

*Audit Report*

Concurrent Beneficiaries Improperly  
Receiving Payments in Excess of  
Federal Limits

A-06-12-22131 / January 2014

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** January 14, 2014

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Concurrent Beneficiaries Improperly Receiving Payments in Excess of Federal Limits  
(A-06-12-22131)

The attached final report presents the results of our audit. Our objectives were to determine whether individuals concurrently entitled to Supplemental Security Income payments and Old-Age, Survivors and Disability Insurance benefits received combined payments in excess of Federal limits.

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

# Concurrent Beneficiaries Improperly Receiving Payments in Excess of Federal Limits

## A-06-12-22131



January 2014

Office of Audit Report Summary

### Objective

To determine whether individuals concurrently entitled to Supplemental Security Income (SSI) payments and Old-Age, Survivors and Disability Insurance (OASDI) benefits received combined payments in excess of Federal limits.

### Background

The OASDI program provides benefits to wage earners and their families in the event the wage earner retires, becomes disabled, or dies. The SSI program provides payments to financially needy individuals who are aged, blind, or disabled.

Under the SSI program, each eligible individual living in his/her own household and having no other countable income is provided a maximum monthly Federal cash payment of \$710. The Social Security Administration (SSA) reduces SSI payments by a recipient's countable income (which includes OASDI benefits), less certain exclusions.

### Our Findings

SSA improperly issued approximately 2,747 concurrent beneficiaries combined SSA payments that exceeded Federal limits.

- 246 concurrent beneficiaries received combined payments in excess of Federal limits for undetermined reasons. Available records indicated that SSA had electronically linked the beneficiaries' payment records; however, for unexplained reasons, the payment system used incorrect OASDI payment amounts when it computed the SSI payments.
- 2,349 concurrent beneficiaries received combined payments in excess of Federal limits because of system-related payment computation errors.
- 152 concurrent beneficiaries received combined payments in excess of Federal limits because of system-related payment computation errors. We reported these payment errors to SSA as part of a prior audit. In 2011, SSA reported it had taken corrective action to resolve these errors. However, payment errors on these records persisted.

We estimate that SSA overpaid these beneficiaries approximately \$3.4 million in SSI payments because of these errors. If these errors are not corrected, we estimate SSA will overpay these beneficiaries approximately \$2 million over the next 12 months.

### Our Recommendations

On September 27, 2013, we provided SSA with a file that identified the 2,747 beneficiaries. We recommended that SSA review the 2,747 cases and take appropriate action to recover the overpayments and prevent future payment errors, as appropriate. We also recommended that SSA correct the systems errors that caused these payment errors or implement compensating controls to timely identify and correct these errors on individual payment records.

SSA agreed with our recommendations but did not agree with our overpayment estimates.

## TABLE OF CONTENTS

|  |     |
|--|-----|
| Objective .....  | 1   |
| Background .....   | 1   |
| Results of Review .....  | 2   |
| Unexplained Errors .....   | 3   |
| SID Segment Missing .....  | 4   |
| Unearned Income Reduction Indicator Code “Y” .....   | 4   |
| Payment Errors Forwarded to SSA in 2009 that Continued in 2012.....                        | 5   |
| Conclusions.....   | 5   |
| Recommendations.....   | 5   |
| Agency Comments.....   | 6   |
| OIG Response .....   | 6   |
| Appendix A – Scope and Methodology .....   | A-1 |
| Appendix B – Sample Results, Questioned Costs, and Funds Put to Better Use Estimates ..... | B-1 |
| Appendix C – Agency Comments.....  | C-1 |
| Appendix D – Major Contributors.....   | D-1 |

## **ABBREVIATIONS**

|       |   |
|-------|---|
| COLA  | Cost-of-Living Adjustment                   |
| FBR   | Federal Benefit Rate                        |
| MBR   | Master Beneficiary Record                   |
| OASDI | Old-Age, Survivors and Disability Insurance |
| OIG   | Office of the Inspector General             |
| SID   | Supplemental Security Income Data           |
| SSA   | Social Security Administration              |
| SSI   | Supplemental Security Income                |
| SSN   | Social Security Number                      |

## OBJECTIVE

Our objective was to determine whether individuals concurrently entitled to Supplemental Security Income (SSI) payments and Old-Age, Survivors and Disability Insurance (OASDI) benefits received combined payments in excess of Federal limits.

