

GAO Highlights

Highlights of [GAO-15-440T](#), a testimony before the Committee on the Budget, U.S. Senate

Why GAO Did This Study

As the fiscal pressures facing the government continue, so too does the need for executive branch agencies and Congress to improve the efficiency and effectiveness of government programs and activities. Such opportunities exist throughout the government. GAO reports annually to Congress on federal programs, agencies, offices, and initiatives (both within departments and government-wide) that are fragmented, overlapping, or duplicative as well as opportunities for cost savings or enhanced revenues. One area that GAO has highlighted as offering the potential for significant cost savings is improper payments, which are payments that should not have been made or were made in the incorrect amount.

This statement discusses the status of (1) actions taken and remaining opportunities to address fragmentation, overlap, and duplication issues, and achieve other financial benefits as identified in GAO's 2011-2014 annual reports; and (2) efforts to address government-wide improper payment issues. GAO reviewed and updated prior work and recommendations on issues of fragmentation, overlap, duplication, cost savings, and improper payments. GAO also reviewed reports of inspectors general and agency financial reports.

View [GAO-15-440T](#). For more information, contact Orice Williams Brown or A. Nicole Clowers at (202) 512-8678 or Beryl H. Davis at (202) 512-2623.

March 4, 2015

GOVERNMENT EFFICIENCY AND EFFECTIVENESS

Opportunities to Reduce Fragmentation, Overlap, Duplication, and Improper Payments and Achieve Other Financial Benefits

What GAO Found

The executive branch and Congress have made progress in addressing the approximately 440 actions across 180 areas that GAO identified in its past annual reports. These issues span the range of government services and programs, from the Medicare and Medicaid programs to transportation programs to weapon systems acquisitions. As of November 19, 2014, 29 percent of these actions were addressed, 44 percent were partially addressed, and 22 percent were not addressed. Executive branch and congressional efforts to address these actions over the past 4 years resulted in over \$20 billion in financial benefits, with about \$80 billion more in financial benefits anticipated in future years. Although progress has been made, fully addressing all the remaining actions identified in GAO's annual reports could lead to tens of billions of dollars of additional savings, with significant opportunities for improved efficiencies, cost savings, or revenue enhancements in the areas of defense, information technology, education and training, health care, energy, and tax enforcement. Sustained leadership by Congress and the executive branch is necessary to achieve this goal.

Table: Status of Actions Directed to Congress and the Executive Branch from GAO's 2011–2014 Annual Reports, as of November 19, 2014

Status	Number of executive branch actions (percentage)	Number of congressional actions (percentage)	Total (percentage)
Addressed	116 (30%)	19 (26%)	135 (29%)
Partially addressed	189 (49)	13 (18)	202 (44)
Not addressed	66 (17)	37 (50)	103 (22)
Consolidated or other ^a	13 (3)	5 (7)	18 (4)

Source: GAO. | [GAO-15-440T](#).

^aActions and areas included in "consolidated or other" are not assessed due to additional work or other information GAO considered.

Efforts to reduce improper payments could result in significant cost savings. For the first time in recent years, the government-wide improper payment estimate significantly increased—to \$124.7 billion in fiscal year 2014, up from \$105.8 billion in fiscal year 2013. This increase of almost \$19 billion was primarily due to estimates for Medicare, Medicaid, and the Earned Income Tax Credit, which account for over 76 percent of the government-wide estimate. GAO has made numerous recommendations that, if effectively implemented, could improve program management and help reduce improper payments in these programs. Examples include improving the use of prepayment edits in Medicare and requiring states to audit Medicaid payments to and by managed care organizations. Recent laws and guidance have focused attention on the issue of improper payments. For example, the Improper Payments Elimination and Recovery Improvement Act of 2012 enacted into law elements of the Do Not Pay initiative, which is a web-based, centralized data matching service that could help prevent improper payments. However, agencies continue to face challenges, such as statutory limitations and compliance issues, in reducing improper payments.