

*Audit Report*

Master Beneficiary Record Death  
Information that Did Not Appear on  
the Numident

A-06-17-50190 / May 2018

**MEMORANDUM**

**Date:** May 3, 2018 **Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Master Beneficiary Record Death Information that Did Not Appear on the Numident  
(A-06-17-50190)

The attached final report presents the results of the Office of Audit's review. The objective was to identify deceased numberholders who had death information on the *Primary* line of their Master Beneficiary Record but did not have corresponding death information on the Numident.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

*Gale Stallworth Stone*

Gale Stallworth Stone

Attachment

# Master Beneficiary Record Death Information that Did Not Appear on the Numident

## A-06-17-50190



May 2018

Office of Audit Report Summary

### Objective

Our objective was to identify deceased numberholders who had death information on the *Primary* line of their Master Beneficiary Record (MBR) but did not have corresponding death information on the Numident.

### Background

The Numident is a numerically ordered master file of all assigned Social Security numbers (SSN). The Social Security Administration (SSA) uses death information from the Numident to administer its programs and compile a record of reported deaths known as the Death Master File (DMF). SSA provides its full file of death information to Federal benefit-paying agencies for use in preventing payments to deceased individuals. SSA also provides a reduced version of its death information to the Department of Commerce, which, in turn, sells that data to public and private customers.

Prior Office of the Inspector General reports have identified millions of deceased Social Security numberholders with no death information on the Numident. As a result, their information did not appear in the DMF. For this audit, we identified all numberholders who had death information on the *Primary* line of their MBR but did not appear as a beneficiary on the *Benefit* line of their MBR and did not have death information on the Numident or DMF.

### Findings

SSA input dates of death on the *Primary* line of approximately 1.8 million deceased numberholders' MBRs but did not record the death information on the Numident. As a result, these numberholders' death information did not appear in the DMF.

In a March 2015 audit, we identified approximately 1.4 million of these numberholders and recommended that SSA record their death information on the Numident. SSA stated it was completing the process to obtain information technology resources to annotate death information on these Numident records.

We had not previously identified, or notified SSA of, the remaining 325,695 numberholders and identified thousands of potential instances of SSN misuse associated with their SSNs. Specifically, SSA was issuing Supplemental Security Income payments under 45 of these SSNs. In addition, for Tax Years 2011 through 2015, SSA received reports that wage earners using 3,378 of these SSNs had approximately \$194 million in wages, tips, and self-employment income. SSA transferred the earnings to the Earnings Suspense File because the employees' or self-employed individuals' names on the earnings reports did not match the numberholders' names. Resolving these discrepancies will improve the accuracy and completeness of the DMF and help prevent future misuse of these SSNs.

### Recommendations

We recommend that SSA continue efforts to obtain resources needed to incorporate the numberholders' death information onto the Numident and develop system enhancements that ensure death information input on payment records is also recorded on the Numident.

SSA agreed with our recommendations.

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## **ABBREVIATIONS**

DMF	Death Master File
ESF	Earnings Suspense File
IRS	Internal Revenue Service
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
U.S.C.	United States Code

## OBJECTIVE

Our objective was to identify deceased numberholders who had death information on the *Primary* line of their Master Beneficiary Record (MBR) but did not have corresponding death information on the Numident.

## BACKGROUND

The Social Security Administration's (SSA) Numerical Index File, also known as the Numident, is a numerically ordered master file of all assigned Social Security numbers (SSN). The Numident contains one record for each SSN ever assigned. Each Numident record can contain multiple entries (iterations) that provide a record of each replacement card issued and any changes SSA makes to numberholders' Numident information. SSA also records numberholders' death information on the Numident and uses the death information it collects to administer its programs.

As a result of a *Freedom of Information Act*<sup>1</sup> lawsuit,<sup>2</sup> SSA compiles a record of reported deaths known as the Death Master File (DMF). SSA uses Numident death information to create the DMF. SSA provides its full file of death information, which contains State-reported death information, to Federal benefit-paying agencies to use in preventing payments to deceased individuals. SSA also provides a reduced version of the DMF<sup>3</sup> to the Department of Commerce, which, in turn, sells the data to public and private customers. The publicly available DMF does not contain State-reported death information. Prior Office of the Inspector General (OIG) audits<sup>4</sup> have identified millions of deceased numberholders with no death information on the Numident.