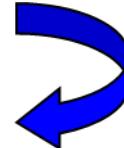
## BACKGROUND

The OASDI program provides benefits to wage earners and their families in the event the wage earner retires, becomes disabled, or dies. The SSI program provides payments to financially needy individuals who are aged, blind, or disabled. In December 2012, approximately 2.8 million individuals were receiving both OASDI benefits and SSI payments (concurrent beneficiaries).<sup>1</sup>

Under the SSI program, each eligible individual living in his/her own household and having no other countable income is provided a maximum monthly Federal cash payment of \$710.<sup>2</sup> As illustrated below, SSA reduces SSI payments by the amount of a recipient's countable income,<sup>3</sup> less certain exclusions.<sup>4</sup>

For example, a concurrent beneficiary receives a \$650 monthly OASDI payment and has no other countable income. Because the beneficiary's OASDI payment is less than the Federal Benefit Rate (FBR) plus the \$20 unearned income exclusion, the SSI payable to the individual is \$80 (see computation below).

|                                  |                |
|----------------------------------|----------------|
| Unearned Income (OASDI Benefits) | \$650          |
| Less: Unearned Income Exclusion  | <u>(\$20)</u>  |
| Equals: Countable Income         | \$630          |
| 2013 FBR                         | \$710          |
| Less: Countable Income           | <u>(\$630)</u> |
| SSI Federal Benefit Payable      | \$80           |



<sup>1</sup> SSA Publication No. 13-11976, Table 1, *SSI Recipients by State and County*, 2012 (June 2013).

<sup>2</sup> Also referred to as the FBR. The maximum SSI payment increases with the annual cost-of-living adjustment applicable to Social Security benefits.

<sup>3</sup> Per SSA, POMS, SI 00810.300B (October 19, 2011), countable income includes both countable earned and countable unearned income.

<sup>4</sup> SSI recipients can have \$20 per month in unearned income without it affecting their SSI payment. SSA considers OASDI benefits as countable unearned income. Monthly unearned income in excess of \$20 results in a dollar-for-dollar reduction in SSI payments.

In April 2012, we obtained data from SSA's payment records that identified 14,800 concurrently entitled beneficiaries who received combined SSA payments that exceeded the FBR plus the \$20 unearned income exclusion by at least \$3. We checked SSA payment records in July and October 2012 and determined that 2,798 of the 14,800 concurrent beneficiaries continued receiving combined Social Security payments in excess of the FBR.<sup>5</sup> Our review focused on payments to these beneficiaries. See Appendix A for additional information on our scope and methodology.

## RESULTS OF REVIEW

SSA improperly issued 2,747 concurrent beneficiaries combined Social Security payments that exceeded Federal limits.<sup>6</sup>

- 246 concurrent beneficiaries received combined payments that exceeded Federal limits for unexplained reasons.<sup>7</sup> Available records indicated that SSA electronically linked the beneficiaries' payment records; however, the payment system used incorrect OASDI payment amounts when it computed the SSI payments. We forwarded five sample cases to SSA for review. SSA staff acknowledged, but could not explain, the payment errors.
- 2,349 concurrent beneficiaries received combined payments that exceeded Federal limits because of system-related payment computation errors.
  - For 249 beneficiaries, the Master Beneficiary Record (MBR) did not contain an SSI data (SID) segment.<sup>8</sup> The SID segment establishes an electronic link between the OASDI and SSI payment records for concurrent beneficiaries. Because SSA did not establish this link, it did not offset the individuals' OASDI benefits against their SSI payments.

---

<sup>5</sup> There are several reasons why concurrent beneficiaries who received combined payments in excess of the FBR in April 2012 no longer received payments in excess of FBR in November 2012, including changes in beneficiary payment status, variations caused by the application of retrospective monthly accounting, or corrections processed by SSA personnel.

