare Advantage was not fully compliant because HHS did not demonstrate improvements to payment integrity for the program.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, HHS, and CMS data; HHS (agency seal). I GAO-24-107660

Medicaid

Figure 4 provides an overview of the Medicaid improper payment trends and IG and GAO findings.

Figure 4: Overview of Medicaid

Department of Health and Human Services (HHS)

Medicaid

High-Risk Determination:

Medicaid has been on our High Risk List since 2003.

Actions HHS Has Taken to Improve Payment Integrity:

Centers for Medicare & Medicaid Services (CMS), within HHS, has taken several actions consistent with our recommendations that have improved payment integrity in Medicaid.

- For example, CMS has worked with states and audit contractors to improve oversight of Medicaid managed care. This included an exponential increase in investigations of managed care providers, from 16 investigations between 2016 and 2018 to 893 investigations from 2019 through 2021, that has resulted in the identification of overpayments.

What Remains to Be Done:

We have recommendations that are not yet fully implemented that would further enhance payment integrity in Medicaid. For example, we recommended that CMS expand its review of states' implementation of provider screening and enrollment requirements and, for states not fully compliant with the requirements, annually monitor their implementation progress.

- CMS agreed with our recommendation and has taken action to implement this.
- As of March 2024, CMS stated that it provided technical assistance to states to enhance compliance with requirements. However, to fully implement our recommendation, CMS still needs to assess all states' compliance with the requirements and assess areas of noncompliance annually.

Additionally, we recommended that CMS take steps to ensure Medicaid's medical reviews effectively address causes of improper payments and result in appropriate corrective actions. HHS did not concur with this recommendation and, as of March 2024, HHS has stated that it does not plan to implement this recommendation.

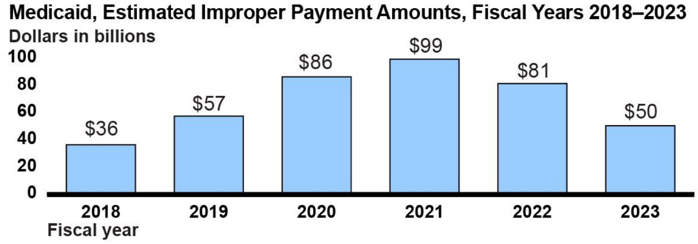
Trends in Improper Payments

HHS's Fiscal Year 2023 Improper Payment Estimate: **$50 billion**

Fiscal Year 2023 Outlays: **$587 billion**

- Medicaid has experienced a considerable decline in estimated improper payments from fiscal year 2021 when improper payments reached an estimated $99 billion. The estimated improper payment rate also peaked in fiscal year 2021 at 22 percent.
- HHS attributes the decline in fiscal year 2023, in part, to flexibilities granted to states during the COVID-19 public health emergency, such as reduced state requirements for provider enrollment and revalidation. States were also required to keep people continuously enrolled in Medicaid regardless of whether their eligibility status changed. Thus, payments that would have previously been determined to be improper would not be improper under the relaxed requirements.

Medicaid, Estimated Improper Payment Amounts, Fiscal Years 2018–2023



Agency Cited Causes of Improper Payments:

According to HHS, most Medicaid improper payments in fiscal year 2023 were associated with payments for services with missing or insufficient documentation, such as instances where states did not document beneficiary eligibility for Medicaid. In addition, HHS cited beneficiary ineligibility for the Medicaid program or the service provided as a significant contributor to Medicaid's improper payments.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):

For fiscal year 2023, the HHS Inspector General reported that the Medicaid program was compliant with PIIA criteria. For fiscal years 2021 and 2022, the HHS Inspector General reported that Medicaid was not fully compliant.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, HHS, and CMS data; HHS (agency seal). | GAO-24-107660

Accessible Text for Figure 4: Overview of Medicaid

Department of Health and Human Services

Medicaid

High-Risk Determination:

Medicaid has been on our High Risk List since 2003.

Actions HHS Has Taken to Improve Payment Integrity:

Centers for Medicare & Medicaid Services (CMS), within HHS, has taken several actions consistent with our recommendations that have improved payment integrity in Medicaid.

- For example, CMS has worked with states and audit contractors to improve oversight of Medicaid managed care. This included an exponential increase in investigations of managed care providers, from 16 investigations between 2016 and 2018 to 893 investigations from 2019 through 2021, that has resulted in the identification of overpayments.

What Remains to Be Done:

We have recommendations that are not yet fully implemented that would further enhance payment integrity in Medicaid. For example, we recommended that CMS expand its review of states' implementation of provider screening and enrollment requirements and, for states not fully compliant with the requirements, annually monitor their implementation progress.

- CMS agreed with our recommendation and has taken action to implement this.
- As of March 2024, CMS stated that it provided technical assistance to states to enhance compliance with requirements. However, to fully implement our recommendation, CMS still needs to assess all states' compliance with the requirements and assess areas of noncompliance annually.

Additionally, we recommended that CMS take steps to ensure Medicaid's medical reviews effectively address causes of improper payments and result in appropriate corrective actions. HHS did not concur with this recommendation and, as of March 2024, HHS has stated that it does not plan to implement this recommendation.

Trends in Improper Payments

HHS's Fiscal Year 2023 Improper Payment Estimate: $50 billion

Fiscal Year 2023 Outlays: $587 billion

- Medicaid has experienced a considerable decline in estimated improper payments from fiscal year 2021 when improper payments reached an estimated $99 billion. The estimated improper payment rate also peaked in fiscal year 2021 at 22 percent.
- HHS attributes the decline in fiscal year 2023, in part, to flexibilities granted to states during the COVID-19 public health emergency, such as reduced state requirements for provider enrollment and revalidation. States were also required to keep people continuously enrolled in Medicaid regardless of whether their eligibility status changed. Thus, payments that would have previously been determined to be improper would not be improper under the relaxed requirements.

Medicaid, Estimated Improper Payment Amounts, Fiscal Years 2018–2023

- Fiscal year 2018: $36 billion
- Fiscal year 2019: $57 billion

- Fiscal year 2020: $86 billion
- Fiscal year 2021: $99 billion
- Fiscal year 2022: $81 billion
- Fiscal year 2023: $50 billion

Agency Cited Causes of Improper Payments:
According to HHS, most Medicaid improper payments in fiscal year 2023 were associated with payments for services with missing or insufficient documentation, such as instances where states did not document beneficiary eligibility for Medicaid. In addition, HHS cited beneficiary ineligibility for the Medicaid program or the service provided as a significant contributor to Medicaid's improper payments.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):
For fiscal year 2023, the HHS Inspector General reported that the Medicaid program was compliant with PIIA criteria. For fiscal years 2021 and 2022, the HHS Inspector General reported that Medicaid was not fully compliant.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, HHS, and CMS data; HHS (agency seal). I GAO-24-107660

Unemployment Insurance

Figure 5 provides an overview of the UI program improper payment trends and IG and GAO findings.

Figure 5: Overview of Unemployment Insurance

Department of Labor (DOL)

Unemployment Insurance (UI)

High-Risk Determination:

The UI system has been on our High Risk List since 2022.

Actions DOL Has Taken to Improve Payment Integrity:

DOL has taken several actions consistent with our recommendations to help improve payment integrity in the UI program.

