

TIE FUNDING TO MEASUREMENT AND REPORTING

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TOPLINE: Taxpayers deserve a full and accurate accounting of how much of their hard-earned tax dollars the federal government spends on improper payments.

BACKGROUND: The federal government reported [\\$184 billion in improper payments](#) last year—equal to about \$1,400 per U.S. household. Yet, that is likely a massive understatement because some federal programs don't track improper payments at all, and most that do fail to adequately measure and report their errors. This can result in massive underestimates of actual improper payments. The Obama and Biden Administrations directed Medicaid to exclude eligibility errors from its improper payment counts, despite eligibility errors being the biggest source of improper payments. One analysis estimated that Medicaid [undercounted its improper payments by \\$542 billion](#) over 10 years.

[H.R. 1](#)'s skin-in-the-game provisions, which require states to pay for a portion of their improper payments, could incentivize states to undercount improper payments to avoid penalties. Congress should [require states and other benefit providers](#), as a condition of accepting federal funds, to follow stipulated and scientifically rigorous measurement processes and to accurately report their improper payments to Congress, including requiring programs that do not currently measure improper payments to do so. Administrations should not be able to change measurements in ways that compromise the integrity of the measures. The related proposal requiring a full accounting of federal benefits (see p. 121) would make it significantly easier to measure improper payments and harder to understate them.

Action Items (Congress and the Administration):

- Congress should **require states and other federal benefit distributors to [properly measure and report](#) improper payments as a condition of accepting federal funds.**
- Congress should **require programs that don't measure improper payments to begin doing so.**
- The administration should **ensure agencies comply** with reporting requirements.

How It Would Make Life More Affordable:

- Establishing an accurate count of improper payments is necessary to reduce improper payments through skin-in-the-game requirements.

Related Legislation: Eliminating Fraud and Improper Payments in TANF Act ([H.R. 2242](#)).

BOTTOMLINE: Taxpayers deserve to know the true magnitude of improper payments, and states and other welfare administrators will not always accurately measure improper payments unless they face consequences for failing to do so.