The MBR provides a record of numberholders who have filed for Retirement, Survivors, Disability, or Medicare benefits. The MBR's *Primary* line provides a numberholder's vital statistics including name, date of birth, and date of death, if applicable. The MBR's *Benefit* line provides a beneficiary's entitlement information, including name, date of birth, date of entitlement, monthly benefit payable, and date of death, if applicable.

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<sup>1</sup> *The Freedom of Information Act*, 5 U.S.C. § 552 (2016).

<sup>2</sup> *Perholtz v. Ross*, Civil Action Nos. 78-2385,78-2386 (D.D.C. April 11, 1980).

<sup>3</sup> Section 205(r) of the *Social Security Act* restricts the purposes for which SSA may disclose State-reported death information.

<sup>4</sup> SSA, OIG, *Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident*, A-06-14-34030 (March 2015), identified 6.5 million numberholders age 112 or older who did not have death information on the Numident. SSA, OIG, *Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident*, A-09-11-21171 (July 2012), identified approximately 1.2 million beneficiaries who did not have death information on the Numident although SSA had terminated their payments because of death.

For this audit, we identified all numberholders who had death information on the *Primary* line of their MBR but did not appear as a beneficiary on the *Benefit* line of their MBR and did not have death information on the Numident or DMF. These numberholders had MBRs but did not appear as beneficiaries on their MBRs typically because SSA created the records to issue survivor benefits to the numberholders' family members. See Appendix A for our scope and methodology.

## RESULTS OF REVIEW

SSA input dates of death on the *Primary* line of approximately 1.8 million deceased numberholders' MBRs but did not record the death information on the Numident. As a result, the numberholders' death information did not appear in the DMF.

As part of a March 2015 audit,<sup>5</sup> we identified approximately 1.4 million of these numberholders and recommended that SSA record their death information on the Numident. SSA stated it was completing the process to obtain information technology resources to annotate death information on these Numident records.

We had not previously identified or notified SSA of the remaining 325,695 numberholders and identified thousands of potential instances of SSN misuse associated with their SSNs. Specifically, SSA issued Supplemental Security Income (SSI) payments under 45 SSNs although the numberholders' death information was on the MBR. In addition, SSA transferred to the Earnings Suspense File (ESF) \$194 million in earnings reported under 3,378 SSNs during Tax Years 2011 through 2015 primarily because the names and SSNs on the earnings reports did not match SSA records.

Resolving these discrepancies will improve the accuracy and completeness of the DMF and help prevent future misuse of these SSNs. Continued omission of these records from the DMF could cause Federal benefit-paying agencies that use the DMF to make erroneous payments and hinder DMF users' ability to identify and prevent fraud.

## Deceased Numberholders Previously Identified to SSA

SSA input death information on approximately 1.8 million non-beneficiary numberholders' MBR *Primary* line but did not record the death information on the Numident. In March 2015, we notified SSA that 1.4 of the 1.8 million numberholders were likely deceased and recommended that SSA input dates of death on the numberholders' Numident records. SSA stated it was completing the process to obtain information technology resources to annotate death information on these records.

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<sup>5</sup> SSA, OIG, *Numberholders Age 112 or Older Who Did Not Have Death Entry on the Numident*, A-06-14-34030 (March 2015).

## Deceased Numberholders Not Previously Identified to SSA

We had not previously identified or notified SSA of the remaining 325,695 numberholders with death information on the MBR *Primary* line but no death information on the Numident. SSA records indicated that most of the numberholders died 20 years ago or longer, and SSA created most of the MBRs to issue survivor benefits to the numberholders' family members.

- A numberholder died in January 1969. His MBR included his month and year of death on the *Primary* line and showed that SSA issued survivor benefits to his children from January 1969 until the youngest child turned 18 in July 1972. However, SSA did not record his death information on the Numident or include his information in the DMF.
- A numberholder died in October 1970. His MBR included his month and year of death on the *Primary* line and showed that SSA issued survivor benefits to his widow until her death in 1981. However, SSA did not record his death information on the Numident or include his information in the DMF.

However, as illustrated in Table 1, several thousand cases involved numberholders who had died since 2010.