- For example, DOL designated its Chief Financial Officer as the official responsible for managing the process of assessing UI fraud risks. DOL also created a UI Integrated Plan, outlining how DOL's Employment and Training Administration assists states in combating fraud and assessing fraud risks, among other responsibilities.

What Remains to Be Done:

We have recommendations that are not yet fully implemented that would further enhance payment integrity in the UI program. For example, we recommended that DOL develop and execute a transformation plan.

- DOL agreed with our recommendation.
- In 2024, DOL released a comprehensive transformation plan for the UI program with strategies to address our recommendation. According to DOL, it has started implementing some of the strategies in its plan, which addresses combating fraud, enhancing equity in program access and benefit distribution, and improving efficiency in claims processing, among others.
- DOL is currently working with states and Congress to further pursue those efforts that require state and congressional action to transform the UI system.

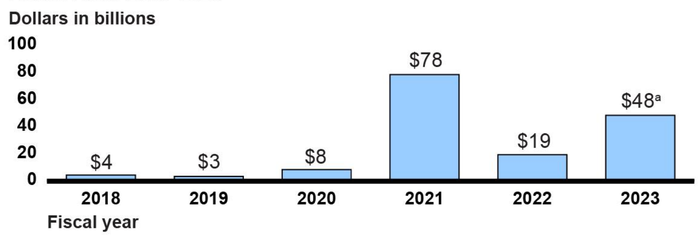
Trends in Improper Payments

DOL's Fiscal Year 2023 Improper Payment Estimate: **$48 billion**

Fiscal Year 2023 Outlays: **$149 billion**

- Since the start of the COVID-19 pandemic, improper payments in the UI program increased from $3 billion in fiscal year 2019 to $78 billion in fiscal year 2021, coinciding with the height of the pandemic. In fiscal year 2023, the amount decreased to about $48 billion. Of the $48 billion in improper payments, DOL reported that $44 billion occurred in federal Pandemic Unemployment Assistance.
- The UI estimated improper payment rate has increased year over year from fiscal year 2021 (19 percent) to fiscal year 2023 (32 percent).

Unemployment Insurance, Estimated Improper Payment Amounts, Fiscal Years 2018–2023



Agency Cited Causes of Improper Payments:

DOL attributed these improper payments to a combination of decades of underfunding, record claims volumes, and weaker integrity controls.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):

For fiscal year 2021 through fiscal year 2023, the DOL Inspector General reported that the UI programs were not compliant with PIIA criteria. For example, DOL did not report an estimated improper payment rate of less than 10 percent.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, and DOL data; DOL (agency seal). | GAO-24-107660

Accessible Data for Figure 5: Overview of Unemployment Insurance

Department of Labor (DOL)
Unemployment Insurance (UI)

High Risk Determination:
The UI system has been on our high-risk list since 2022.
Actions DOL Has Taken to Improve Payment Integrity:
DOL has taken several actions consistent with our recommendations to help improve payment integrity in the UI program.

- For example, DOL designated its Chief Financial Officer as the official responsible for managing the process of assessing UI fraud risks. DOL also created a UI Integrated Plan, outlining how Labor's Employment and Training Administration assists states in combating fraud and assessing fraud risks, among other responsibilities.

What Remains to Be Done:
We have recommendations that are not yet fully implemented that would further enhance payment integrity in the UI program. For example, we recommended that DOL develop and execute a transformation plan.

- DOL agreed with our recommendation.
- In 2024, DOL released a comprehensive transformation plan for the UI program with strategies to address our recommendation. According to DOL, it has started implementing some of the strategies in its plan, which addresses combating fraud, enhancing equity in program access and benefit distribution, and improving efficiency in claims processing, among others.
- DOL is currently working with states and Congress to further pursue those efforts that require state and congressional action to transform the UI system.

Trends in Improper Payments
DOL's Fiscal Year 2023 Improper Payment Estimate: $48 billion
Fiscal Year 2023 Outlays: $149 billion

- Since the start of the COVID-19 pandemic, improper payments in the UI program increased from $3 billion in fiscal year 2019 to $78 billion in fiscal year 2021, coinciding with the height of the pandemic. In fiscal year 2023, the amount decreased to about $48 billion. Of the $48 billion in improper payments, DOL reported that $44 billion occurred in federal Pandemic Unemployment Assistance.

- The UI estimated improper payment rate has increased year over year from fiscal year 2021 (19 percent) to fiscal year 2023 (32 percent).

Unemployment Insurance, Estimated Improper Payment Amounts, Fiscal Years 2018–2023

- Fiscal year 2018: $4 billion
- Fiscal year 2019: $3 billion
- Fiscal year 2020: $8 billion
- Fiscal year 2021: $78 billion
- Fiscal year 2022: $19 billion
- Fiscal year 2023: $48 billion[a]

Agency Cited Causes of Improper Payments:
DOL attributed these improper payments to a combination of decades of underfunding, record claims volumes, and weaker integrity controls.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):
For fiscal year 2021 through fiscal year 2023, the DOL Inspector General reported that the UI programs were not compliant with PIIA criteria. For example, DOL did not report an estimated improper payment rate of less than 10 percent.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, and DOL data; DOL (agency seal). I GAO-24-107660

[a]For fiscal year 2023, the Unemployment Insurance improper payment rate was calculated using the improper payment amounts and outlays for Federal State Unemployment Insurance and federal Pandemic Unemployment Assistance programs. The federal Pandemic Unemployment Assistance program began in 2020 and was determined to be susceptible to improper payments based on the risk assessment DOL performed in fiscal year 2021. The published fiscal year 2023 improper payment estimate for the federal Pandemic Unemployment Assistance program covers April 2020 through September 2021. The federal Pandemic Unemployment Assistance program expired in 2021.

Paycheck Protection Program

Figure 6 provides an overview of the PPP improper payment trends and IG and GAO findings.

Figure 6: Overview of Paycheck Protection Program

Small Business Administration (SBA)

U.S. Small Business Administration

Paycheck Protection Program

High-Risk Determination:

In 2021, we designated emergency loans for small business, which includes the Paycheck Protection Program, as a high-risk area.

According to SBA's Inspector General, as of May 31, 2021 (when SBA stopped accepting new applications), lenders had made about 11.8 million Paycheck Protection Program loans totaling about $800 billion.

Actions SBA Has Taken to Improve Payment Integrity:

SBA has taken steps consistent with our recommendations to help address improper payments and fraud in the Paycheck Protection Program.

- For example, in August 2023, SBA finalized a fraud risk strategy for the Paycheck Protection Program that identified approaches—such as the use of data analytics—to prevent, detect, and respond to instances of active and potential fraud.
- In addition, SBA's implementation of additional up-front controls in 2021 resulted in around $3.6 billion in financial savings for the Paycheck Protection Program.

What Remains to Be Done:

We have recommendations for SBA to address payment integrity issues that are not fully implemented. For example, we recommended that SBA should ensure that it has identified external sources of data that can facilitate the verification of applicant information and the detection of potential fraud across its programs. It should then develop a plan for obtaining access to those sources, which may involve pursuing statutory authority or entering into data-sharing agreements to obtain such access.

- SBA agreed with our recommendation.
- In November 2023, SBA indicated that it has procured third-party services for validating customer identity and improving payment integrity. SBA also stated that it has engaged with other federal agencies regarding data sharing to improve SBA's fraud risk management.
- As of May 2024, SBA was still in the process of identifying and developing a plan to obtain access to external data.

