

Jack Anderson *Post* 12-3-74

WASHINGTON — An investigation by the Health, Education and Welfare Department of more than \$30 million in frauds and other ripoffs has been thwarted by the pinch-penny Senate Appropriations Committee.

At present, 81 major criminal cases involving at least \$17.5 million are backlogged in the files of HEW gumshoes while the ingenious fast-buck artists who perpetrated the frauds are living like kings on the taxpayers' money.

Another 100 cases have not even been opened although HEW has respectable leads they could follow if they had the manpower. The theft from the taxpayers in these cases cannot accurately be estimated, but it may total another \$10 million to \$20 million.

The locales of the frauds and thefts range from small towns in Texas to the biggest metropolises. The pitifully small HEW investigations staff has found hints of \$3 million in Medicaid chiseling by as many as 100 New York doctors.

In Los Angeles, Cleveland and Boston, probable student loan fraud by "schools" and lenders reaches close to \$5 million. In Chicago, across-the-board frauds are believed to exist in health aid programs and embezzlement has been discovered in HEW grants.

In Atlanta, frauds and embezzlements in grants, student loan frauds, cheating on health and rehabilitation programs and other crimes by supposedly respectable businessmen, social workers and health program directors may total \$5 million.

A confidential report provided to the Senate Appropriations Committee by HEW complains that "inadequate investigative capability has dictated that investigative action (on Medicaid) be taken by state agencies although the predominant source of funding comes from federal funds."

On the student loan programs, where fraud may total \$15 million and defaulted loans may soon run to \$400 million a year, the HEW document is even more blunt on the need to supplement the tiny 10-man staff of trained investigators.

"The lack of OIS (HEW's Office of Investigations and Security) investigative personnel," the document reads, "precludes development of a complete study and adequate administrative inquiry to locate all matters of fraud."

Yet, the Senate committee knocked off 12 sleuths for HEW's investigations unit and specified that "no funds shall be used to expand the HEW 'internal security' unit."

Actually, the Senate report is a cheap shot in more ways than one. The "internal security" unit also has been called a "plumbers unit" by suspicious Senate staffers. In fact, it is neither. Our investigation shows it is staffed by veteran government investigators, some of whom were hired during the Truman era.

Shorthanded as it is, the HEW investigations unit has obtained three indictments and has recovered \$1.3 million in federal funds from fraud artists. Most of the unit's cases are

investigated in cooperation with the FBI.

As a result of the Senate stinginess, more than 200 HEW contractors, grantees and lending institutions are believed to be robbing the taxpayers blind. In the case of social rehabilitation frauds, the thieves have even been robbing the blind blind.

Footnote: Harley Dirks, staff chief for the Senate Appropriations subcommittee on HEW, stoutly defended his recommendation to deny HEW more investigators. His cuts have nothing to do, he insisted, with the fact that his wife, Ruth, works for one of the HEW offices now under investigation by the HEW sleuths.