

*Audit Report*

Follow-up on Disabled Supplemental  
Security Income Recipients  
Potentially Eligible for Childhood  
Disability Benefits

# OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

Date: December 10, 2020

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up on Disabled Supplemental Security Income Recipients Potentially Eligible for Childhood Disability Benefits (A-13-18-50714)

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether Supplemental Security Income recipients were potentially eligible for childhood disability benefits under the Old-Age, Survivors and Disability Insurance program.

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



Gail S. Ennis

Attachment

# Follow-up on Disabled Supplemental Security Income Recipients Potentially Eligible for Childhood Disability Benefits

## A-13-18-50714



December 2020

Office of Audit Report Summary

### Objective

To determine whether Supplemental Security Income (SSI) recipients were potentially eligible for childhood disability benefits (CDB) under the Old-Age, Survivors and Disability Insurance (OASDI) program.

### Background

The SSI program provides cash assistance to individuals who have limited income and resources and who are age 65 or older, blind, or disabled. The OASDI program provides benefits to qualified retired and disabled workers and their dependents as well as survivors of insured workers.

According to Social Security Administration (SSA) policy, SSI “... is intended to be a program of last resort.” Therefore, it is important that the Agency assess the other benefit programs for which an individual is eligible.

An SSI recipient may be eligible for CDB as a disabled child on a wage earner’s record under the OASDI program when the recipient meets the criteria for benefits.

To conduct our review, we identified 1,017 SSI recipients who were potentially eligible for CDB from 1 of 20 segments in SSA’s system. From this population, we selected a random sample of 50 recipients for review.

### Findings

Similar to our 2012 review, we identified SSI recipients who were eligible for CDB. Our analysis of 50 SSI recipients identified 22 who were potentially eligible for, and 15 potentially technically entitled to, CDB. This occurred because SSA did not always (1) develop and dispose of leads related to CDB and/or (2) identify SSI recipients eligible for CDB during reviews of their non-medical eligibility factors and SSI payment amounts. Separate from our review, SSA has conducted projects, which identify SSI recipients who were potentially eligible for CDB.

Based on the results of our review, we estimate 8,140 SSI recipients were potentially eligible for CDB and may be due underpayments totaling approximately \$18.5 million. If SSA does not take action, we estimate the 8,140 SSI recipients may lose an additional \$3.6 million over a 12-month period.

Furthermore, SSA did not complete action, as reported, for SSI recipients related to a recommendation in our 2012 audit report. In our 2012 report, we referred 14,434 SSI recipients potentially eligible for CDB to SSA for review. SSA reported it took action. Of 14,434 recipients, we identified 630 whom SSA should review to determine potential eligibility for CDB. Of the 630 recipients, we and SSA reviewed 6 and determined 3 were potentially eligible for, and 3 were potentially technically entitled to, CDB. Of the remaining 624 recipients, in May 2020, SSA reported

- 233 were potentially eligible for CDB,
- 286 were potentially technically entitled to CDB, and
- 105 were not eligible for CDB.

### Recommendations

We made five recommendations related to SSI recipients potentially eligible for CDB. SSA agreed with our recommendations.

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## **ABBREVIATIONS**

CDB	Childhood Disability Benefits
C.F.R.	Code of Federal Regulations
OASDI	Old-Age, Survivors and Disability Insurance
OQR	Office of Quality Review
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## OBJECTIVE

Our objective was to determine whether Supplemental Security Income (SSI) recipients were potentially eligible for childhood disability benefits (CDB) under the Old-Age, Survivors and Disability Insurance (OASDI) program.

## BACKGROUND

The SSI program provides cash assistance to individuals who have limited income and resources and who are age 65 or older, blind, or disabled.<sup>1</sup> The OASDI program provides retirement and disability benefits to qualified individuals and their dependents as well as to survivors of insured workers.<sup>2</sup> SSI is intended to be a program of last resort; therefore, it is important that the Social Security Administration (SSA) determine whether individuals are eligible for other benefit programs.<sup>3</sup> According to SSA policy, an application for payments under the SSI program is also an application for benefits under the OASDI program.<sup>4</sup> An unmarried SSI applicant or recipient may be entitled to CDB if he/she is the child of a wage earner who is entitled to disability or retirement insurance benefits or was insured at the time of death; is age 18 or older and became disabled before reaching age 22; and filed an application.<sup>5</sup>

When a wage earner files an application for OASDI benefits, SSA staff should ask whether the wage earner has any children who became disabled before age 22.<sup>6</sup> SSA creates a lead when the wage earner names a child that meets these criteria. For OASDI benefits, a lead is a written or oral indication of potential entitlement where there is no intent to file by the party who furnishes the lead information.<sup>7</sup> According to Agency policy, “All leads must be disposed of promptly to prevent a loss of benefits . . .”<sup>8</sup>

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<sup>1</sup> *Social Security Act*, 42 U.S.C. § 1381a (govinfo.gov 2018); 20 C.F.R. § 416.110 (govinfo.gov 2020).

<sup>2</sup> *Social Security Act*, 42 U.S.C. § 401 (govinfo.gov 2018).