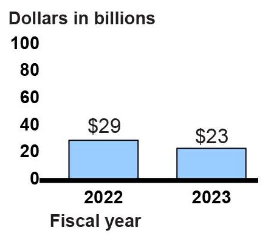
Trends in Improper Payments

SBA's Fiscal Year 2023 Improper Payment Estimate: **$23 billion**

Fiscal Year 2023 Outlays: **$55 billion**

- In fiscal year 2022, SBA began reporting improper payments estimates for the Paycheck Protection Program—estimating that it made about $29 billion in improper payments for loan approvals.
- In fiscal year 2023, SBA reported improper payment estimates for loan forgiveness and loan guaranty purchases, totaling about $23 billion, with improper payment rates exceeding 40 percent.

Paycheck Protection Program, Estimated Improper Payment Amounts, Fiscal Years 2022–2023



Agency Cited Causes of Improper Payments:

SBA attributed most of the estimated improper payment amount to its inability to obtain sufficient documentation from lenders that disbursed loans fully guaranteed by SBA.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):

For fiscal year 2021 through fiscal year 2023, SBA's Inspector General reported that the Paycheck Protection Program was not compliant with PIIA criteria. For example, in fiscal year 2023, SBA did not report an estimated improper payment rate of less than 10 percent.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, and SBA data; SBA (agency seal). | GAO-24-107660

Accessible Text for Figure 6: Overview of Paycheck Protection Program

Small Business Administration (SBA)

Paycheck Protection Program

High-Risk Determination:

In 2021, we designated emergency loans for small business, which includes the Paycheck Protection Program, as a high-risk area.

According to SBA's Inspector General, as of May 31, 2021 (when SBA stopped accepting new applications), lenders had made about 11.8 million Paycheck Protection Program loans totaling about $800 billion.

Actions SBA Has Taken to Improve Payment Integrity:

SBA has taken steps consistent with our recommendations to help address improper payments and fraud in the Paycheck Protection Program.

- For example, in August 2023, SBA finalized a fraud risk strategy for the Paycheck Protection Program that identified approaches—such as the use of data analytics—to prevent, detect, and respond to instances of active and potential fraud.
- In addition, SBA's implementation of additional up-front controls in 2021 resulted in around $3.6 billion in financial savings for the Paycheck Protection Program.

What Remains to Be Done:

We have recommendations for SBA to address payment integrity issues that are not fully implemented. For example, we recommended that SBA should ensure that it has identified external sources of data that can facilitate the verification of applicant information and the detection of potential fraud across its programs. It should then develop a plan for obtaining access to those sources, which may involve pursuing statutory authority or entering into data-sharing agreements to obtain such access.

- SBA agreed with our recommendation.
- In November 2023, SBA indicated that it has procured third-party services for validating customer identity and improving payment integrity. SBA also stated that it has engaged with other federal agencies regarding data sharing to improve SBA's fraud risk management.
- As of May 2024, SBA was still in the process of identifying and developing a plan to obtain access to external data.

Trends in Improper Payments

SBA's Fiscal Year 2023 Improper Payment Estimate: $23 billion

Fiscal Year 2023 Outlays: $55 billion

- In fiscal year 2022, SBA began reporting improper payments estimates for the Paycheck Protection Program—estimating that it made about $29 billion in improper payments for loan approvals.
- In fiscal year 2023, SBA reported improper payment estimates for loan forgiveness and loan guaranty purchases, totaling about $23 billion, with improper payment rates exceeding 40 percent.

Paycheck Protection Program, Estimated Improper Payment Amounts, Fiscal Years 2022–2023

- Fiscal year 2022: $29 billion

- Fiscal year 2023: $23 billion

Agency Cited Causes of Improper Payments:
SBA attributed most of the estimated improper payment amount to its inability to obtain sufficient documentation from lenders that disbursed loans fully guaranteed by SBA.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):
For fiscal year 2021 through fiscal year 2023, SBA's Inspector General reported that the Paycheck Protection Program was not compliant with PIIA criteria. For example, in fiscal year 2023, SBA did not report an estimated improper payment rate of less than 10 percent.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, and SBA data; SBA (agency seal). I GAO-24-107660

Earned Income Tax Credit

Figure 7 provides an overview of the Earned Income Tax Credit (EITC) program improper payment trends and IG and GAO findings.

Figure 7: Overview of Earned Income Tax Credit

Department of the Treasury (Treasury)

Earned Income Tax Credit (EITC)

High-Risk Determination:

In 1990, we designated enforcement of tax laws as a high-risk area.

Actions Treasury Has Taken to Improve Payment Integrity:

Department of the Treasury's Internal Revenue Service (IRS) took steps consistent with our recommendations that may help address improper payments in the EITC program.

- For example, IRS completed a comprehensive refundable tax credit compliance strategy in 2018 with a focus, in part on EITC improper payments. This information should help IRS deepen its understanding of common errors made by taxpayers claiming EITC and develop appropriate actions to reduce improper payments.

What Remains to Be Done:

We have recommendations that IRS has not fully implemented that could strengthen its operations, including EITC enforcement. For example, we recommended that IRS should finalize the Service-wide Return Preparer Strategy and identify the resources needed to implement it.

- IRS agreed with our recommendation and reported that it aligned the Service-wide Return Preparer Strategy with the IRS's Strategic Operating Plan. However, it remains unclear how IRS plans to implement the Service-wide Return Preparer Strategy.
- For example, it is unclear how IRS plans to establish a governance structure to centralize compliance activities—the first goal of the Service-wide Return Preparer Strategy—given that IRS has abandoned plans to develop a centralized compliance organization.
- IRS needs to identify the actions and resources needed to implement a more coordinated approach to paid preparer compliance.

Additionally, we recommended that Congress grant IRS the explicit authority to establish professional requirements for paid tax preparers.

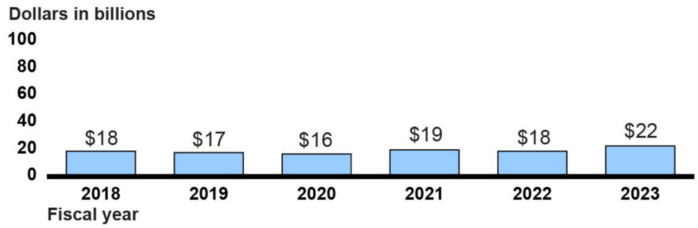
Trends in Improper Payments

Treasury's Fiscal Year 2023 Improper Payment Estimate: **$22 billion**

Fiscal Year 2023 Outlays: **$65 billion**

The improper payment estimates for the EITC program have fluctuated between $16 billion to $22 billion for fiscal year 2018 through fiscal year 2023. During this time, the estimated improper payment rate has ranged from 24 to 33 percent.

