FAKE AND STOLEN IDENTITIES

LEAD TO WASTE, FRAUD, AND ABUSE IN WELFARE PROGRAMS

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Key Findings

1. Medicaid spending is approaching **$1 TRILLION ANNUALLY,** while food stamp spending exceeds **$100 BILLION EACH YEAR.**

2. Waste, fraud, and abuse conservatively account for **10 PERCENT OF FOOD STAMP SPENDING AND 20 PERCENT OF MEDICAID SPENDING.**

3. **NEARLY 24 MILLION AMERICANS FALL VICTIM** to identity theft each year.

4. **FRAUDSTERS USE THOSE STOLEN IDENTITIES TO ENROLL IN WELFARE PROGRAMS**, as shown by multi-state enrollment, deceased individuals on welfare, and enrollees with Social Security numbers generated before their births.

5. Congress, federal agencies, and states can stop this by requiring verification of welfare applicants' identities, **SAVING TAXPAYERS $29 BILLION.**

The Bottom Line

Waste, fraud, and abuse remain prevalent in welfare programs. To help address this, Congress, federal agencies, and states should require identity verification for all welfare applicants.

Overview

Welfare spending has been out of control, with waste, fraud, and abuse diverting billions of dollars away from the truly needy. Identity theft plays a significant role in this, with fraudsters using fake or stolen Social Security numbers (SSNs) to enroll in welfare programs. The results of this are seen in the astounding number of deceased and multi-state enrollees on the rolls.

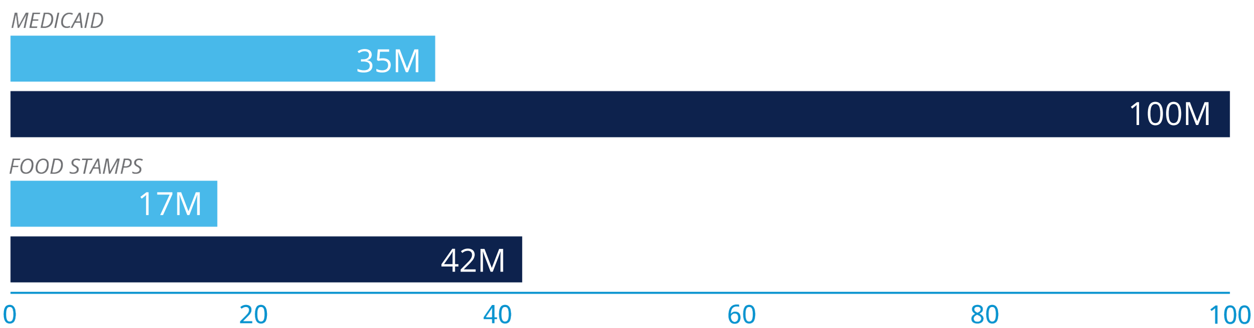
Despite this, states are not required to verify applicants' identities before enrolling them. The One, Big, Beautiful Bill put welfare waste, fraud, and abuse in the crosshairs, and the Trump administration has made eliminating fraud a priority.[1] Congress, federal agencies, and states should now fix the known issue of using stolen identities to enroll in welfare programs by requiring identity verification for all welfare applicants.

Welfare program growth has been supercharged by waste, fraud, and abuse

Welfare programs have been on an unsustainable growth path for decades. Medicaid enrollment spiked to more than 100 million, climbing from 35 million in 2000.[2] **This leap in enrollment caused Medicaid spending to increase from $206 billion in 2000 to $964 billion in 2024.**[3]

Food stamps have followed a similar trajectory, with enrollment rising from 17 million in 2000 to 42 million in 2025.[4] Over this period, spending has skyrocketed from $17 billion to more than $100 billion.[5]

WELFARE ENROLLMENT HAS SKYROCKETED



Sources: U.S. Department of Health and Human Services and U.S. Department of Agriculture

A major contributor to these increasing costs is waste, fraud, and abuse, which has been rampant throughout.

