

THE WALL STREET JOURNAL.

September 6, 2016

ObamaCare's 'Improper' Failure

Mistaken or fraudulent payments are soaring for Medicaid.



ENLARGE

PHOTO: GETTY IMAGES/IMAGE SOURCE

Sept 6, 2016 7:30 p.m. ET

Along with “stakeholders” (campaign donors), “investments” (government spending) and “obstruction” (Congress), one of our favorite political euphemisms is “improper payments.” That’s how Washington airbrushes away the taxpayer money that flows each year to someone who is not eligible, or to the right beneficiary in the wrong amount, or that disappears to fraud or federal accounting ineptitude. Now thanks to ObamaCare, improper payments are soaring.

Last week the Health and Human Services Department published an “alert” warning that the improper payment rate for Medicaid in 2016 will likely hit 11.5%. That’s nearly double the 5.8% rate as recently as 2013, and HHS helpfully suggested tools that these joint state-federal

insurance programs supposedly for the poor could use to stop squandering more than one of 10 dollars they spend.

The Medicaid failure rate matters because the 9.7% increase in total improper payments in 2015 across 121 programs run by 22 agencies—to \$136.7 billion—was driven almost entirely by this single program, according to the Government Accountability Office (GAO). The 11.5% for 2016 is likely an underestimate given that HHS's goal last year was 6.7% and instead scored 9.8%, which amounts to \$29.1 billion.

The dollar amount of improper payments in Medicaid was bound to rise because ObamaCare vastly opened eligibility. In 2015 enrollment climbed by 13.8% and one of five Americans are now covered by the program. But there's no particular reason the error rate should be spiraling upward other than overwhelming incompetence.

Improper payments occur as the result of fraud, overbilling by doctors and especially home health agencies, bureaucratic error and many other reasons, but also a lack of due diligence by HHS.

In recent audits of Medicaid in Arizona, Florida, Michigan and New Jersey, the GAO uncovered 50 dead people who recouped at least \$9.6 million in benefits after they died; 47 providers who registered foreign addresses as their location of service in places such as Saudi Arabia; and \$448 million bestowed on 199,000 beneficiaries with fake Social Security numbers—12,500 of which had never been issued by the Social Security Administration.

Well, at least HHS has belatedly recognized that an 11.5% failure rate is a problem. If HHS tries hard enough, maybe the department can match the failure rate for school lunches (15.7%) or the Earned Income Tax Credit (23.8%).