Earned Income Tax Credit, Estimated Improper Payment Amounts, Fiscal Years 2018–2023



Agency Cited Causes of Improper Payments:

Treasury attributes improper payments in the refundable tax credits, including EITC, to four primary causes: (1) complex statutory eligibility rules, (2) inability to verify taxpayer-provided information prior to issuing tax refunds due to lack of independent data sources, (3) lack of correctable error authority, and (4) statutory requirement to issue tax refunds within 45 days of the filing deadline without paying interest.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):

From fiscal year 2021 through fiscal year 2023, Treasury's Inspector General reported that the EITC program was not fully compliant with PIIA criteria. For example, IRS did not report an estimated improper payment rate of less than 10 percent.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, and Treasury data; Treasury (agency seal). | GAO-24-107660

Accessible Text for Figure 7: Overview of Earned Income Tax Credit

Department of the Treasury (Treasury)

Earned Income Tax Credit (EITC)

High-Risk Determination:

In 1990, we designated enforcement of tax laws as a high-risk area.

Actions Treasury Has Taken to Improve Payment Integrity:

Department of the Treasury's Internal Revenue Service (IRS) took steps consistent with our recommendations that may help address improper payments in the EITC program.

- For example, IRS completed a comprehensive refundable tax credit compliance strategy in 2018 with a focus, in part on EITC improper payments. This information should help IRS deepen its understanding of common errors made by taxpayers claiming EITC and develop appropriate actions to reduce improper payments.

What Remains to Be Done:

We have recommendations that IRS has not fully implemented that could strengthen its operations, including EITC enforcement. For example, we recommended that IRS should finalize the Service-wide Return Preparer Strategy and identify the resources needed to implement it.

- IRS agreed with our recommendation and reported that it aligned the Service-wide Return Preparer Strategy with the IRS's Strategic Operating Plan. However, it remains unclear how IRS plans to implement the Service-wide Return Preparer Strategy.
- For example, it is unclear how IRS plans to establish a governance structure to centralize compliance activities—the first goal of the Service-wide Return Preparer Strategy—given that IRS has abandoned plans to develop a centralized compliance organization.
- IRS needs to identify the actions and resources needed to implement a more coordinated approach to paid preparer compliance.

Additionally, we recommended that Congress grant IRS the explicit authority to establish professional requirements for paid tax preparers.

Trends in Improper Payments

Treasury's Fiscal Year 2023 Improper Payment Estimate: $22 billion

Fiscal Year 2023 Outlays: $65 billion

The improper payment estimates for the EITC program have fluctuated between $16 billion to $22 billion for fiscal year 2018 through fiscal year 2023. During this time, the estimated improper payment rate has ranged from 24 to 33 percent.

Earned Income Tax Credit, Estimated Improper Payment Amounts, Fiscal Years 2018–2023

- Fiscal year 2018: $18 billion
- Fiscal year 2019: $17 billion
- Fiscal year 2020: $16 billion
- Fiscal year 2021: $19 billion
- Fiscal year 2022: $18 billion
- Fiscal year 2023: $22 billion

Agency Cited Causes of Improper Payments:

Treasury attributes improper payments in the refundable tax credits, including EITC, to four primary causes: (1) complex statutory eligibility rules, (2) inability to verify taxpayer-provided information prior to issuing tax refunds due to lack of independent data sources, (3) lack of correctable error authority, and (4) statutory requirement to issue tax refunds within 45 days of the filing deadline without paying interest.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA): From fiscal year 2021 through fiscal year 2023, Treasury's Inspector General reported that the EITC program was not fully compliant with PIIA criteria. For example, IRS did not report an estimated improper payment rate of less than 10 percent.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, and Treasury data; Treasury (agency seal) I GAO-24-107660

Supplemental Security Income

Figure 8 provides an overview of the Supplemental Security Income (SSI) improper payment trends and IG and GAO findings.

Figure 8: Overview of Supplemental Security Income

Social Security Administration (SSA)

Supplemental Security Income (SSI)

High-Risk Determination:

SSA's SSI program was removed from our High-Risk List in 2003. In that same year, we designated improving and modernizing federal disability programs, which includes the SSI, as a high-risk area.

Actions SSA Has Taken to Improve Payment Integrity:

SSA has taken several actions to improve payment integrity that have been consistent with our recommendations.

- For example, SSA provided steps for evaluating and analyzing corrective actions over improper payments, including establishing measurements and benchmarks and analyzing data to provide both numerical and narrative evaluation of the effectiveness of corrective actions.

What Remains to Be Done:

We have recommendations for SSA to address payment integrity issues that are not fully implemented. For example, we recommended that SSA identify the root causes of overpayments to participants in SSA's return-to-work program, Ticket to Work, and take appropriate actions to address them.

- SSA agreed with our recommendation.
- SSA carried out an internal study to examine the root causes of overpayments among Ticket to Work participants. SSA found that, in comparison to non-participants, SSI recipients who participated in Ticket to Work were more likely to have overpayments that were not related to work (for example, exceeding program asset limits).
- To fully implement this recommendation, SSA needs to take action to address the root causes of these SSI non-work-related overpayments among Ticket to Work participants.

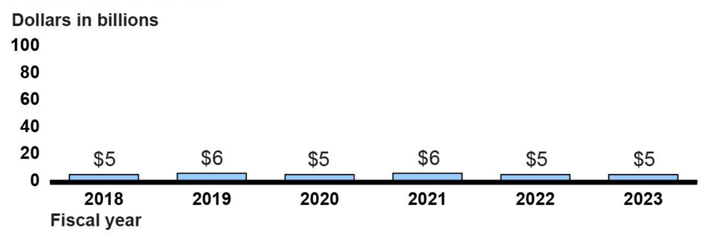
Trends in Improper Payments

SSA's Fiscal Year 2023 Improper Payment Estimate: **$5 billion**

Fiscal Year 2023 Outlays: **$58 billion**

Over the past 6 years, SSI program has not experienced a significant change in the estimated amount of improper payments. From fiscal year 2018 to fiscal year 2023, the estimated improper payments ranged from about $5 billion to $6 billion and estimated improper payment rates ranged from 8 to 10 percent.

Supplemental Security Income, Estimated Improper Payment Amounts, Fiscal Years 2018–2023



Agency Cited Causes of Improper Payments:

The primary causes of improper payments in the SSI program are recipients not reporting in a timely manner and SSA not updating payments in a timely manner.

Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA):

The SSA Inspector General reported that the SSI program was not fully compliant with one PIIA criterion in fiscal year 2023 and fiscal year 2021. For instance, in fiscal year 2023, SSA did not demonstrate improvements to payment integrity. In fiscal year 2022, the SSA Inspector General reported that the SSI program was compliant.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, amd SSA data; SSA (agency seal). | GAO-24-107660

Accessible Text for Figure 8: Overview of Supplemental Security Income

Social Security Administration (SSA)
Supplemental Security Income (SSI)
High-Risk Determination:

SSA's SSI program was removed from our High-Risk List in 2003. In that same year, we designated improving and modernizing federal disability programs, which includes the SSI, as a high-risk area.

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- SSA carried out an internal study to examine the root causes of overpayments among Ticket to Work participants. SSA found that, in comparison to non-participants, SSI recipients who participated in Ticket to Work were more likely to have overpayments that were not related to work (for example, exceeding program asset limits).
- To fully implement this recommendation, SSA needs to take action to address the root causes of these SSI non-work-related overpayments among Ticket to Work participants.

Trends in Improper Payments

SBA's Fiscal Year 2023 Improper Payment Estimate: $5 billion

Fiscal Year 2023 Outlays: $58 billion

Over the past 6 years, SSI program has not experienced a significant change in the estimated amount of improper payments. From fiscal year 2018 to fiscal year 2023, the estimated improper payments ranged from about $5 billion to $6 billion and estimated improper payment rates ranged from 8 to 10 percent.

