

Underpayments Paid on Supplemental Security Income Records with Outstanding Overpayments

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) appropriately withheld prior-month underpayments due Supplemental Security Income (SSI) recipients who had outstanding overpayments.

Background

To recover an outstanding SSI overpayment, SSA can withhold the entire prior-month underpayment due a recipient up to the balance of the overpayment. SSA defines underpayments that are due for months before the month SSA identifies them as prior-month underpayments. However, SSA cannot withhold an underpayment if it has been less than 60 days since it notified the recipient about the overpayment or if there is an outstanding request for waiver or reconsideration of the overpayment.

From one segment of the Supplemental Security Record, we obtained a data extract of SSI recipients who received an underpayment in Calendar Years (CY) 2015 or 2016 and had one or more overpayments with an outstanding balance as of April 1, 2017. From this extract, our analysis identified approximately 5,000 SSI recipients who received prior-month underpayments that SSA could have withheld to recover outstanding overpayments.

Findings

SSA did not always follow its policy of withholding SSI prior-month underpayments from outstanding SSI overpayments. Specifically, SSA did not appropriately withhold more than 6,000 prior-month underpayments to recover outstanding overpayments. This occurred because SSA employees did not take the necessary manual actions in SSA's systems to ensure overpayment recovery. Had SSA followed its policy, we estimate it could have recovered approximately \$44 million in outstanding overpayments from nearly 125,000 prior-month underpayments it paid to SSI recipients during CYs 2015 and 2016.

Recommendations

We recommend SSA:

1. Determine whether, as part of its information technology systems modernization, it could limit the number of manual actions required to ensure it withholds SSI prior-month underpayments from SSI recipients to recover outstanding overpayments.
2. Remind employees to take necessary manual actions to withhold SSI prior-month underpayments from SSI recipients to recover outstanding overpayments.

SSA agreed with our recommendations.