Too much taxpayer money is going to fraud rather than to the truly needy. Based on the most recent audits that contained genuine eligibility reviews, more than one in every five Medicaid dollars is improperly spent.[6] **Taxpayers are expected to lose more than $2 trillion to improper spending in Medicaid over the next decade alone.**[7] Roughly four in five improper payments are the result of eligibility errors, meaning the person receiving the benefits was not actually eligible for them.[8]

Erroneous food stamp spending has increased sevenfold over the last 20 years.[9] More than one in every $10 spent on food stamps is in error.[10] This leads to more than $10 billion in erroneous spending over a single year, even while excluding blatant instances of fraud and low-dollar errors from the calculation.[11]

An issue that contributes to these improper payments is the use of stolen or fake identities by ineligible individuals to enroll in welfare programs. Despite this known issue, federal regulations do not require states to verify Medicaid applicants' identities except in specific instances related to citizenship verification.[12]

A Biden administration regulation made this issue worse by prohibiting states from verifying the identity of applicants whose citizenship status is determined by matching their information to states' vital records or the Systematic Alien Verification for Entitlements system.[13]

But verifying that a claimed identity is a citizen is not the same as verifying that the person applying is who they say they are. The amount of this type of activity, identity fraud, and the resulting fraud in welfare programs, is staggering.

The problem of identity theft cannot be overstated

When ineligible individuals receive welfare, it harms both taxpayers and the intended recipients of welfare programs—the truly needy. With identity theft rampant, verifying a claimed identity qualifies for a program is not the same as, nor sufficient for, verifying that the person applying for the program is who they say they are.

Nearly 24 million United States residents are victims of identity theft in a single year.[14] These present millions of opportunities to use stolen identities to game the system, and there is evidence that this is being done on a large scale.

NEARLY 24 MILLION *United States residents are* ***VICTIMS OF IDENTITY THEFT*** *in a single year.*

The Social Security Administration (SSA) maintains a database of inaccurate W-2s. From 2021 through 2023, more than 27 million new wage records were added to this database.[15] **The database contains active SSNs for more than 13 million people born before the world's oldest living known person.**[16] Billions of dollars in wages are reported for these centenarians each year, with one appearing on 405 different wage reports over five years.[17]

These are clear cases of identity thieves using the identities of deceased individuals. An audit from the Government Accountability Office of a U.S. Department of Health and Human Services system found millions of cases of likely identity fraud, including tens of thousands of times where SSNs of deceased individuals were stolen and used.[18] These included instances where the individual had been dead for more than a decade and where the identities of deceased children were used.[19]

Single SSNs also show up with multiple wage records from different employers over the same period, a clear indication of identity theft. For instance, nearly three million SSNs had wage records reported from three or more employers in a single quarter, with some being associated with more than 30 different employers.[20] These are not cases of high-achieving individuals pursuing multiple career opportunities. This is fraud. One SSN was associated with 15 different employers across 14 states during a single three-month period.[21]

Foreign nationals assuming these stolen identities is a known problem with several recent instances of federal prosecutions.[22-23] Illegal aliens using stolen identities is the "chief cause" of inaccurate W-2s in the SSA's database.[24] The SSA has identified millions of aliens with SSNs in their own name obtained with fraudulent information, and millions more with SSNs that have mismatched information.[25] To put the severity of this type of identity theft fraud in perspective, a single raid of a single employer identified more than 100 victims of identity theft by illegal aliens using stolen identities.[26]

Fraudsters commit identity theft to enroll in welfare programs

The lack of identity verification requirements allows identity thieves to enroll in welfare programs. Testing from the Government Accountability Office showed that more than 90 percent of fictitious applications for ObamaCare advance premium tax credits were approved.[27] This problem is also shown by deceased enrollees and multi-state or duplicate enrollees.

An audit of just 14 states found that more than 450,000 Medicaid payments were made on behalf of deceased individuals.[28] **These handful of states wasted nearly $250 million of taxpayer dollars on payments on behalf of deceased enrollees, some of whom died at the beginning of the Reagan administration.**[29] This is identity theft and welfare fraud in practice.