<sup>6</sup> We initially identified 2,798 concurrent beneficiaries receiving combined payments in excess of the FBR. We determined that 50 of the 2,798 beneficiaries were blind individuals who have been in continuous SSI payment status since the program began in 1972. These individuals are granted more advantageous income counting under SSI "grandfathering" provisions (see SSA, POMS, SI 01210.100, effective May 20, 1999). Payments in excess of the FBR to these 50 individuals were not improper. In one additional case, payment records for a parent and child erroneously cited the child's Social Security number, providing the false appearance that one beneficiary received combined payments in excess of the FBR. This was an administrative error, not a payment error.

<sup>7</sup> This group initially included 296 concurrent beneficiaries receiving combined payments in excess of the FBR. During the review, we determined that payments in excess of the FBR to 50 beneficiaries were not improper (see Footnote 6), reducing the number of discrepancies in this category from 296 to 246.

<sup>8</sup> This group initially included 250 concurrent beneficiaries receiving combined payments in excess of the FBR. However, during the review, we determined that one case was not actually a payment error (see Footnote 6), reducing the number of discrepancies from 250 to 249.

- For 2,100 beneficiaries, a systems input intended to prevent double counting<sup>9</sup> unintentionally froze OASDI benefit amounts used in subsequent SSI unearned income computations at amounts lower than those actually paid. SSA was aware of this programming error.
- 152 additional concurrent beneficiaries received combined payments that exceeded Federal limits because of system-related payment computation errors we previously identified and reported to SSA's Office of Operations. We requested corrective action and incorporated the value of improper payments to these beneficiaries in our February 2012 report.<sup>10</sup> SSA reported that it took corrective action on these errors in 2011. However, payment errors on these records persisted.<sup>11</sup>

Based on our sample results, we believe these errors resulted in approximately \$3.4 million in improper SSI payments. If the Agency does not correct these errors, we estimate it will issue approximately \$2 million in additional excessive SSI payments to these beneficiaries over the next 12 months. See computations in Appendix B below, Table B-7.

## Unexplained Errors

SSA issued 246 concurrent beneficiaries excessive SSI payments because of a processing error that caused the payment system to use incorrect OASDI payment amounts when it computed the beneficiaries' SSI payments. To illustrate, in December 2011, SSA began paying an individual \$578 in OASDI benefits. For unexplained reasons, in February 2012, the SSI payment computation began using \$0 as the benefit amount instead of the \$578 OASDI benefit amount the beneficiary continued receiving. Because of this error, SSA improperly issued this individual \$4,288 in SSI payments.

Based on our sample results, we estimate these errors resulted in approximately \$427,000 in improper SSI payments. If the Agency does not correct these errors, we estimate it will issue approximately \$280,000 in additional excessive SSI payments to these beneficiaries over the next 12 months. See sample results at Appendix B, Table B-2.

---

<sup>9</sup> Refers to amounts SSA withholds from a beneficiary's OASDI payment to satisfy a prior overpayment. If SSA determines the beneficiary was concurrently entitled when an OASDI overpayment occurred and offset the overpaid amount from the beneficiary's previous SSI payments, SSA excludes withheld amounts from the SSI payment computation.

<sup>10</sup> SSA, OIG, *Supplemental Security Income Recipients Receiving Social Security-administered Payments in Excess of Federal Limits* (A-06-10-21066), February 2012.

<sup>11</sup> In 131 of the 152 cases, payment errors resulted from use of the systems input intended to prevent double counting.

## **SID Segment Missing**

We identified approximately 249 concurrent beneficiaries who had received excessive SSI payments because SSA did not electronically link the individuals' OASDI and SSI payment records. To illustrate, in February 2011, SSA authorized an individual to receive \$674 in monthly SSI payments. In August 2011, SSA authorized the same individual to receive \$1,160 in monthly OASDI benefits. Initiation of the OASDI payments should have made the individual ineligible for SSI payments. However, because SSA did not link the beneficiary's OASDI and SSI payments, SSA continued issuing both payments and had improperly issued this individual \$10,374 in SSI as of November 2012.<sup>12</sup>

Based on our sample results, we estimate these errors resulted in approximately \$956,000 in improper SSI payments. If the Agency does not correct these errors, we estimate it will issue approximately \$613,000 in additional excessive SSI payments to these beneficiaries over the next 12 months. See computations in Appendix B, Table B-4.