Supplemental Security Income, Estimated Improper Payment Amounts, Fiscal Years 2018–2023

- Fiscal year 2018: $5 billion
- Fiscal year 2019: $6 billion
- Fiscal year 2020: $5 billion
- Fiscal year 2021: $6 billion
- Fiscal year 2022: $5 billion
- Fiscal year 2023: $5 billion

Agency Cited Causes of Improper Payments:

The primary causes of improper payments in the SSI program are recipients not reporting in a timely manner and SSA not updating payments in a timely manner.
Status of Compliance Under the Payment Integrity Information Act of 2019 (PIIA): The SSA Inspector General reported that the SSI program was not fully compliant with one PIIA criterion in fiscal year 2023 and fiscal year 2021. For instance, in fiscal year 2023, SSA did not demonstrate improvements to payment integrity. In fiscal year 2022, the SSA Inspector General reported that the SSI program was compliant.

Sources: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, amd SSA data; SSA (agency seal). I GAO-24-107660

Congress Can Act to Increase Agencies' Accountability over Improper Payments and Fraud

Legislation Needed to Enhance Transparency and Accountability of Federal Spending

In our March 2022 testimony before the Senate Committee on Homeland Security and Governmental Affairs, we identified 10 actions that Congress could take to strengthen internal controls and financial and fraud risk management practices across the government (see app. I).[26] These matters for congressional consideration remain open.

We maintain that the actions detailed below will increase accountability and transparency in federal spending in both emergency and nonemergency periods.

Make payment integrity enhancements. We made three recommendations to Congress to consider legislative action to further enhance payment integrity efforts across the government.[27]

[26]GAO-22-105715. We reiterated these actions in testimony before the House Committee on Oversight and Accountability. GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Address Fraud and Improper Payments*, GAO-23-106556 (Washington, D.C.: Feb. 1, 2023).

[27]GAO-22-105715.

- Establish a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.[28] This could be achieved by building upon and expanding PACE and making it permanent.
- Amend PIIA to reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports to improve transparency and accountability.[29]
- Require OMB to (1) provide guidance for agencies to proactively develop internal control plans that would be ready for use in, or adaptation for, future emergencies or crises and (2) require agencies to report these plans to OMB and Congress.[30]

Amend PIIA. Quickly reporting improper payment estimates for emergency relief programs is critical for agency accountability and transparency over whether appropriated funds were spent for their intended purposes. In addition, estimating improper payments and identifying root causes help ensure that agencies develop and implement corrective actions to reduce them.

In November 2020, we recommended that Congress consider, in any future legislation appropriating COVID-19 relief funds, designating all executive agency programs and activities that made more than $100 million in payments from COVID-19 relief funds as "susceptible to significant improper payments."[31] Such a designation would require, among other things, agencies to report improper payment estimates for such a program and develop corrective actions to reduce improper payments. In March 2022, we recommended that Congress amend PIIA to apply this criterion to all new federal programs for their initial years of

[28]Congress has not acted to authorize a permanent data analytics center. However, the Government Spending Oversight Act of 2024 (H.R. 8009 and S. 4036) would establish a Government Spending Oversight Committee whose general functions would include the sharing of data and services, data analytics, and providing analytical products to agencies, in coordination with IGs, to promote program integrity and prevent improper payments. The committee's authority would be limited to certain programs. As of September 3, 2024, Congress has not passed the Government Spending Oversight Act of 2024.

[29]The Preventing Improper Payments Act (H.R.877), Safeguarding the Transparency and Efficiency of Payments Act (S. 2924), and Enhancing Improper Payment Accountability Act (H.R.8343) contain provisions that would address this recommendation. As of September 3, 2024, Congress has not passed these bills.

[30]As of September 3, 2024, Congress has taken no action on this matter.

[31]GAO, *COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*, GAO-21-191 (Washington, D.C.: Nov. 30, 2020).

operation.[32] The current approach resulted in 2-to-3 year delays in reporting improper payment estimates for short-term and emergency spending COVID relief programs.

Strengthen management of improper payment risks and spending data. Since enactment of the CFO Act,[33] accounting and financial reporting standards have continued to evolve to provide greater transparency and accountability over the federal government's operations and financial condition, including long-term fiscal sustainability.

In August 2020, we made eight recommendations to Congress to consider ways to improve federal financial management through refinements to the CFO Act and related statutes. Such actions included that Congress consider legislation to require that

- chief financial officers (CFO) and deputy CFOs at the CFO Act agencies have the necessary responsibilities to carry out federal financial management activities effectively;
- agency leadership identify and, if necessary, develop key financial management information needed for effective financial management and decision-making;
- agency leadership annually assess and report on the effectiveness of internal controls over key financial management information; and
- auditors, as part of each annual financial statement audit, test and report on agency internal control over key financial management information.[34]

In March 2022, based on experiences during the COVID-19 pandemic and the rapid growth and magnitude of improper payments, we made

[32]GAO-22-105715. Bills pending in the Congress, such as the Safeguarding the Transparency and Efficiency of Payments Act (S. 2924) and Enhancing Improper Payment Accountability Act (H.R.8343) contain provisions that would address this recommendation. As of September 3,2024, Congress has not passed these bills.

[33]Pub. L. No. 101-576, 104 Stat. 2838.

[34]GAO, *Federal Financial Management: Substantial Progress Made since Enactment of the 1990 CFO Act; Refinements Would Yield Added Benefits*, GAO-20-566 (Washington, D.C.: Aug. 6, 2020). The Improving Federal Financial Management Act (S. 4700) contains provisions that would address the recommendations in our 2020 report. As of September 3, 2024, Congress has not passed this bill.

three further recommendations to Congress to consider passing legislation to do the following.[35]

- Clarify that (1) CFOs at CFO Act agencies have oversight responsibility that includes improper payment information and (2) internal controls for financial management information include controls over spending data and improper payment information.
- Require each agency CFO to (1) certify, in the financial statement report, the reliability and validity of improper payment risk assessments and estimates, including describing the CFO's actions to monitor the development and implementation of any corrective action plans, and (2) approve any methodology that is not designed to produce a statistically valid estimate.[36]
- Require improper payment information required to be reported under PIIA to be included in agency financial reports.[37]

Extend requirements for IGs to report on USAspending.gov data. In March 2022, we testified about the lack of quality federal spending data for financial management reviews.[38] Quality federal spending data are key to management assessing whether agencies are meeting program objectives. In addition, providing clear and transparent information about limitations and inconsistencies of data can help users understand the extent to which the data are comparable and reliable.

We recommended that Congress consider amending the DATA Act to (1) extend the previous requirement for agency IGs to review the completeness, timeliness, quality, and accuracy of their respective

[35]GAO-22-105715.

[36]The Safeguarding the Transparency and Efficiency of Payments Act (S. 2924) contains provisions that would address this recommendation. As of September 3, 2024, Congress has not passed this bill.

[37]The Safeguarding the Transparency and Efficiency of Payments Act (S. 2924) contains provisions that would address this recommendation. As of September 3, 2024, Congress has not passed this bill.