**Table 1: Summary of Years of Death of Non-beneficiaries with Death Information on the MBR Primary Line but No Death Information on the Numident.**

Year of Death	Number	Percent
1989 or Earlier	233,202	71.6
1990 – 2009	78,645	24.2
2010	2,691	0.8
2011	2,506	0.8
2012	2,223	0.7
2013	2,082	0.6
2014	1,929	0.6
2015	1,719	0.5
2016 <sup>6</sup>	698	0.2
<b>Total</b>	<b>325,695</b>	<b>100.0</b>

For example, a numberholder died in September 2016. That same month, SSA recorded the man's date of death on the MBR *Primary* line, issued a lump-sum death payment to his widow, and began issuing survivor benefits to his child. However, SSA did not record the man's death information on the Numident or include his information in the DMF.

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<sup>6</sup> 2016 data includes numberholders with dates of death from January 1 through October 13, 2016.

SSA records contained further information indicating these numberholders were deceased. Most were born in 1954 or earlier and were old enough to qualify for retirement benefits but did not receive them. Less than 1 percent of the numberholders had \$1,000 or more in reported earnings in any tax year from 2006 through 2015.<sup>7</sup> More than 75 percent of the numberholders had not been issued replacement cards or made any name changes since their SSNs had been issued.

## Indications of SSN Misuse

At the time of our review, SSA was issuing Supplemental Security Income (SSI) payments under 45 of the 325,695 SSNs. We referred the cases to SSA in December 2017.

- In 18 cases, it appeared the deceased numberholder and SSI recipient were the same person. For example, according to the MBR, a numberholder died in February 1994. SSA issued survivor benefits to the numberholder's widow and/or one or more of his six children from 1994 until 2012. However, in 2005, someone claiming to be the numberholder filed for SSI payments. It appeared SSA did not notice it was issuing survivor benefits to the numberholder's widow and children when it approved the SSI claim. SSA reviewed this case and referred it to our Office of Investigations. SSA reviewed the remaining cases and took corrective action it deemed appropriate.
- In the other 27 cases, it appeared the deceased *Primary* beneficiary and SSI recipient were different people. In 16 cases, SSA records indicated the deceased *Primary* beneficiary was the SSI recipient's spouse or parent. For unknown reasons, SSA created MBRs for the deceased *Primary* beneficiaries using their children or spouses' SSN. We did not identify similar familiar relationships in the other 11 cases. SSA reviewed these cases and determined the SSI recipients were the correct numberholders. SSA staff processed transactions to delete the erroneously established MBRs.

In addition, as part of the Annual Wage Reporting process, SSA matches Forms W-2, *Wage and Tax Statement*, submitted by employers against the Numident. If the Form W-2 contains a valid name-SSN combination, SSA posts the earnings to the Master Earnings File. However, when the name-SSN combination cannot be matched to SSA's records, the wage information is transferred to the ESF. SSA performs a similar match of self-employment earnings information it receives from the Internal Revenue Service (IRS).<sup>8</sup>

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<sup>7</sup> We did not test the validity of these earnings.

<sup>8</sup> SSA maintains separate ESFs for wages and self-employment income.

For Tax Years 2011 through 2015, SSA transferred to the ESF approximately \$194 million in wages, tips, and self-employment income reported under 3,378 of the 325,695 SSNs we had not identified in prior reviews. One SSN appeared on 98 suspended wage reports, and 10 SSNs appeared on at least 50 suspended wage reports SSA received during this 5-year period. Individuals can commit various types of fraud against the Government by reporting earnings under deceased individuals' SSNs.

## **Missing Death Information Reduces DMF Effectiveness**

Various Federal entities use SSA's death information to detect unreported deaths. Under section 205(r) of the *Social Security Act*,<sup>9</sup> agencies that pay federally funded benefits, such as the Office of Personnel Management, Department of Defense, and Department of Veterans Affairs, may receive the full file of SSA's death information. Agencies that do not pay any type of federally funded benefits may receive only the public version of the DMF, which does not contain State death information. Private industry customers (including hospitals, banks, universities, and insurance companies) may purchase the public version of the DMF through the Department of Commerce's National Technical Information Service to verify deaths and prevent fraud.

Deceased numberholders whose death information is not recorded on the Numident will not appear in either version of the DMF. As a result, Federal and private entities that use the DMF to detect deaths would not know these individuals are deceased. To illustrate, tax-related identity theft is a significant problem facing the IRS and results in billions of dollars in fraudulent refund payments to identity thieves. One effort the IRS has undertaken to prevent improper payments is to place tax account "locks" on deceased individuals' accounts. These "locks" prevent tax returns filed using deceased individuals' identities from being processed. The IRS receives the DMF from SSA and uses it to identify taxpayer accounts associated with deceased individuals so it can lock the tax accounts. Not including the 1.8 million deceased individuals' information in the DMF can hamper IRS' efforts to prevent tax-related identity theft.

