



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Improving Quality in the Unemployment Insurance Program**

Duke Ellington said: "A problem is a chance for you to do your best."

Inaccurate payments are a problem for the nation's safety-net programs. This problem gives us a chance to do our best to correct the overpayments. We have a chance to redouble our efforts to make government work more efficiently.

Making the government work more efficiently is the smartest and fairest way to reduce the budget deficit. Increasing efficiency does not cut benefits for people who need them. And increasing efficiency does not raise taxes on anyone.

We can increase efficiency by targeting benefits to the people who really need them. And we can increase efficiency by making sure that the taxes that are already owed are in fact paid.

We have already made some progress this year.

The new health care reform law did much to curb fraud, waste, and abuse in health programs.

As part of health care reform, Congress enacted almost two dozen new tools to fight fraud:

- The new law requires that all providers and suppliers are screened before they get billing privileges for Medicare or Medicaid.
- The new law suspends payments to providers who are under investigation for fraud.
- The new law expands the Recovery Audit Contractor program. The program has been a success in traditional Medicare. The new law expands it to Medicaid, Medicare Advantage and the Medicare drug benefit.
- And the new law expands the Health Care Fraud and Abuse Control program. This program funds Federal offices that combat fraud on a daily basis.

Several Senators on the Committee helped to sharpen our focus on health care fraud. I drafted most of the fraud provisions in the Senate-passed health care bill together with my good friend Chuck Grassley. Senator Grassley has long fought zealously against waste, fraud and abuse.

Senators Carper and Cornyn have also helped to lead the attack on health care fraud and inefficiency.

Following our efforts to reduce fraud and inefficiency in health care, the Finance Committee turns next to increasing efficiency in the unemployment insurance program, the Social Security Administration, and the Internal Revenue Service.

Today, we focus on the unemployment insurance program.

Unemployment insurance is a lifeline for more than five million Americans. When workers are laid off through no fault of their own, unemployment insurance is a bridge to their next job. Unemployment insurance helps people put food on the table, keep a roof overhead and put gas in the tank, while they search for work.

The unemployment insurance program also helps the economy. It helps to dampen swings in economic activity. In a recession, unemployment insurance spending rises. This additional spending provides a boost to a sagging economy.

Households receiving unemployment benefits spend them right away. That spurs demand for goods and services. That boosts production. And that leads businesses to hire more workers.

With the Great Recession, in just over a year, claims for unemployment insurance benefits have doubled. Outlays for the program are now four times what they were in 2007.

And people are receiving benefits longer. On average, unemployed workers are receiving unemployment insurance benefits four weeks longer than they did in 2007.

Because the program is now more important than ever, we must ensure that it is run as efficiently as possible.

With the flood of unemployment claims have come instances of fraud, error and inefficiency. This fraud, error and inefficiency leads to overpayments of benefits. The Department of Labor estimates that last year, overpayments in the unemployment insurance program totaled \$11.5 billion.

The leading cause of overpayments is claimants who have returned to work, but continue to claim benefits.

The second largest cause of overpayments is errors in verifying that unemployed workers are in fact eligible for unemployment insurance benefits.

And the third largest cause is workers who continue to receive benefits despite not fulfilling the program's requirements. This could include conducting an active work search or registering with the state employment service.

Plainly we need to improve the unemployment insurance program. We need to trim fraud and error in the system. And we must assure that benefits are targeted to those who deserve them.

Last week, the Obama Administration announced a proposal to address these issues. The proposal seeks to rein in overpayments by making the unemployment insurance program more efficient. Today, we will walk through that proposal.

Under the administration's proposal, states could use a portion of the money that they recover from overpayments to strengthen their program integrity activities. States would also be required to impose financial penalties on people who defraud the program.

Under the proposal, employers would be required to report the start dates of new employees. That will help to identify beneficiaries who have returned to work in a different state but continue to receive unemployment benefits.

The administration's proposal is just one solution. States and private industry have also devised systems that reduce overpayments. They also have ideas on how to streamline unemployment insurance. I look forward to learning more about these proposals today.

And so, let us recognize the problem that we have in our nation's safety-net programs. Let us grab the chance to do our best to correct the overpayments. And let us redouble our efforts to make the government work more efficiently.

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