[38]GAO-22-105715.

agency data submissions on a periodic basis;[39] and (2) clarify the responsibilities and authorities of OMB and Treasury for ensuring the quality of data available on USAspending.gov.[40]

Amend the Social Security Act regarding the sharing of full death data. Data sharing can allow agencies to enhance their efforts to prevent improper payments to deceased individuals. To enhance identity verification through data sharing, we have previously recommended that Congress consider amending the Social Security Act to explicitly allow SSA to share its full death data with Treasury's Do Not Pay system, a data-matching service for agencies to use in preventing payments to ineligible individuals.[41] In December 2020, Congress passed, and the President signed into law, the Consolidated Appropriations Act, 2021, which requires SSA to share its full death data with Treasury's Do Not Pay working system for a 3-year period.[42] In March 2022, we recommended that Congress consider making permanent the requirement for SSA to share its full death data with Treasury's Do Not Pay working system.[43]

[39]The DATA Act required each IG office to issue three annual reports assessing agency data submission and implementation and use of data standards. The last report was due November 2021. Pub. L. No. 113-101, § 3, 128 Stat. 1146, 1151 (2014). For more information, see GAO, *DATA ACT: OIGs Reported That Quality of Agency-Submitted Data Varied, and Most Recommended Improvements*, GAO-20-540 (Washington, D.C.: July 9, 2020).

[40]The Stop Secret Spending Act of 2024 (S. 3926) contains provisions that would address these matters. As of September 3, 2024, Congress has not passed this bill.

[41]GAO, *Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended*, GAO-17-15 (Washington, D.C.: Oct. 14, 2016), and *COVID-19: Opportunities to Improve Federal Response and Recovery Efforts*, GAO-20-625 (Washington, D.C.: June 25, 2020).

[42]Pub. L. No. 116-260, div. FF, title VIII, 134 Stat. 1182, 3202 (2020).

[43]GAO-22-105715. The Ending Improper Payments to Deceased People Act (S. 2492) contains provisions that would address this recommendation. As of September 3, 2024, Congress has not passed this bill.

Payment Integrity Scorecards Could Help Congress Hold Agencies Accountable

Payment Integrity Scorecard

Such a scorecard has enhanced oversight and spurred improvement in other areas. Most notably, in November 2015, Congress began issuing biannual scorecards as an oversight tool for monitoring agencies' efforts toward implementing the Federal Information Technology Acquisition Reform Act requirements and addressing other important IT issues. By providing specific grades to each agency, Congress has successfully tracked agencies' performance in the IT area over time and Congress-assigned grades of agency performance have shown improvement.

Source: GAO. | GAO-24-107660

Note: See Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, div. A, title VIII, subtitle D, 128 Stat. 3292, 3438-3450 (2014).

Continued congressional oversight is critical to ensuring that agencies address improper payments and fraud in their programs. Congress can use a variety of tools to provide greater sustained oversight through hearings and the appropriations, authorizations, and oversight processes to incentivize executive branch agencies to improve program integrity and take efforts to prevent fraud.

One way Congress could oversee agencies and track progress in preventing, detecting, and recovering improper payments and reducing fraud is a payment integrity scorecard. A scorecard could inform lawmakers, increase transparency and accountability, and provide a mechanism for monitoring agency payment integrity efforts and progress over time. It would also provide much-needed attention and focus on preventing and minimizing governmental losses to improper payments and fraud.

I am pleased that the subcommittee has invested energy and attention in developing a payment integrity scorecard. The scorecard could shed light on what is known about agencies' payment integrity efforts, including the following:

- The extent to which an agency and program are complying with legal requirements, including the criteria in PIIA.
- The extent to which the agency has dedicated sufficient resources to payment integrity efforts.
- The steps and corrective action plans the agency has taken to prevent, identify, and respond to improper payments.

- Whether the agency has implemented GAO's priority recommendations and its IG's most critical recommendations related to improper payments.
- The extent to which the agency designated an antifraud entity with clear roles and responsibilities.
- The extent to which the agency developed and implemented a properly resourced antifraud strategy for the program consistent with GAO's Fraud Risk Framework, including a plan for preventing and responding to potential fraud.
- The extent to which the agency implemented GAO's priority recommendations and its IG's most critical recommendations related to fraud in its programs.

The subcommittee's initial scorecard could provide an important baseline for measuring agencies' progress moving forward. It also may highlight that additional information is needed from the agencies about their program integrity efforts. This information could be obtained through additional reporting requirements and audits by the accountability community. I would anticipate the scorecard could evolve over time, and GAO stands ready to assist the subcommittee in its efforts.

Chairman Sessions, Ranking Member Mfume, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions.

GAO Contact and Staff Acknowledgments

If you or your staff members have any questions concerning this testimony, please contact M. Hannah Padilla at (202) 512-5683 or padillah@gao.gov or Seto Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made contributions to this testimony include Jonathon Oldmixon and Matthew Valenta (Assistant Directors), Bryan Prince (Auditor in Charge), Stephanie Adams, Pat Frey, Syd Goodman, Nikita Kuna, Sarah Lisk, and Erin Villas.

Appendix I: Payment Integrity Related Matters for Congressional Consideration

In a March 2022 testimony before the Senate Committee on Homeland Security and Governmental Affairs and a February 2023 testimony before the House Committee on Oversight and Accountability, we recommended 10 matters for congressional consideration to strengthen internal controls and financial and fraud risk management practices across the government.[1] As of September 3, 2024, these matters remain open.

1. Congress should consider passing legislation requiring the Office of Management and Budget (OMB) to provide guidance for agencies to develop plans for internal control that would then immediately be ready for use in, or adaptation for, future emergencies or crises and requiring agencies to report these internal control plans to OMB and Congress.
2. Congress should consider amending the Payment Integrity Information Act of 2019 (PIIA) to designate all new federal programs making more than $100 million in payments in any one fiscal year as "susceptible to significant improper payments" for their initial years of operation.
3. Congress should consider amending PIIA to reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports.
4. Congress should consider establishing a permanent analytics center of excellence to aid the oversight community in identifying improper payments and fraud.
5. Congress should consider clarifying that (1) chief financial officers (CFO) at Chief Financial Officers Act (CFO Act) agencies have oversight responsibility for internal controls over financial reporting and key financial management information that includes spending

[1]GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, GAO-22-105715 (Washington, D.C.: Mar. 17, 2022), and *Emergency Relief Funds: Significant Improvements Are Needed to Address Fraud and Improper Payments*, GAO-23-106556 (Washington, D.C.: Feb. 1, 2023).

data and improper payment information and (2) executive agency internal control assessment, reporting, and audit requirements for key financial management information, discussed in an existing matter for congressional consideration in our August 2020 report,[2] include internal controls over spending data and improper payment information.

6. Congress should consider requiring agency CFOs to (1) submit a statement in agencies' annual financial reports certifying the reliability of improper payments risk assessments and the validity of improper payment estimates and describing the CFO's actions to monitor the development and implementation of any corrective action plans, and (2) approve any methodology that is not designed to produce a statistically valid estimate of improper payments.
7. Congress should consider legislation to require improper payment information required to be reported under PIIA to be included in agencies' annual financial reports.
8. Congress should consider amending the DATA Act to extend the previous requirement for agency inspectors general to review the completeness, timeliness, quality, and accuracy of their respective agency data submissions on a periodic basis.
9. Congress should consider amending the DATA Act to clarify the responsibilities and authorities of OMB and Department of the Treasury for ensuring the quality of data available on USAspending.gov.
10. Congress should consider amending the Social Security Act to make permanent the requirement for the Social Security Administration to share its full death data with the Treasury's Do Not Pay working system.

