

Opening Statement of Chairman Ron Johnson
“Examining Federal Improper Payments and Errors in the Death Master File”
Monday, March 16, 2015

Thank you, Ranking Member Carper and all of our witnesses who are joining us today. In particular, I want to thank our first witness, Judy Rivers, for coming here today to tell her story. It takes a lot of courage for a private citizen to come to Washington, D.C., and speak before a Senate committee. We look forward to your testimony.

I also want to acknowledge Senator Carper’s tireless work on these issues. Our ranking member has spent his entire career in the U.S. Senate trying to address the problem of improper payments throughout the federal government. He can certainly take much credit for the fact that we have made progress in addressing and limiting improper payments.

Last year, however, federal improper payments rose sharply, indicating that our work is not yet done. In 2014, the federal government improperly spent \$124.7 billion. This taxpayer money was not spent securing our borders, it was not spent on national defense, and it was not spent contributing to safety net for those in need.

The cause of this \$19 billion spike centers almost entirely around three government programs: Medicare Fee For Service, Medicaid, and the Earned Income Tax Credit. In fact, these programs account for approximately two-thirds of all improper payments. This is a problem that is going to get worse year after year if we do not get a handle on it now. As the federal government becomes even more involved in our healthcare system, outlays will continue to grow, and so will improper payments.

That is the reality this hearing is intended to reveal. Once we all agree on the scope and magnitude of this problem, we can work together to begin to solve it.

As a manufacturer, I see problems and I try to get to the root cause. When it comes to improper payments, the root causes vary from program to program and can be incredibly complex.

There is one root cause that is easily identified, but for reasons that defy logic, has been incredibly difficult to solve. The federal government has wasted billions of dollars over the last few decades giving money to dead people.

The Social Security Administration (SSA) is currently part of the problem that leads to payments to dead people. With a little common sense and relatively minor capital investments, SSA can take action that will prevent payments to the deceased for the entire federal government.

SSA never wanted to get into the death information business, but over the years it has become the primary source for death information for federal agencies and the private sector. SSA provides an incomplete and inaccurate version of the Death Master File to credit reporting agencies, banks, researchers, and other private entities through the National Technical Information Service. SSA provides a more complete but still inaccurate version of the Death Master File to some, but not all, federal agencies.

The most important agency not having access to the full Death Master File is the Department of Treasury and its Do Not Pay Initiative. The Do Not Pay Initiative screens all federal payments. Giving the Treasury access to a more complete and accurate list of deceased individuals would mean that all federal payments would be screened to ensure they are not going to the deceased.

Of course, the inaccuracies within SSA's system mean we have difficulty trusting the accuracy of the information. SSA claims that it is not the agency's job to make sure the list is accurate for other agencies, that it is only responsible for accuracy for its own purposes. But this attitude does not reflect the reality that SSA is the purveyor of death information, and its failure to ensure the accuracy of the list has serious consequences both in and outside of government.

These serious consequences involve far more than wasteful spending. There is another side to SSA's failure to ensure its death information is accurate. Hundreds, if not thousands, of American citizens are marked as dead by SSA each month, even though they are very much alive.

Today, we are going to hear from one of the victims of this bureaucratic mess. Judy Rivers, who has courageously offered to testify before this panel, has spent the last five years trying to prove to the world that she is in fact alive.

Thank you again to Ranking Member Carper for your leadership on this issue, and I look forward to Ms. Rivers' testimony and the testimony from our government witnesses.