## **Unearned Income Reduction Indicator Code "Y"**

We identified approximately 2,100 beneficiaries who received excessive SSI payments because of computation errors that occurred when SSA staff input an unearned income reduction indicator code of "Y" on their payment records. This code indicates that field office staff should not consider amounts withheld from the beneficiaries' OASDI payments as unearned income because of SSA's double-accounting rules. However, application of this indicator erroneously froze the OASDI benefit amount used in the SSI payment computation during the entire period SSA recouped OASDI overpayments from the beneficiaries. Because of a systems issue, once SSA input the indicator code on the payment record, the SSI payment computation no longer considered benefit payment increases awarded to these beneficiaries.

In these cases, SSA used smaller OASDI benefit amounts in the November 2012 computation than it actually paid these individuals. To illustrate, from April 2009 to December 2011, SSA issued a concurrent beneficiary a \$500 OASDI payment and a \$194 SSI payment. In May 2009, SSA continued collecting a \$6,346 overpayment by withholding \$41 from each monthly OASDI payment. SSA placed an unearned income reduction indicator "Y" on the individual's SSI record to prevent double counting. Cost-of-living adjustments in 2012 and 2013 increased the individual's OASDI payment to \$529. However, SSA erroneously continued offsetting the SSI payment based on the \$500 OASDI benefit amount paid to this individual from 2009 through 2011. Because of this error, SSA has overpaid this individual every month since the 2012 adjustment and continues overpaying the individual \$29 in monthly SSI.

---

<sup>12</sup> Cost-of-living adjustments increased the individual's monthly SSI payment from \$674 in 2011 to \$710 in 2013.

Based on our sample results, we estimate these errors resulted in approximately \$2 million in improper SSI payments. If the Agency does not correct these errors, we estimate it will issue approximately \$1.1 million in additional excessive SSI payments to these beneficiaries over the next 12 months. See computations in Appendix B, Table B-6.

## Payment Errors Forwarded to SSA in 2009 that Continued in 2012

SSA did not correct all discrepancies identified during our 2009 audit<sup>13</sup> or take sufficient action to prevent future payment errors. As part of our 2009 audit, we provided SSA's Office of Operations with a data file that identified 7,214 payment records where the SSI unearned income offset computation incorporated OASDI benefit amounts that were less than amounts SSA actually paid the beneficiaries and recommended SSA take corrective action. The data file we provided SSA in 2009 included 885 beneficiaries identified as part of our current review. Our sample results indicated that in most of the 885 cases, SSA had not taken corrective action.<sup>14</sup>

## CONCLUSIONS

SSA issued about \$3.4 million in excess SSI payments to approximately 2,747 concurrent beneficiaries because it did not accurately offset OASDI benefits against their SSI payments. If SSA does not correct these payment errors, we estimate the Agency will issue approximately \$2 million in excessive SSI payments over the next 12 months.

## RECOMMENDATIONS

On September 27, 2013, we provided SSA with a file identifying the 2,747 beneficiaries. To assist SSA in preventing additional improper payments to these individuals, we recommend that SSA:

1. Review the 2,747 cases and take appropriate action to correct payment errors, establish overpayments, and prevent future payment errors.
2. Correct the processing errors that resulted in missing SID lines on concurrent beneficiaries' MBR or involved beneficiaries whose SSI payment record contained an unearned income reduction indicator code of "Y"; or implement compensating controls to timely identify and correct these errors on individual payment records.

---

<sup>13</sup> SSA, OIG, *Supplemental Security Income Overpayments to Concurrent Beneficiaries Resulting from Incorrect Benefit Calculations* (A-06-09-29103), September 2009.

<sup>14</sup> Our sample results included 23 cases that we provided to SSA for corrective action in 2009. In 18 of 23 cases, SSA had not corrected the payment errors. Even if SSA corrected the payment errors in 2009, benefit payment increases resulting from application of 2012 and 2013 cost-of-living adjustments could have caused the overpayments to resume.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. See Appendix C for the text of the Agency's comments. SSA disagreed with our overpayment estimates. SSA stated it reviewed a small sample of the cases identified as having received combined payments in excess of Federal limits. SSA's review indicated that Agency staff had corrected a number of the payment errors during the annual Cost-of-Living Adjustment (COLA) run or through routine field office case development.