In addition to these government-wide matters for congressional consideration, we have also made recommendations to Congress that would enhance the integrity of individual programs. As of September 3, 2024, these matters remain open.

- Congress should consider providing the Department of Health and Human Services the authority to require states to report the data necessary for the Secretary to estimate and report on improper

[2]GAO, *Federal Financial Management: Substantial Progress Made since Enactment of the 1990 CFO Act; Refinements Would Yield Added Benefits*, GAO-20-566 (Washington, D.C.: Aug. 6, 2020).

payments for the Temporary Assistance for Needy Families program in accordance with 31 U.S.C. § 3352.[3]

- Congress should consider granting the Internal Revenue Service the explicit authority to establish professional requirements for paid tax preparers.[4]

[3]GAO, *COVID-19: Current and Future Federal Preparedness Requires Fixes to Improve Health Data and Address Improper Payments*, GAO-22-105397 (Washington, D.C.: Apr. 27, 2022).

[4]GAO, *Paid Tax Return Preparers: IRS Efforts to Oversee Refundable Credits Help Protect Taxpayers but Additional Actions and Authority Are Needed*, GAO-23-105217 (Washington, D.C.: Nov. 30, 2022)

Appendix II: Estimated Improper Payment Amounts and Rates by Program Area, Fiscal Years 2018–2023

Table 3 provides detailed information on estimated improper payment amounts and rates for six program areas for fiscal year 2018 through fiscal year 2023.

Table 3: Estimated Improper Payment Amounts and Rates by Program Area, Fiscal Years 2018–2023

Fiscal year (FY) estimated improper payment amounts (in billions) and rates (percent)

Program area	Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Medicare[a]		$48 (7)	$46 (7)	$43 (6)	$50 (7)	$47 (6)	$51 (6)
Medicare[a]	Fee-for-Service	32 (8)	29 (7)	26 (6)	25 (6)	31 (7)	31 (7)
Medicare[a]	Advantage (Part C)	16 (–)	17 (–)	16 (–)	23 (–)	14 (5)	17 (6)
Medicare[a]	Prescription Drug Benefit (Part D)b	1 (–)	0.6 (–)	0.9 (–)	1 (–)	1 (–)	3 (4)
Medicaid[b]		$36 (10)	$57(15)	$86 (21)	$99 (22)	$81 (16)	$50 (9)
Medicaid[b]	Fee-for-Service	n/a (14)	27 (16)	30 (17)	28 (14)	22 (10)	16 (7)
Medicaid[b]	Eligibility	n/a (3)	32 (8)	61 (15)	76 (17)	61 (12)	35 (6)
Medicaid[b]	Managed Care	n/a (0.2)	0.3 (0.1)	0.1 (0.1)	0.1 (0)	0.1 (0)	0 (0)
Unemployment Insurance[c]		$4 (13)	$3 (11)	$8 (9)	$78 (19)	$19 (22)	$48 (32)
Unemployment Insurance[c]	Federal State Unemployment Insurance	4 (13)	3 (11)	8 (9)	78 (19)	19 (22)	5 (16)
Unemployment Insurance[c]	federal Pandemic Unemployment Assistance	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	44 (36)
Paycheck Protection Program[d]		no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	$29 (4)	$23 (42)

Program area	Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Paycheck Protection Program[d]	Loan Approvals	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	29 (4)	no reported data or data not comparable
Paycheck Protection Program[d]	Loan Forgiveness	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	19 (40)
Paycheck Protection Program[d]	Loan Guaranty Purchases	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	no reported data or data not comparable	4 (49)
Earned Income Tax Credit		$18 (25)	$17 (25)	$16 (24)	$19 (28)	$18 (32)	$22 (33)
Supplemental Security Income		$5 (8)	$6 (10)	$5 (9)	$6 (10)	$5 (9)	$5 (9)

Legend: n/a = not applicable; – = no reported data or data was not comparable due to methodological changes in the estimates.

Source: GAO analysis of Office of Management and Budget, PaymentAccuracy.gov, Department of Health and Human Services (HHS), and Centers for Medicare & Medicaid Services (CMS) data. | GAO-24-107660

Note: Improper payment estimates and rates displayed in the table include both improper and unknown payments. Executive agency estimates of improper payments also treat as improper any payments whose propriety cannot be determined due to lacking or insufficient documentation. The estimated improper payment rate is the estimated amount in improper payments divided by the amount in program outlays for a given program in a given fiscal year.

[a]The Medicare improper payment rate was calculated using the improper payment amounts and outlays for Fee-for-Service, Medicare Advantage (Part C), and Medicare Prescription Drug (Part D) programs According to CMS, the agency refined its Medicare Advantage improper payment rate methodology for fiscal year 2022, and as a result, those data should not be compared with prior years. The agency also refined its prescription drug benefit improper payment rate methodology for fiscal year 2023 and, as a result, those data should not be compared with prior years.

[b]According to CMS, the component amounts (Fee-for-Service, eligibility, and managed care) reflect point-in-time estimates of improper payments as originally reported by HHS and CMS for each fiscal year. Amounts reflect the federal share of estimated improper payments and do not include the nonfederal share. Estimates for the eligibility component may not be comparable across years due to methodological changes. CMS calculates a separate estimate for total amounts. HHS attributes the decline in fiscal year 2023, in part, to flexibilities granted to states during the COVID-19 public health emergency. For example, states were required to keep people continuously enrolled in Medicaid regardless of whether their eligibility status changed. Thus, payments that would have previously been determined to be improper would not be improper under the relaxed requirements.

[c]For fiscal year 2023, the Unemployment Insurance improper payment rate was calculated using the improper payment amounts and outlays for Federal State Unemployment Insurance and federal Pandemic Unemployment Assistance programs. The federal Pandemic Unemployment Assistance program began in 2020 and was determined to be susceptible to improper payments based on the risk assessment the Department of Labor (DOL) performed in fiscal year 2021. DOL published the improper payment estimate for the federal Pandemic Unemployment Assistance program for the period April 2020 through September 2021, for fiscal year 2023. The federal Pandemic Unemployment Assistance program expired in 2021. In addition, DOL included two pandemic programs—Federal Pandemic Unemployment Compensation and Pandemic Emergency Unemployment Compensation—in its estimated improper payment amount for Federal State Unemployment Insurance.

[d]The Paycheck Protection Program (PPP) did not begin until 2020. In fiscal year 2022, the Small Business Administration (SBA) reported an improper payment estimate for PPP loan approvals. SBA did not produce an estimate for approvals in fiscal year 2023 as funding for PPP loans ended in May

2021 and there have been no new loan approvals since that time. For fiscal year 2023, SBA began reporting improper payments estimates for PPP loan forgiveness and loan guaranty purchases.

Appendix III: Fiscal Year 2023 Program Noncompliance under the Payment Integrity Information Act of 2019

The Payment Integrity Information Act of 2019 (PIIA) requires the inspector general (IG) of each executive branch agency to issue an annual report on the agency's compliance with applicable PIIA criteria. Office of Management and Budget Circular No. A-123, appendix C, includes guidance for IGs on how to determine agency compliance with applicable PIIA criteria. Table 4 summarizes the compliance with PIIA criteria for the programs for fiscal year 2023.

