

Controls over “Special Payment Amount” Overpayments for Title II Beneficiaries

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) properly identified and controlled overpayments recorded as “special payment amounts” (SPA) on the Master Beneficiary Record (MBR).

Background

An overpayment is the total amount a beneficiary received for any period that exceeded the total amount SSA should have paid. After SSA makes an overpayment determination, the overpaid amount is a debt owed to the Government. In some instances, SSA temporarily records an overpayment as an SPA on the MBR until an SSA employee validates the overpayment.

If SSA employees determine the SPA is an overpayment, they should remove it from the MBR and record it in SSA’s Recovery of Overpayments, Accounting and Reporting (ROAR) system. SSA’s automated system generates an alert when it establishes an SPA overpayment on the MBR. SSA employees must review and resolve these alerts. SSA also conducts an annual clean-up project to ensure SSA employees remove SPA overpayments from the MBR and establish them in ROAR.

For our current review, we identified 23,645 beneficiaries with SPA overpayments totaling about \$115.3 million.

Findings

Since our prior audit, SSA had reduced the number of overpaid beneficiaries and amount of SPA overpayments for which it had not initiated recovery actions. Similarly, the number and amount of erroneous overpayments on the MBR had decreased. However, SSA’s controls did not always ensure it initiated recovery actions timely and tracked overpayments until recovered or otherwise resolved. Based on our random sample, we estimate that SSA

- overpaid 9,222 beneficiaries about \$31 million for which it had not initiated recovery actions and
- should have removed from the MBR erroneous SPA overpayments, totaling about \$18.3 million, for 1,892 beneficiaries.

This occurred because SSA employees did not review the SPA overpayments or resolve the SPA overpayment alerts. We also found SSA could improve its overpayment collection efforts by producing follow-up alerts for SPA overpayments and/or by revising the clean-up project to identify and select SPA overpayments sooner.

Recommendations

We recommend that SSA:

1. Take appropriate action to establish overpayments in ROAR and initiate recovery actions for the 39 beneficiaries identified by our audit.
2. Take appropriate action to remove erroneous SPA overpayments from the MBR for the eight beneficiaries identified by our audit.
3. Improve controls to ensure employees properly resolve SPA overpayments in a timely manner.

SSA agreed with our recommendations.