## **OIG RESPONSE**

Because we initiated the review in November 2012, we based overpayment estimates on payment errors that occurred at the end of Calendar Year 2012. SSA staff correcting some of these errors after our review period had no impact on our \$3.4-million estimate of improper payments SSA issued through November 2012.

We agree that subsequent correction of some of these errors reduces the amount of future improper payments SSA will issue these specific beneficiaries over the next 12 months. While SSA's limited review indicated that some errors were corrected, most were not. Absent corrective action, these overpayments would likely continue beyond the 12-month estimation period. Further, our estimates did not incorporate the 1.7 percent COLA implemented in January 2013. Use of 2013 COLA-adjusted payment amounts would have increased our estimate of future improper payments.

We do not believe that re-reviewing each sample case and adjusting our estimates at subsequent intervals was necessary to establish the impact of these payment errors. SSA will be reviewing and taking corrective action on each case in response to our recommendations. Once completed, SSA will know the exact amount of overpayments it issued to these beneficiaries and we can revisit this issue, if necessary.

# *APPENDICES*

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

---

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration (SSA) regulations, rules, policies, and procedures.
- Reviewed relevant Office of the Inspector General reports.
- Researched the Master Beneficiary/Supplemental Security Record interface.
- Obtained data identifying 2,718,790 concurrent beneficiaries in current payment status as of April 2012. We then removed records where
  - the date of entitlement was from February to November 2012 because of the lag between the date of entitlement and actual date the beneficiary received benefits,
  - the beneficiary received windfall amounts from July 2011 to August 2012 because of the lag when beneficiaries actually received the windfall amount,
  - the beneficiary received State supplemental payments but did not receive Federal Supplemental Security Income (SSI) payments, and
  - combined SSA payments exceeded the Federal limit by less than \$3.
- Identified 14,800 records where concurrent beneficiaries received combined SSI and Old-Age, Survivors and Disability Insurance (OASDI) payments that exceeded the Federal Benefit Rate (FBR) plus the \$20 unearned income exclusion by \$3 or more.
- Screened the 14,800 records in July and October 2012 and identified 2,798 records where the combined SSI and OASDI payments continued to exceed the FBR plus the \$20 unearned income exclusion by \$3 or more. We reviewed the 2,798 cases and found the following.
  - Identified 296 concurrent beneficiaries who received SSA benefits in excess of Federal limits for unspecified reasons. We randomly selected 30 records for detailed review.
  - Identified 2,350 concurrent beneficiaries who received SSA benefits in excess of Federal limits because either no SSI data (SID) segment existed on the Master Beneficiary Record or an unearned income reduction indicator code “Y” existed on the Supplemental Security Record. We randomly selected 75 records for detailed review.
  - Identified 152 concurrent beneficiaries who received SSA benefits in excess of Federal limits because either their OASDI payment record did not contain an SID segment or their SSI payment record contained a systems input to prevent double counting. We reported these cases to SSA in 2011, and SSA reported that it took corrective action. However, we determined the payment errors on these records persisted. We did not

include the value of excess payments to these beneficiaries in our current financial projections.

- We randomly selected 105 records for detailed review. For each sampled record, we reviewed SSA payment records.
  - Calculated amounts that beneficiaries' past SSA payments improperly exceeded FBR as of November 2012.
  - Determined whether SSA had corrected the payment error as of December 2012. If SSA had not corrected the payment errors, we estimated future improper payments based on excess amounts paid in December 2012 times 12 months.
  - Determined whether we had referred the payment error to SSA for corrective action in June 2009 (as part of our 2009 audit, *Supplemental Security Income Overpayments to Concurrent Beneficiaries Resulting from Incorrect Benefit Calculations*). If so, we calculated amounts that beneficiaries' past SSA payment had improperly exceeded FBR since June 2009.