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<sup>9</sup> 42 U.S.C. § 405(r)(3) (2015).

## **CONCLUSIONS**

SSA input dates of death on the *Primary* line of approximately 1.8 million deceased numberholders' MBRs but did not record the death information on the Numident. Resolving these discrepancies will improve the accuracy and completeness of the DMF and help prevent future misuse of these SSNs.

## **RECOMMENDATIONS**

We recommend that SSA:

1. Continue efforts to obtain resources needed to incorporate the numberholders' death information onto the Numident.
2. Develop system enhancements that ensure death information input on payment records is also recorded on the Numident.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The Agency's comments are included in Appendix B.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

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

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To accomplish our objective, we:

- Reviewed pertinent sections of the *Social Security Act*, the Social Security Administration’s (SSA) policies and procedures, and other relevant Federal laws and regulations.
- Identified 1,763,285 numberholders who had death information on the *Primary* line of their Master Beneficiary Record but did not appear as a beneficiary on the *Benefit* line of their Master Beneficiary Record and did not have death information on the Numident or the Death Master File as of October 13, 2016.<sup>1</sup> We then determined we
  - had identified and notified SSA in March 2015 that approximately 1.4 million of these numberholders were likely deceased and recommended that SSA input dates of death on the numberholders’ Numident records and
  - had not previously identified or notified SSA of the remaining 325,695 numberholders. For each of these numberholders, we
    - matched the Social Security numbers against SSA’s Earnings Suspense Files for Tax Years 2011 through 2015 (both wages and self-employment);
    - identified wages posted to the Master Earnings File from 2006 through 2015; and
    - identified current payment status on both the Master Beneficiary and Supplemental Security Records.

We conducted our audit from September 2017 to January 2018 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The primary entities audited were the Offices of the Deputy Commissioners for Systems and Operations. 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 our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>1</sup> Between October 13, 2016 and November 13, 2017, SSA recorded death information on 609 of the 1,763,285 numberholders’ Numident records.

## **Appendix B – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: April 20, 2018 Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

From: Stephanie Hall *Stephanie Hall*  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Master Beneficiary Record Death Information that Did Not Appear on the Numident” (22017061) (A-06-17-50190) -- 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 Trae Sommer at (410) 965-9105.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
“MASTER BENEFICIARY RECORD DEATH INFORMATION THAT DID NOT  
APPEAR ON THE NUMIDENT” (A-06-17-50190)**

We strongly support the Federal Government’s efforts to combat fraud and curb improper payments. Program integrity and the stewardship of trust fund and tax dollars have long been a cornerstone of our mission. The death information we collect aids us in preventing approximately \$50 million from being paid improperly each month.

As we have acknowledged in this and previous OIG audits, our death processing system is decades old and needs modernizing. We have implemented and planned a number of initiatives to improve the accuracy of our death records. Currently, we continue to make progress on the complete re-design of our Death Alert, Control and Update System, which we began implementing on a rolling basis in fiscal year (FY) 2014. Although the project is ongoing, we have already seen significant improvements in our records. Upon completion of the project, the Numident will become our official source of death information, effectively addressing the problem OIG notes in this report.

Additionally, we understand that other Federal agencies also use the death information we collect and maintain as a tool to help prevent improper payments in other federal programs. We recognized that there were certain instances where we had death information in our records that did not appear on the Death Master File (DMF). To resolve these issues, in FY 2016 we added death information for nearly 400,000 individuals to the DMF. In FY 2017, we continued our analysis of more than 10 million additional records and plan to continue our work through FY 2019, to update the DMF with death information from as many of these records as resources allow. Ultimately, we expect these efforts, combined with our death processing redesign, will help us identify, address, and prevent inconsistencies in our death records, such as those identified in this and other audits. Below are our responses to the recommendations.

**Recommendation 1**

Continue efforts to obtain resources needed to incorporate the numberholders’ death information onto the Numident.

Response

We agree.

**Recommendation 2**

Develop system enhancements that ensure death information input on payment records is also recorded on the Numident.

Response

We agree.

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