



NEW YORKERS PAY A "FRAUD TAX" OF ABOUT \$2,300 A YEAR

BY: Dan Kranz - Hernandez for New York



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New model estimates \$25.3 billion a year in fraud and improper payments across New York government, including \$11.1 billion in likely fraud, and could be as high as \$30.6 billion

NEW YORK, NY – Joseph Hernandez, candidate for New York State Comptroller, today released an estimate that New York government loses about \$25.3 billion a year to fraud and improper payments. That is about \$2,300 for every New York taxpayer, a hidden “fraud tax” paid every year. It could be as high as \$30.6 billion, or \$2,800 per taxpayer.

About \$11.1 billion of that total, roughly \$1,000 per taxpayer, is estimated to be outright fraud. The rest is improper payments: money sent to the wrong people, in the wrong amounts, or for services that were never delivered. These are the model’s midpoint estimates. Fraud alone could be as high as \$13.5 billion a year.

Medicaid accounts for the largest share, with an estimated \$13.3 billion a year in fraud and improper payments, including \$4.6 billion in likely fraud, and as much as \$18.6 billion at the high end. The Medicaid figures are based on audited error rates.

Other state programs account for an estimated \$3.2 billion a year, including \$2.1 billion in likely fraud, with a high end of \$3.7 billion. Managed care plan billing accounts for \$2.8 billion, including \$1.1 billion in likely fraud, and could reach \$4.1 billion. Local governments and school districts account for \$1.5 billion, including \$1.0 billion in likely fraud, with a high end of \$2.4 billion. Each of these figures is estimated.

SNAP accounts for \$0.9 billion a year, including \$0.2 billion in likely fraud, with a high end of \$1.0 billion, based on an audited error rate. Unemployment insurance accounts for \$0.8 billion, including \$0.5 billion in likely fraud, with a high end of \$0.9 billion, based on audited U.S. Department of Labor figures.

The MTA accounts for an estimated \$0.8 billion a year, including \$0.6 billion in likely fraud, with a high end of \$1.0 billion. The Essential Plan accounts for \$0.8 billion, including \$0.3 billion in likely fraud, with a high end of \$1.1 billion. The NYC Department of Education accounts for \$0.7 billion, including \$0.4 billion in likely fraud, with a high end of \$0.8 billion. NYCHA accounts for \$0.2 billion, including \$0.1 billion in likely fraud, with a high end of \$0.3 billion. Each of these figures is estimated.

Each category is estimated separately, so the categories do not add exactly to the totals. The totals exclude one-time pandemic unemployment fraud, estimated at \$4 billion to \$11 billion in 2020–21.

“How much fraud do you think there is in New York? Would it surprise you that it’s an estimated \$11 billion a year?” said Hernandez. “Add in the money sent to the wrong people, in the wrong amounts, or for services never delivered, and it’s about \$25 billion, and it could be as high as \$30 billion. That’s about \$2,300 for every taxpayer in this state. It’s a fraud tax, and New Yorkers are paying it every year.”

“The current comptroller has done very little to recover your money. I will. I’ll be the most aggressive comptroller this office has seen in 20 years. I’ll get your money back and hold those who steal from you accountable.”

As Comptroller, Hernandez will create a Fraud Strike Team inside the Comptroller’s office to find fraud and improper payments, recover the money, and refer cases for prosecution.

The campaign built the estimate from public budget data and federal audit error rates. The spending base starts with the \$277 billion FY2027 enacted state budget, including \$114.4 billion in Medicaid and 11 billion for the Essential Plan, per the State Comptroller’s enacted budget report. Added to that are the NYC Department of Education (37.9 billion), the MTA (\$21.3 billion operating and a 68.4 billion five-year capital plan), NYCHA (5.6 billion operating), and local governments and school districts outside New York City (\$97.2 billion in FY2023).

Where audited error rates exist, the model uses them. Medicaid uses the federal improper payment range of 6% to 20%, with the low end reflecting CMS’s national rate and the high end reflecting years when full eligibility reviews were done. SNAP uses New York’s 13.18% federal error rate. Unemployment insurance uses the U.S. Department of Labor’s figures of \$750 million Improper and \$507 million fraud in 2025. Where no audit exists, other programs use rates of 0.5% to 5%, anchored to the Government Accountability Office’s estimate that 3% to 7% of federal spending is lost to fraud.

To separate fraud from error, 20% to 50% of Medicaid improper payments are treated as fraud, and about two-thirds elsewhere. The model then ran 400,000 simulations, drawing randomly across every range. The midpoint is the typical result; the high end is the 90th percentile, meaning nine in ten runs came out lower.

ROB BONOMOLO

NYS ASSEMBLY DISTRICT 97



ROB is a lifelong Rockland County resident and union leader with a record of advocacy for working families.

A dedicated community volunteer, he has coached Pearl River Little League, Flag Football, and St. Margaret's CYO Basketball. He and his wife, Kristen, have two children.



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VOTER ALERT: His opponent, Aron Wieder, voted to slash funding for local public schools, was fined for failing to pay his own taxes, and backed policies that led to reckless overdevelopment.

Rockland deserves better.

THE CHOICE IS CLEAR:
VOTE Rob Bonomolo to protect
Rockland's taxpayers and neighborhoods.
November 3, 2026

To avoid double counting, state aid already counted in the state budget was removed from the NYC DOE, MTA and local government totals. Per-taxpayer figures divide by the 10.93 million New York income tax returns filed for 2024. About \$4 billion of the midpoint total rests on estimated rather than audited rates, chiefly managed care plan billing and local governments. The model does not include revenue lost to tax evasion or cigarette smuggling.

Sources: NYS Comptroller, FY2027 enacted budget and financial plan report. NYS Comptroller, local government finances, FY2023. GAO-24-105833, federal fraud estimate. Medicaid improper payment rates and eligibility reviews. New York SNAP error rate, FY2025. U.S. Department of Labor unemployment fraud figures. NYC Council, Department of Education budget. NYC Council, MTA budget. NYC Council, NYCHA budget. NYS Comptroller, managed care plan audit (2016). Pandemic unemployment fraud audit. NYS Tax Department, tax year 2024 returns.