We conducted our audit from November 2012 to May 2013 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the field offices and program service centers under the Office of the Deputy Commissioner for Operations and the Offices of Retirement and Survivors Insurance Systems, Disability Systems, and Applications and Supplemental Security Income Systems under the Office of the Deputy Commissioner for Systems. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and conduct the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix B – SAMPLE RESULTS, QUESTIONED COSTS, AND FUNDS PUT TO BETTER USE ESTIMATES

---

We identified 296 concurrent beneficiaries who received combined April 2012 Supplemental Security Income (SSI) and Old-Age, Survivors and Disability Insurance (OASDI) payments in excess of Federal limits for undetermined reasons and continued receiving excess payments in July 2012. We randomly selected 30 of these records for review and determined that the Social Security Administration (SSA) issued excessive SSI payments to 25 beneficiaries.<sup>1</sup> As of December 2012, SSA continued issuing excessive payments to 22 of the 25 beneficiaries.<sup>2</sup>

**Table B–1: Undetermined Reason Sample Results**

| Records in Population  | 296      |
|--|----------|
| Sample Size  | 30       |
| Sample Records with Past Payment Errors                      | 25       |
| Past Payment Error Amounts Through November 2012             | \$43,251 |
| Sample Records with On-going Payment Errors                  | 22       |
| Erroneous Payment Amount in December 2012                    | \$2,369  |
| Future Erroneous Payments (December 2012 Amount * 12 Months) | \$28,428 |

**Table B–2: Undetermined Reason Estimates**

|                        | Past Payment Error Amount | Future Payment Error Amount |
|------------------------|---------------------------|-----------------------------|
| <b>Point Estimate</b>  | <b>\$426,744</b>          | <b>\$280,490</b>            |
| Projection Lower Limit | \$254,239                 | \$107,356                   |
| Projection Upper Limit | \$599,250                 | \$453,623                   |

**Note:** All projections are at the 90-percent confidence level.

We identified 250 concurrent beneficiaries who received combined April 2012 SSI and OASDI payments in excess of Federal limits because their payment records did not contain an SSI data (SID) segment that electronically linked the payment records and continued receiving excess payments in October 2012. We randomly selected 25 of these records for review and determined

---

<sup>1</sup> Five of the 30 records reviewed involved blind individuals who had been in continuous SSI payment status since the program began in 1972. These individuals are granted more advantageous income counting provisions, so payments in excess of Federal Benefit Rate to these individuals were not improper. Upon further review, we determined that 50 of the 296 concurrent beneficiaries in this group were similarly subject to the more advantageous income counting provisions. Therefore, we plan to forward 246 records to SSA for corrective action.

<sup>2</sup> As of December 2012, SSA corrected the payment errors on 3 of the 25 records that involved improper payments. We excluded these records from our forward estimates.

that SSA issued excessive SSI payments to 24 beneficiaries.<sup>3</sup> As of December 2012, SSA continued issuing excessive payments to 22 of the 24 beneficiaries.<sup>4</sup>

**Table B–3: Missing SID Segment Sample Results**

| Records in Population  | 250      |
|--|----------|
| Sample Size  | 25       |
| Sample Records with Past Payment Errors                      | 24       |
| Past Payment Error Amounts Through November 2012             | \$95,551 |
| Sample Records with On-going Payment Errors                  | 22       |
| Erroneous Payment Amount in December 2012                    | \$5,111  |
| Future Erroneous Payments (December 2012 Amount * 12 Months) | \$61,336 |

**Table B–4: Missing SID Segment Estimates**

|                        | Past Payment Error Amount | Future Payment Error Amount |
|------------------------|---------------------------|-----------------------------|
| <b>Point Estimate</b>  | <b>\$955,508</b>          | <b>\$613,361</b>            |
| Projection Lower Limit | \$565,696                 | \$367,741                   |
| Projection Upper Limit | \$1,345,321               | \$858,981                   |

**Note:** All projections are at the 90-percent confidence level.

We identified 2,100 concurrent beneficiaries who received combined April 2012 SSI and OASDI payments in excess of Federal limits because of computation errors that occurred when SSA staff input an unearned income reduction indicator code of “Y” on their payment records, and continued receiving excess payments in October 2012. We randomly selected 50 of these records for review and determined that SSA issued excessive SSI payments to all 50 beneficiaries. As of December 2012, SSA continued issuing excessive payments to 49 of the 50 beneficiaries.<sup>5</sup>

---

<sup>3</sup> In one case, SSA payment records for both a concurrent beneficiary and her mother cited the same Social Security number (SSN). We determined that SSA had issued the mother her own SSN, but erroneously listed the daughter’s SSN on the payment record. We consider this an administrative error, not a payment error.