Table 4: Fiscal Year 2023 Program Noncompliance with the Payment Integrity Information Act of 2019 (PIIA) Criteria

Agency	Program	Fiscal year 2023 compliance under PIIA	Description of noncompliance
Department of Health and Human Services (HHS)	Medicare Fee-for-Service	Compliant	Not applicable.
HHS	Medicare Part C	Noncompliant	HHS's Inspector General (IG) reported Medicare Part C as noncompliant with PIIA because the agency did not (1) demonstrate improvements to payment integrity or reach a tolerable improper payment rate and (2) develop a plan to meet the improper payment and unknown payment reduction target.
HHS	Medicare Part D	Compliant	Not applicable.
HHS	Medicaid	Compliant	Not applicable.
Department of Labor (DOL)	Unemployment Insurance (UI)	Noncompliant	DOL IG reported the UI program as noncompliant with PIIA because the agency did not, among other things, report an improper payment rate of less than 10 percent.[a]
Small Business Administration (SBA)	Paycheck Protection Program (PPP)	Noncompliant	SBA IG reported the PPP as noncompliant with PIIA because the agency did not (1) publish improper payment estimates,[b] (2) publish corrective action plans,[c] or (3) report an estimated improper payment rate of less than 10 percent.
Department of the Treasury	Earned Income Tax Credit (EITC)	Noncompliant	Treasury IG reported the EITC program as noncompliant with PIIA because the agency did not report an estimated improper payment rate of less than 10 percent.

Agency	Program	Fiscal year 2023 compliance under PIIA	Description of noncompliance
Social Security Administration (SSA)	Supplemental Security Income (SSI)	Noncompliant	SSA IG reported SSI as noncompliant with PIIA because the agency did not demonstrate improvements to payment integrity or reach a tolerable improper payment rate.

Source: GAO analysis of Inspector General (IG) compliance reports. | GAO-24-107760

[a]The DOL IG also reported that the Pandemic Unemployment Assistance Program was noncompliant because DOL did not adequately (1) publish payment integrity information with the annual financial statement and in the accompanying materials and (2) publish an improper payment reduction target or develop plan to meet that target.

[b]SBA IG reported PPP loan forgiveness and loan guaranty purchases as noncompliant with publishing improper payment estimates. Although SBA produced estimates, the IG determined they were not accurate. The population of outlays subjected to sampling, testing, and reporting was not complete for the program. As such, improper payments related to significant amounts of outlays for the program remain untested and unreported.

[c]SBA IG reported PPP loan forgiveness and loan guaranty purchases as noncompliant with publishing corrective action plans. Although SBA published corrective action plans, the IG determined the corrective action plans were not effective as they did not adequately address the true root causes of unknown payments.

Appendix IV: Key Unimplemented Recommendations for Agencies to Improve Payment Integrity

GAO has made several recommendations to improve the integrity of the six program areas that are the focus of this testimony. Table 5 identifies those key recommendations that have not yet been fully implemented as of September 3, 2024.

Table 5: Key Unimplemented Improper Payment Recommendations for Medicare, Medicaid, Unemployment Insurance, Paycheck Protection Program, Earned Income Tax Credit, and Supplemental Security Income

Report number	Recommendations to Department of Health and Human Services: Medicare
GAO-19-277	The Administrator of the Centers for Medicare & Medicaid Services (CMS) should institute a process to routinely assess, and take steps to ensure, as appropriate, that Medicare and Medicaid documentation requirements are necessary and effective at demonstrating compliance with coverage policies while appropriately addressing program risks.
GAO-16-394	In order to better ensure proper Medicare payments and protect Medicare funds, CMS should seek legislative authority to allow the Recovery Auditors (RA) to conduct prepayment claim reviews.

Report number	Recommendations to Department of Health and Human Services: Medicaid
GAO-23-105881	The Administrator of CMS should annually examine state auditors' Medicaid findings to identify trends across states and use this information to inform oversight activities and audit processes.
GAO-23-106025	The Administrator of CMS should conduct a study to determine whether it is cost effective to require states to include payments to managed care organizations and their providers as part of the Recovery Audit Contractor (RAC) program.
GAO-20-8	The Administrator of CMS should expand its review of states' implementation of the provider screening and enrollment requirements to include states that have not made use of CMS's optional consultations. Similar to CMS's contractor site visits, such reviews should include any necessary steps to address areas of noncompliance for all types of enrolled providers, including those under contract with managed care organizations.

Report number	Recommendations to Department of Labor (DOL): Unemployment Insurance
GAO-22-105162	The Secretary of Labor should develop and execute a transformation plan that meets GAO's high risk criteria for transformation; the plan should outline coordinated and sustained actions to address issues related to providing effective service and mitigating financial risk, including ways to demonstrate improvements. Planned actions may include addressing audit recommendations, and determining whether legislative changes are needed, as appropriate. Planned actions may also include achieving quantifiable results in reducing improper payment rates, including those related to fraud; improving efficiency in claims processing and restoring pre-pandemic payment timeliness levels; better reaching current worker populations; and enhancing equity in benefit distribution.
GAO-18-486	The Assistant Secretary of DOL's Employment and Training Administration should clarify information on work search verification requirements in its revised Benefit Accuracy Measurement procedures. The revised procedures should include an explanation of what DOL considers to be sufficient verification of claimants' work search activities.

Report number	Recommendations to Small Business Administration (SBA): Programs, including Paycheck Protection Program
GAO-23-105331	The Administrator of SBA, in coordination with the Fraud Risk Management Board, should ensure that SBA has mechanisms in place and utilizes them to facilitate cross-program data analytics.
GAO-23-105331	The Administrator of SBA, in coordination with the Fraud Risk Management Board, should ensure that SBA has identified external sources of data that can facilitate the verification of applicant information and the detection of potential fraud across its programs. It should then develop a plan for obtaining access to those sources, which may involve pursuing statutory authority or entering into data-sharing agreement to obtain such access.

Report number	Recommendations to Department of the Treasury: Earned Income Tax Credit
GAO-23-105217	The Commissioner of Internal Revenue should finalize the Service-wide Return Preparer Strategy and identify the resources needed to implement it.
GAO-21-102	The Commissioner of Internal Revenue should develop a plan and schedule to systematically evaluate the suite of information returns with a goal of improving compliance and reducing fraud and reporting burden. The evaluation should consider factors such as filing requirement thresholds, deadlines for filing, corrections and amendment data, and the potential to consolidate similar forms and include recommendations for needed changes.
GAO-18-544	Based on the [updated and expanded analysis of the cost and benefits of digitizing returns filed on paper], the Commissioner of Internal Revenue should implement the most cost-effective method to digitize information provided by taxpayers who file returns on paper.

Report number	Recommendations to Social Security Administration: Supplemental Security Income
GAO-22-104031	The Commissioner of Social Security should identify the root causes of overpayments to Ticket to Work participants specifically then take appropriate actions to address them.
GAO-19-688	The Commissioner of the Social Security Administration should require field offices to contact payees about missing or problematic annual accounting forms within a specific time frame.

Source: GAO. | GAO-24-107660

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