Multi-state or duplicate enrollment reveals another way identity theft is used to enroll in welfare programs. A review of 47 states' Medicaid programs found millions of SSNs associated with enrollees in multiple states.[30] Every state in the review has SSNs associated with enrollees in multiple states, with some numbers used in as many as nine states at once.[31]

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A 2025 review revealed more than 2.8 million SSNs associated with Medicaid enrollees in multiple states or enrolled in both Medicaid and ObamaCare.[32] Tens of thousands of SSNs were also enrolled in Medicaid multiple times in the same state, with as many as seven open Medicaid cases in one state.[33]

Single state audits help show the size of the problem. In Arkansas, a Medicaid audit identified more than 20,000 high-risk identities.[34] These identities cover instances where multiple identities are associated with a single SSN, the SSN is not found in the public record, and where the SSN was generated before the enrollee's date of birth.[35] These high-risk identities represented more than six percent of the screened population, meaning millions of these flagged identities are likely enrolled in Medicaid across the country. The same audit also found nearly 43,000 enrollees with out-of-state addresses, including nearly 7,000 with no record of ever living in Arkansas, but enrolled in Arkansas's Medicaid program anyway.[36]

Another audit of New Jersey's Medicaid program found more than 18,000 enrollees with fake or duplicative SSNs.[37]

The food stamp program is also rife with identity fraud. A recent review of roughly half of state food stamp programs revealed more than one million instances of duplicate enrollment, the enrollment of a deceased individual, the use of dummy SSNs, and instances of no SSN found.[38] These fraudulent enrollments led to estimated costs of more than $2.2 billion.[39]

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These problems are highlighted by a recent program integrity analysis of food stamp enrollment in a single state. **The analysis showed that more than one in five enrollees did not have their identity successfully matched with the address listed on their application.**[40] It further showed that hundreds of thousands of enrollees had their most recent verifiable address listed in another state.[41] Like Arkansas's Medicaid audit, tens of thousands had no record of ever living in the states in which they received benefits.[42] Thousands of the state's food stamp enrollees listed unverifiable SSNs, and hundreds had SSNs that were issued before their date of birth.

While the One, Big, Beautiful Bill included important reforms to correct this issue, Congress, federal agencies, and states all have the green light to fix it for good.

Government officials should maximize the One, Big, Beautiful Bill's impact by requiring identity verification prior to welfare enrollment

The One, Big, Beautiful Bill delivered much-needed generational welfare reform to curb the growth of programs like Medicaid and food stamps.[43] It included multiple reforms to help address the issue of people committing identity theft to fraudulently enroll in welfare programs.

The law pauses the Biden administration's 2024 rule that prohibited states from verifying most Medicaid enrollees' identities.[44] It also requires states to check Social Security death records at least quarterly and submit SSNs of enrollees to the federal government monthly to help prevent deceased and duplicate enrollment.[45] More generally, it created skin in the game for states by making them financially responsible for high error rates in Medicaid and food stamps.[46] This will encourage states to ensure that only eligible individuals are able to enroll in these programs.

The next step is for Congress, federal agencies, and the states to require that state agencies verify all applicants' identities as part of the eligibility determination process. **Requiring identity verification for welfare applicants at the federal level would save an estimated $29 billion over the 10-year budget window.**[47] Prior to enrollment, state agencies should not only ensure that the claimed identity is eligible for the program, but that the person seeking enrollment is who they say they are.

This would address a long-running problem and help prevent identity thieves from also siphoning resources away from taxpayers and the truly needy. This fraud deterrence would also help lower states' error and improper payment rates, reducing or eliminating any extra money they may owe the federal government for their Medicaid and food stamp programs. Finally, it would discourage identity theft itself since no taxpayer benefits could be gained.

Individuals must verify their identity to obtain something as simple as a library card. It is common sense to require identity verification to enroll in welfare programs that cost taxpayers more than $1 trillion every year.[48]

The Bottom Line:

Waste, fraud, and abuse remain prevalent in welfare programs. To help address this, Congress, federal agencies, and states should require identity verification for all welfare applicants.

Welfare programs have seen uncontrolled growth with waste, fraud, and abuse soaking up more taxpayer money and taking resources away from the truly needy. Much of the fraudulent spending is due to identity theft, a widespread problem with millions of victims each year.

Right now, it is too easy for these fraudsters to use these fake or stolen identities to enroll in welfare programs.

The One, Big, Beautiful Bill introduced multiple reforms to combat this fraud. **Now, Congress, federal agencies, and the states should close the door completely by requiring states to verify identities before enrollment.** Doing so will help root out waste, fraud, and abuse, deter bad actors, protect taxpayer money, and preserve resources for the truly needy.

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