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GAO Highlights

Highlights of GAO-15-482T, a testimony before the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

As the steward of taxpayer dollars, the federal government is accountable for how it spends hundreds of billions of taxpayer dollars annually. The Improper Payments Information Act of 2002, as amended, requires federal executive branch agencies to (1) review all programs and activities, (2) identify those that may be susceptible to significant improper payments, (3) estimate the annual amount of improper payments for those programs and activities, (4) implement actions to reduce improper payments and set reduction targets, and (5) report on the results of addressing the foregoing requirements. In general, reported improper payment estimates include payments that should not have been made, were made in the incorrect amount, or were not supported by sufficient documentation.

Implementing strong preventive controls can serve as the frontline defense against improper payments. One example of a preventive control is verifying eligibility through data sharing, which can allow agencies that make payments to compare information—such as death data—from different sources to help ensure that payments are appropriate before they are made.

This testimony addresses (1) issues related to government-wide improper payments and (2) use of death data to help prevent improper payments to deceased individuals. This testimony is primarily based on GAO's body of work related to improper payments and SSA's death data, as well as information obtained from agency financial reports.

View GAO-15-482T. For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov or Beryl H. Davis at (202) 512-2623 or davisbh@gao.gov.

IMPROPER PAYMENTS

Government-Wide Estimates and Use of Death Data to Help Prevent Payments to Deceased Individuals

What GAO Found

Government-wide, improper payment estimates totaled $124.7 billion in fiscal year 2014, a significant increase of approximately $19 billion from the prior year's estimate of $105.8 billion. The estimated improper payments for fiscal year 2014 were attributable to 124 programs spread among 22 agencies. The reported government-wide error rate was 4.5 percent of program outlays in fiscal year 2014 compared to 4.0 percent reported in fiscal year 2013. The increase in the 2014 estimate is attributed primarily to increased error rates in three major programs: the Department of Health and Human Services' (HHS) Medicare Fee-for-Service and Medicaid programs, and the Department of the Treasury's Earned Income Tax Credit program. These three programs accounted for $80.9 billion in improper payment estimates, or approximately 65 percent of the government-wide total for fiscal year 2014.

Agencies continue to face challenges in reducing improper payments. In GAO's report on the *Fiscal Year 2014 Financial Report of the United States Government*, GAO identified the federal government's inability to determine the full extent to which improper payments occur and reasonably assure that appropriate actions are taken to reduce them as a material weakness in internal control. Some agencies reported in their fiscal year 2014 agency financial reports that program design issues hindered efforts to estimate or recover improper payments. For example, HHS reported that statutory limitations prevent the agency from requiring states to estimate improper payments for its Temporary Assistance for Needy Families program. Further, inspectors general at 10 agencies identified noncompliance with improper payment requirements in fiscal year 2013. GAO has reported that strategies for reducing improper payments include analyzing the root causes of improper payments and developing strong preventive and detective controls. Recent laws and guidance support some of these strategies, including the Do Not Pay initiative, a web-based, centralized data-matching service that could help prevent certain improper payments.

Sharing death data can help prevent improper payments to deceased individuals or those who use deceased individuals' identities, but the Social Security Administration (SSA) faces challenges in maintaining these data, and other agencies face challenges in obtaining them. The Social Security Act requires that SSA share its full death file, to the extent possible, with agencies that provide federally funded benefits, provided that the arrangement meets statutory requirements. An agency that does not access SSA's full death file can instead access the publicly available Death Master File, a subset of the full death file that does not include state-reported death data. GAO has reported on payments to deceased individuals that could have been prevented by using SSA's death data in programs related to disaster assistance, farming, and rural housing. While verifying eligibility using SSA's death data can be an effective tool to help prevent improper payments to deceased individuals or those who use their identities, agencies may not be obtaining accurate data because of weaknesses in how these data are received and managed by SSA. In November 2013, GAO reported that SSA needed to take action to address data errors and agency access issues, including assessing the risks that errors in death data pose. GAO also recommended that SSA ensure appropriate agency access by developing written guidance on eligibility requirements for access to the full death file.