<sup>4</sup> As of December 2012, SSA corrected the payment errors on 2 of the 24 records that involved improper payments. We excluded these records from our forward estimates.

<sup>5</sup> As of December 2012, SSA corrected the payment error on one record. We excluded this record from our forward estimates.

**Table B–5: Unearned Income Reduction Indicator Sample Results**

| Records in Population  | 2,100    |
|--|----------|
| Sample Size  | 50       |
| Sample Records with Past Payment Errors                      | 50       |
| Past Payment Error Amounts Through November 2012             | \$47,343 |
| Sample Records with On-going Payment Errors                  | 49       |
| Erroneous Payment Amount in December 2012                    | \$2,179  |
| Future Erroneous Payments (December 2012 Amount * 12 Months) | \$26,146 |

**Table B–6: Unearned Income Reduction Indicator Estimates**

|                        | Past Payment Error Amount | Future Payment Error Amount |
|------------------------|---------------------------|-----------------------------|
| <b>Point Estimate</b>  | <b>\$1,988,391</b>        | <b>\$1,098,140</b>          |
| Projection Lower Limit | \$1,498,540               | \$865,989                   |
| Projection Upper Limit | \$2,478,243               | \$1,330,292                 |

**Note:** All projections are at the 90-percent confidence level.

Projecting these results to our population of 2,646 cases, we estimate that SSA erroneously paid beneficiaries approximately \$3.4 million. In addition, the Agency will pay approximately \$2 million in additional erroneous payments over the next 12 months if SSA does not correct these errors.

**Table B–7: Summary of Questioned Costs and Funds Put to Better Use**

|  | Questioned Costs   | Funds Put to Better Use |
|--|--------------------|-------------------------|
| Undetermined Reason Sample Results                 | \$426,744          | \$280,490               |
| Missing SID Segment Sample Results                 | \$955,508          | \$613,361               |
| Unearned Income Reduction Indicator Sample Results | \$1,988,391        | \$1,098,140             |
| <b>Total</b>                                       | <b>\$3,370,643</b> | <b>\$1,991,991</b>      |

## **Appendix C – AGENCY COMMENTS**

---



### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: December 27, 2013 Refer To: S1J-3

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

From: Katherine Thornton /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Concurrent Beneficiaries Improperly Receiving Payments in Excess of Federal Limits" (A-06-12-22131)--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,  
“CONCURRENT BENEFICIARIES IMPROPERLY RECEIVING PAYMENTS IN  
EXCESS OF FEDERAL LIMITS” (A-06-12-22131)**

**General Comment**

We reviewed a small sample of the 2,747 cases the Office of the Inspector General (OIG) identified as having received combined payments in excess of Federal limits. Our initial review indicates that we identified and corrected many of the errors during the annual Cost-of-Living Adjustment (COLA) run and through routine field office case development. As such, we disagree with OIG’s overpayment estimate of approximately \$3.4 million and its projection of approximately \$2 million over the next 12 months.

**Recommendation 1**

Review the 2,747 cases and take appropriate action to correct payment errors, establish overpayments, and prevent future payment errors.

**Response**

We agree. We plan to complete case reviews and take appropriate action by the end of fiscal year (FY) 2014.

**Recommendation 2**

Correct the processing errors that resulted in missing Supplemental Security Income (SSI) data lines on concurrent beneficiaries’ Master Beneficiary Record or involved beneficiaries whose SSI payment record contained an unearned income reduction indicator code of “y”; or implement compensating controls to timely identify and correct these errors on individual payment records.

**Response**

We agree. We plan to submit a Strategic Information Technology Assessment and Review proposal during the FY 2015 planning cycle to ensure the system is correctly applying our SSI and computation policies. In the interim, we will continue to manually correct errors during routine field office case development and systematically correct errors during the annual COLA run.

## **Appendix D – MAJOR CONTRIBUTORS**

---

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Wanda Renteria, Senior Auditor

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<http://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <http://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <http://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <http://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing