

*Audit Report*

Manually Posted Supplemental  
Security Income Overpayments to  
Surviving Spouses

A-13-14-14058 / April 2016

# OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** April 20, 2016 **Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Manually Posted Supplemental Security Income Overpayments to Surviving Spouses (A-13-14-14058)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had manually transferred Supplemental Security Income overpayments to the surviving individual of an eligible couple.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

# Manually Posted Supplemental Security Income Overpayments to Surviving Spouses

## A-13-14-14058



April 2016

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had manually transferred Supplemental Security Income (SSI) overpayments to the surviving individual of an eligible couple.

### Background

SSI is a means-tested program designed to provide a monthly payment to aged, blind, or disabled individuals who have limited income and resources. SSA assesses individuals' income, resources, and living arrangements to determine eligibility and payment amounts. SSA relies on recipient self-disclosure of all financial resources, as well as information provided by other Federal and State agencies, to ensure payment accuracy.

Improper payments can occur if recipients or "deemors" (parent or spouse) fail to timely report changes in any eligibility factors. An SSI overpayment occurs when a deceased member of an eligible couple has an overpayment that may qualify for transfer to the surviving spouse. The Agency's decision to transfer the overpayment to the surviving spouse and notify him/her of liability for repayment of a deceased individual's overpayment requires development by SSA staff if the surviving spouse was a member of the couple during the overpayment period.

### Findings

Agency staff did not always transfer SSI overpayments to the surviving individual of an eligible couple. We identified 1,231 deceased SSI recipients who had approximately \$3 million in overpayments that SSA had not transferred to the surviving spouse. Based on the percentage of records the Agency reviewed and reported was eligible, we estimate that approximately 948 deceased recipients' overpayments may have been eligible for transfer to the surviving spouses for collection. Because of the large finding rate we identified in our review, we believe the Agency should review for potential transfer to the surviving spouses all outstanding overpayments for 1,231 deceased SSI recipients.

### Recommendations

Based on the results of our review, we recommend SSA:

1. Review the terminated SSI recipients' outstanding overpayments we identified and transfer all applicable overpayments to the surviving spouses for collection.
2. Review and document its waiver and uncollectible decisions for overpayments of the four deceased recipients we identified, determine whether all overpayments on their records are eligible for transfer to the surviving spouses' records, and take appropriate collection action for eligible overpayments.
3. Consider establishing an alert to notify SSA staff when an overpayment exists on a deceased eligible spouse's SSI record or implement a process to periodically identify overpayments eligible for transfer to the surviving spouse's records.

Generally, SSA agreed with our recommendations.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had manually transferred Supplemental Security Income (SSI) overpayments to the surviving individual of an eligible couple.

## BACKGROUND

SSI is a means-tested program designed to provide a monthly payment to aged, blind, or disabled individuals who have limited income and resources.<sup>1</sup> SSA assesses individuals' income, resources, and living arrangements to determine eligibility and payment amounts.

SSA relies on recipient self-disclosure of all financial resources, as well as information provided by other Federal and State agencies, to ensure payment accuracy. Since an individual's income, resources, and living arrangements may change often, SSA periodically reviews and verifies recipients' eligibility and payment amounts.<sup>2</sup> Improper payments can occur if recipients or "deemors" (parent or spouse) fail to timely report changes in any of the eligibility factors.

An SSI overpayment can occur when SSA later identifies a recipient is ineligible for a payment already made. When a deceased member of an eligible couple has an overpayment, it may qualify for transfer to the surviving spouse. An eligible spouse is (1) a person who meets all the basic SSI eligibility requirements, (2) the husband/wife of the eligible individual, and (3) living in the same household with that person.<sup>3</sup> To establish themselves as an eligible couple, the individual and his/her spouse must each file an SSI application and meet all SSI requirements. Eligibility requirements include such factors as the applicant (1) is age 65 or older, blind, or disabled; (2) resides in 1 of the 50 States, the District of Columbia, or the Northern Mariana Islands; (3) is a U.S. citizen or national or an alien who meets the applicable requirements; (4) has income and resources within specified limits; and (5) files an application.<sup>4</sup>

The Agency's decision to transfer the overpayment to the surviving spouse and notify him/her of liability for repayment of a deceased individual's overpayment requires development by SSA staff if the surviving spouse was a member of an eligible couple during the period of overpayment.<sup>5</sup> If the overpayment is between \$30.01 and \$5,000, SSA staff will notify the estate of the deceased individual's overpayment and may pursue recovery efforts against the liable spouse.<sup>6</sup> For overpayments more than \$5,000, the Agency is responsible for continuing recovery

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<sup>1</sup> *Social Security Act*, § 1602, 42 U.S.C. § 1381a.

<sup>2</sup> 20 C.F.R. § 416.200.

<sup>3</sup> SSA, POMS, SI 00501.001 B.3 (January 18, 2005).

<sup>4</sup> SSA, POMS, SI 00501.001 B.1 (January 18, 2005).

<sup>5</sup> SSA, POMS, SI 02201.020 B (November 23, 2010).

<sup>6</sup> SSA, POMS, SI 02220.053 A.2 (August 12, 2009).

efforts against the liable spouse when an estate does not exist.<sup>7</sup> However, if the Agency waives recovery from an estate, staff will not recover the overpayment from the liable spouse.<sup>8</sup>

To conduct our review, we obtained an electronic data extract from SSA's Supplemental Security Record (SSR) as of June 22, 2015. The data extract contained 2,113 records indicating the deceased recipients were eligible for SSI as part of a couple, and the deceased member of an eligible couple had an overpayment(s) that qualified for transfer to the surviving eligible individual. The overpayments totaled about \$3.2 million. We removed 882 records where the overpaid amount was under \$512, making it not cost-beneficial for the Agency to process the overpayment.<sup>9</sup> The remaining 1,231 records had approximately \$3 million in overpayments. We randomly selected 100 of the 1,231 records for review. See Appendix A for a discussion of our scope and methodology and Appendix B for our sampling methodology.

## RESULTS OF REVIEW

Agency staff did not always transfer SSI overpayments to the surviving individual of an eligible couple. Based on the percentage of records the Agency reviewed and reported were eligible, we estimate that approximately 948 deceased recipients' overpayments may have been eligible for transfer to surviving spouses for collection. Because of the very large finding rate we identified in our review, we believe the Agency should review for potential transfer to the surviving spouses all outstanding overpayments for 1,231 deceased SSI recipients, totaling approximately \$3 million.

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<sup>7</sup> SSA, POMS, SI 02220.053 B.5 (August 12, 2009).

<sup>8</sup> Id.

<sup>9</sup> Based on a July 2015 report, *Cost-benefit Analysis of Processing Low-dollar Overpayments* (A-07-14-14065), we concluded that, for some overpayments, collection was not always cost-beneficial to SSA. For purposes of this review, we determined that any overpayment under \$512 would not be beneficial for the Agency to collect.

**Table 1: Sampled Deceased SSI Recipients' Overpayments**

Description of Overpayment Eligibility for Transfer of SSI Overpayments	Number of SSI Recipients	Overpayment Amount Eligible for Transfer
Eligible for transfer to the surviving spouse, and the Agency took action to collect the overpayment after June 22, 2015.	3	\$2,767
Potentially eligible for transfer to the surviving spouse, but SSA took no action to collect the overpayment.	86	227,997
Potentially eligible for transfer to the surviving spouse, but SSA took no action to collect the overpayment before the death of the surviving spouse.	2	6,016
Potentially eligible for transfer to the surviving spouse - SSA took action that did not require collection efforts (that is, waived or deemed overpayment uncollectible) and did not document its decision in SSA systems.	4	8,096
<b>Total Overpayments Potentially Eligible for Transfer</b>	<b>95</b>	<b>\$244,876</b>
Not eligible for transfer to the surviving spouse - SSA took action that did not require collection efforts and documented its decision in SSA systems.	1	\$550
Not eligible for transfer to the surviving spouse (according to SSA's review of 17 sample records)	4	8,022
<b>Total Overpayments Reviewed</b>	<b>100*</b>	<b>\$253,448</b>

\* Based on the Agency's review of 17 of 100 sample records, it confirmed 13 records (77 percent) were eligible for transfer. Therefore, we estimate 77 of the 100 records we reviewed were potentially eligible for transfer to the surviving spouses for collection.

## Overpayments Eligible for Transfer to Surviving Spouses

Of the 100 deceased SSI recipients reviewed, we found 95 recipients' overpayments may have been eligible for transfer to the surviving spouses for collection. See Table 1 for a breakdown of the 95 deceased SSI recipients.

We found SSA took action to collect the overpayments for three deceased recipients after we pulled our data in June 2015. The Agency transferred one deceased SSI recipient's overpayment to the surviving spouse and began collection, and it received refunds for two deceased recipients' overpayments.

As shown in Table 1, for 86 SSI recipients' overpayments, the Agency had taken no action on the deceased SSI recipient's record as of October 2015. For example, one deceased recipient died on March 1, 2006 with a \$6,869 outstanding overpayment. As of October 15, 2015, the Agency had taken no action to recover this overpayment. We sent the deceased recipient's case to the Agency to verify whether the overpayment was eligible for transfer. In November 2015, SSA responded the overpayment was eligible for transfer and began collecting the overpayment from the surviving spouse.

In addition, we found two instances where SSA took no action and the surviving spouses were deceased. In one of the instances, the deceased recipient passed away on October 11, 2011 with a \$5,475 outstanding overpayment. The surviving spouse remained in current pay status until her death on September 25, 2015. In those 3 years, the Agency took no action to collect the overpayment from the surviving spouse before her death. As a result, the Agency lost the opportunity to collect the overpayment from the surviving spouse's SSI payments.

For one recipient, SSA waived the overpayment because it paid the deceased recipient the month after death and determined the surviving spouse was not at fault. According to SSA policy, staff is required to document its overpayment decisions.<sup>10</sup> In this instance, we found Agency staff documented its decision to waive the overpayment.<sup>11</sup>

For the remaining four recipients, SSA waived two overpayments, determined five overpayments were uncollectible, and made no decision on one outstanding overpayment.<sup>12</sup> We reviewed SSA systems and were unable to determine the basis of these decisions and whether the Agency considered transferring the overpayments to the surviving spouses.<sup>13</sup> For example, one deceased recipient died on May 25, 2015, had an outstanding \$5,490 overpayment at the time of death, and incurred another \$550 overpayment the month after death. The SSR indicated the Agency determined the \$550 was uncollectible and did not make a decision on the outstanding \$5,490 overpayment balance. We were unable to identify why SSA determined the overpayment uncollectible and whether SSA considered transferring the overpayments to the surviving spouse. We believe SSA should review and document its decisions for these four recipients. Then, pursue collection efforts against the surviving spouses, as appropriate.

We asked SSA staff why SSA had not transferred overpayments on a deceased SSI recipient's record to the surviving spouse's record. Agency staff responded that overpayments may not have been transferred because there was no unique diary to alert field offices to review the overpayment portion of the deceased spouse's SSR to determine whether the overpayment should be transferred to the surviving spouse. Further, SSA staff explained a review of the deceased spouse's SSR occurs when processing a post-eligibility action for the surviving spouse.<sup>14</sup> At that time, Agency staff would discover the decedent's overpayment.

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<sup>10</sup> SSA, POMS, SI 02220.005 C (August 22, 2012).

<sup>11</sup> See Appendix A for the information systems we reviewed.

<sup>12</sup> Of the four records, two had two or more different overpayments, and two had one overpayment each.

<sup>13</sup> See Footnote 11.

<sup>14</sup> SSA, POMS, SI 02301.005 A (October 25, 2013) and SI 02301.250 (February 18, 2016).

## **Agency Verified Deceased SSI Recipients' Overpayments**

We sent 17 of the 100 records to the Agency to verify that the deceased SSI recipients' overpayments were eligible for transfer to the surviving spouse. SSA staff subsequently confirmed 13 records were eligible for transfer to the surviving spouse and reported taking action to transfer the overpayments for the deceased SSI recipients.

The Agency determined the remaining four deceased SSI recipients' overpayments were not eligible for transfer to the surviving spouse for collection. The Agency determined three deceased SSI recipients' overpayments were erroneous and reported removing the overpayments from the SSR. According to the Agency, two SSI recipients' overpayments were erroneous because of employee error, and the third overpayment was erroneous because the SSR did not receive system updates.

Finally, the Agency determined the SSI recipient's overpayments did not meet the requirement for transfer to the surviving spouse because, after the month of death, the payment was deposited into an account that was not jointly owned by the eligible couple.<sup>15</sup>

## **CONCLUSION**

We identified 1,231 deceased SSI recipients' records with outstanding overpayments and sent 17 to the Agency for review. Of the 17, the Agency confirmed 13 (77 percent) deceased SSI recipients' overpayments were eligible for transfer to the surviving spouses for collection. We have no reason to believe these results would not hold true for all records included in our audit. Based on the Agency's review of the 17 records, we used a straight-line ratio estimation methodology to estimate that approximately 948 deceased SSI recipients' overpayments may be eligible for transfer to the surviving spouses for collection.

Based on our sample results, we believe the Agency should review the 1,231 deceased recipients' records we identified to determine whether the overpayments should be transferred to the surviving spouses.

## **RECOMMENDATIONS**

We recommend SSA:

1. Review the terminated SSI recipient's outstanding overpayments we identified and transfer all applicable overpayments to the surviving spouses for collection.

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<sup>15</sup> SSA, POMS, SI 02201.010 B.5 (April 27, 2011).

2. Review and document its waiver and uncollectible decisions for overpayments of the four deceased recipients we identified, determine whether all overpayments on their records are eligible for transfer to the surviving spouses' records, and take appropriate collection action for eligible overpayments.
3. Consider establishing an alert to notify its staff when an overpayment exists on a deceased eligible spouse's SSI record or implement a process to periodically identify overpayments eligible for transfer to the surviving spouse's records.

## AGENCY COMMENTS AND OIG RESPONSE

Generally, SSA agreed with our recommendations. The Agency partially agreed with Recommendation 2 stating that policy does not allow it to reopen decisions to waive an overpayment unless fraud is involved. Although two overpayments were waived, the recommendation also relates to six other overpayments—five overpayments determined to be uncollectible and one overpayment for which no decision was made. SSA policy also states it can reopen and revise a decision up to 2 years after the initial decision upon finding of “good cause.” The waiver and other overpayment decisions of the four deceased recipients we identified were made in Calendar Year 2015. See Appendix C for the Agency’s comments.



Steven L. Schaeffer, JD, CPA, CGFM, CGMA  
Assistant Inspector General for Audit

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To achieve our objective, we:

- Obtained and reviewed applicable Federal laws and regulations and pertinent sections of the Social Security Administration's (SSA) Program Operations Manual System.
- Reviewed prior Office of the Inspector General reports pertaining to Supplemental Security Income overpayments.
- Obtained and analyzed a data extract from SSA's Supplemental Security Record as of June 2015.
- Selected and reviewed 100 sample records to determine whether the overpayments were eligible for transfer to the surviving individual of an eligible couple. See Appendix B for detailed information.
- Referred 17 of the 100 sample records to the Agency to verify that the selected records met the criteria for transfer to the surviving spouse. We selected the three records with the oldest overpayments and three records with the most recent overpayments. We also randomly selected 10 records for the Agency's review. In addition, we selected one record because it was sent to the Department of the Treasury for collection instead of transfer to the surviving spouse for collection.
- We reviewed the Supplemental Security Record, Claims File Records Management System, Modernized Supplemental Security Income Claims System Report of Contact screen and the Non Disability Repository for Evidentiary Documents for documentation pertaining to the waiver/uncollectible decisions.

We determined the computer-processed data used for this audit were sufficiently reliable for their intended use. Further, any data limitations were minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional conclusion.

The principal entity audited was the Office of the Deputy Commissioner for Operations. We conducted our review between April and December 2015 at SSA's Headquarters in Baltimore, Maryland. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Appendix B – SAMPLING METHODOLOGY**

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We obtained and analyzed data extracted from the Social Security Administration’s (SSA) Supplemental Security Record. As of June 22, 2015, we identified 2,113 SSI recipients totaling \$3.2 million from the Supplemental Security Record that met the following screening criteria.

- SSA determined that both Supplemental Security Income (SSI) recipients were eligible for SSI as a couple.
- One spouse’s record was terminated for death and contained an outstanding overpayment.
- The surviving spouse was receiving SSI payments.
- The surviving SSI recipient’s date of eligibility was before, or the same as, the terminated spouse’s overpayment date.

Next, we removed 882 SSI recipients who had overpayments less than \$512. We removed these records because collection was not always cost-beneficial for the Agency.<sup>1</sup> As a result, 1,231 records remained, totaling approximately \$3 million in overpayments.

Finally, we selected a random sample of 100 SSI recipients. For each sampled item, we pulled the corresponding Supplemental Security Record as of October 2015 and determined whether the (1) SSI recipients were considered an eligible couple at the time of the overpayment and (2) deceased SSI recipient’s overpayment was not transferred to the surviving individual’s record.

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<sup>1</sup> Based on a July 2015 report, *Cost-benefit Analysis of Processing Low-dollar Overpayments* (A-07-14-14065), we concluded that, for some overpayments, collection was not always cost-beneficial to SSA. For purposes of this review, we determined that any overpayment under \$512 would not be beneficial for SSA to collect.

## **Appendix C – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: April 8, 2015 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.  
Inspector General

From: Frank Cristaudo/s/  
Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Manually Posted Supplemental Security Income Overpayments to Surviving Spouses" (A-13-14-14058)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
“MANUALLY POSTED SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS  
TO SURVIVING SPOUSES” (A-13-14-14058)**

**Recommendation 1**

Review the terminated SSI recipient’s outstanding overpayments we identified and transfer all applicable overpayments to the surviving spouses for collection.

**Response**

We agree. We will conduct an initial review of the 86 cases to determine case characteristics and to estimate the resources needed to review the full universe of 1,231 cases. Once we evaluate the 86 cases, we will be able to determine a review process and estimated timeline for the larger universe of cases. There may be cases where we cannot transfer to the surviving spouses all outstanding overpayments. We need to first verify that liability exists. Factors such as the amount of the overpayment at the individual’s date of death and whether more than one individual is liable for repayment, determines how we can apply our recovery policy.

**Recommendation 2**

Review and document its waiver and uncollectible decisions for overpayments of the four deceased recipients we identified, determine whether all overpayments on their records are eligible for transfer to the surviving spouses’ records, and take appropriate collection action for eligible overpayments.

**Response**

We partially agree with the recommendation. We will review the uncollectible decisions to determine if they are appropriate. However, even if we can obtain the documentation, our policy does not allow us to reopen decisions to waive an overpayment unless fraud is involved. Therefore, we cannot take action to transfer the waived overpayment to the spouses’ records unless we find fraud. We will issue a reminder to staff on how to document our waiver and uncollectible decisions.

**Recommendation 3**

Consider establishing an alert to notify its staff when an overpayment exists on a deceased eligible spouse’s SSI record or implement a process to periodically identify overpayments eligible for transfer to the surviving spouse’s records.

**Response**

We agree. This requires information technology resources and we need to determine the scope and requirements for implementing this recommendation.

## **Appendix D – ACKNOWLEDGMENTS**

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Shirley E. Todd, Director

Yvasne Maiga, Audit Manager

Linda Webster, Senior Auditor

Kenneth Bennett, Information Technology Specialist

Brennan Kraje, Statistician

Kimberly Beauchamp, Writer-Editor

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