<sup>3</sup> SSA, *POMS*, SI 00510.001, A (December 18, 2015).

<sup>4</sup> SSA, *POMS*, SI 00601.010, D.1 (June 22, 2016).

<sup>5</sup> SSA, *POMS*, DI 10115.001, C (January 18, 2007).

<sup>6</sup> SSA, *POMS*, GN 00205.035, A and B.1 (May 8, 2002).

<sup>7</sup> SSA, *POMS*, GN 00202.001, B.1 (October 2, 2001).

<sup>8</sup> SSA, *POMS*, GN 00202.020 (January 3, 2017).

When an individual applies for SSI payments, the Agency must determine whether the individual could be eligible for OASDI benefits.<sup>9</sup> In addition, SSA employees must assess the individual's potential entitlement to OASDI when it conducts post-eligibility reviews, such as redeterminations.<sup>10,11</sup> A redetermination may be the only post-eligibility contact a recipient has with SSA. Therefore, SSA employees need to be alert to a recipient's potential eligibility to other benefits while conducting the redetermination and must explore potential eligibility for all classes of OASDI benefits.<sup>12</sup>

When SSA notifies applicants or recipients of their potential eligibility for other benefits, they must apply for those benefits. If they fail to do so, SSA must inform them they could lose eligibility for SSI.<sup>13</sup> An auxiliary beneficiary (for example, a child) could also be technically entitled to CDB. In this situation, no benefits would be payable immediately, but SSA staff should advise the SSI recipient and/or wage earner to file an application to prevent a loss of benefits in the future.<sup>14</sup> While SSA does not require that the recipient file for other benefits when applying for them would result in no additional benefit, SSA should issue a "closeout" notice<sup>15</sup> on the potential entitlement to other benefits or take an application for benefits.<sup>16</sup>

In a 2012 report, we identified 14,434 SSI recipients who were potentially eligible for CDB. We recommended SSA develop and implement a cost-effective strategy to assess the recipients we identified to correctly pay those eligible for OASDI as auxiliary child beneficiaries and to pay the OASDI underpayments due the recipients, as appropriate. In addition, we recommended SSA consider establishing an automated solution to identify recipients for potential entitlement to OASDI benefits.<sup>17</sup> SSA agreed to implement both recommendations.

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<sup>9</sup> SSA, *POMS*, SI 00510.005, B.1 (December 13, 2017).

<sup>10</sup> SSA periodically redetermines recipients' non-medical eligibility factors (that is, income, resources, and living arrangement) to determine whether they continue to be eligible for, and are receiving, the correct SSI payment. SSA, *POMS*, SI 02305.001, A (September 5, 2019).

<sup>11</sup> SSA, *POMS*, SI 02305.110, E (August 20, 2012).

<sup>12</sup> SSA, *POMS*, SI 02305.037, A and B (September 17, 2003).

<sup>13</sup> SSA, *POMS*, SI 00510.001, B (December 18, 2015).

<sup>14</sup> SSI recipients who are technically entitled to CDB could become entitled to benefits in the future when the wage earner (1) obtains cost-of-living increases, (2) has additional earnings that can be included in a recomputation of benefits, or (3) dies and benefits are due to the survivors listed on the wage earner's record. SSA, *POMS*, GN 00204.012, H (August 25, 2014).

<sup>15</sup> SSA issues a "closeout" notice to the SSI recipient and/or wage earner that requests the individual file an application for Social Security benefits within 6 months of the "closeout" notice. SSA, *POMS*, NL 00703.740, A (May 3, 1999) and GN 00204.012, C. 2 (August 25, 2014).

<sup>16</sup> SSA, *POMS*, SI 00510.001, C (December 18, 2015).

<sup>17</sup> SSA, OIG, *Disabled Individuals Potentially Eligible as Auxiliary Child Beneficiaries*, A-13-10-10146, p. 7 (June 2012).

To conduct our current review, we identified 1,017 SSI recipients who were potentially eligible for, but not receiving, CDB from 1 segment<sup>18</sup> of SSA's system. From this population, we selected a random sample of 50 recipients for review. See Appendix A for a discussion of our scope and methodology and Appendix B for a discussion of our sampling methodology and results.

## RESULTS OF REVIEW

Similar to our 2012 review,<sup>19</sup> we identified SSI recipients who were potentially eligible for, but not receiving, CDB. This occurred because SSA did not always (1) develop and dispose of leads related to CDB and/or (2) identify SSI recipients eligible for CDB during redeterminations. Further, SSA did not complete action, as reported, for SSI recipients related to a recommendation in our 2012 audit report. Separate from our review, SSA has conducted projects, which identify SSI recipients who were potentially eligible for CDB.

### Sample Results

SSA did not always determine whether SSI recipients were eligible for, or technically entitled to, CDB. Of the 50 SSI recipients we reviewed, 37 were potentially eligible for, or technically entitled to, CDB. We assessed SSI recipients' eligibility for CDB by examining eligibility and non-eligibility factors, including marital status, age, disability, and criminal history (see Appendix C for a list of factors we used). Of the 50 SSI recipients we reviewed,

- 23 were potentially eligible for CDB, including 2 who became entitled during the audit;<sup>20</sup>
- 1 was potentially eligible for CDB but not due underpayments;
- 20 were potentially technically entitled to CDB—including 1 who became technically entitled to CDB during the audit and 4 to whom SSA issued “closeout” notices<sup>21</sup> before the audit—therefore, no benefit payments were due;
- 1 applied for CDB during our audit and the application is pending; and
- 5 were ineligible for CDB, including 2 who applied for CDB during our audit, but SSA denied their claims.<sup>22</sup>

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<sup>18</sup> Supplemental Security and Master Beneficiary Records are divided into 20 segments.

<sup>19</sup> See Footnote 17.

<sup>20</sup> We calculated approximately \$82,855 in underpayments for 21 of 23 SSI recipients. SSA paid underpayments of \$300 and \$819, respectively, to two recipients who became entitled to CDB during our audit.

<sup>21</sup> See Footnote 15.

<sup>22</sup> SSA records indicated the remaining three recipients were married or had been married and therefore were not entitled to CDB.

## *Recipients Due Childhood Disability Benefits*

SSA did not always determine whether SSI recipients were eligible for CDB. According to SSA policy, “. . . it is important to assess the other benefit programs for which an individual is eligible based on his/her own activities or based on indirect qualification through family circumstances.”<sup>23</sup>

Of the 50 SSI recipients we reviewed, 22 were potentially eligible for CDB.<sup>24</sup> Of these, 21 were potentially due OASDI underpayments totaling approximately \$82,855. If SSA does not take action, we estimate these SSI recipients may lose an additional \$17,305 over a 12-month period (see Appendix D). The remaining SSI recipient would be potentially eligible to receive payments under both OASDI and SSI programs but would not be due an underpayment. This SSI recipient would not be due an underpayment because all the OASDI benefit would be subject to windfall offset.<sup>25</sup>

In November 2019, we provided SSA information about the 22 SSI recipients for further review. In December 2019, SSA staff reported it would need to review each SSI recipient and take a claim, if applicable. SSA staff reported the following.

- There was no opportunity for SSA to determine whether six recipients were potentially eligible for CDB because their parents did not identify the SSI recipients as their children on their OASDI applications. In addition, SSA did not conduct redeterminations after the parents became entitled to OASDI benefits.
- There were pending redeterminations for three recipients, and SSA staff should identify CDB entitlement during that process.
- SSA staff did not identify 13 recipients’ CDB entitlement while they processed their parents’ OASDI applications and/or when staff conducted 1 or more redeterminations after the recipients’ parents became entitled to OASDI benefits.

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<sup>23</sup> SSA, *POMS*, SI 00510.001, A (December 18, 2015).

<sup>24</sup> While 24 SSI recipients were eligible for CDB, 2 became entitled during the audit, so we did not include them in this count.

<sup>25</sup> According to SSA policy, windfall offset is the reduction of retroactive OASDI benefits by the amount of SSI payments that would not have been due had SSA paid the OASDI benefits timely. SSA, *POMS*, SI 02006.001, A.1 (November 21, 1996).

## *Recipients Technically Entitled to Childhood Disability Benefits*

SSA did not always determine whether SSI recipients were technically entitled to CDB. Our analysis of 50 recipients identified 15<sup>26</sup> who were potentially technically entitled to CDB. Because these SSI recipients were technically entitled to CDB at the time of our audit, no benefits would be payable to the SSI recipients. However, it is important for SSA to document the technical entitlement in its records because future changes in family circumstances, such as the death of a parent or changes in a parent's OASDI benefit, could affect the SSI recipients' eligibility for future OASDI benefits.<sup>27</sup> Furthermore, these SSI recipients may qualify for Medicare if SSA documents their technical entitlement accurately on their records.<sup>28</sup> These potential future entitlement situations are why SSA policy requires that staff notify the recipients and document the information as appropriate, even when there are no benefits payable.<sup>29</sup>

In November 2019, we provided SSA information about the 15<sup>30</sup> recipients for review. In December 2019, SSA personnel stated the SSI recipients were technically entitled to CDB, and SSA would need to take their claims for CDB. SSA staff reported there was no opportunity to identify potential CDB entitlement for 3 of the 15 recipients because the parents did not name the SSI recipients on their OASDI applications and/or SSA did not conduct redeterminations after the parents became entitled to OASDI benefits. For the other 12 recipients, staff did not identify CDB entitlement when they processed the parents' OASDI applications and/or when staff conducted 1 or more redeterminations after the parents became entitled to OASDI benefits.

## **Opportunities to Identify Childhood Disability Benefits**

We identified instances where SSA staff had opportunities to, but did not, identify SSI recipients who may have been eligible for CDB. Specifically, staff could have identified CDB eligibility when (a) parents named SSI recipients on their applications for OASDI benefits and/or (b) SSA conducted redeterminations<sup>31</sup> of the SSI recipients. Of the 37 SSI recipients who were potentially eligible for, or potentially technically entitled to, CDB, 17 had parents who listed the

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<sup>26</sup> While 20 SSI recipients were potentially technically entitled for CDB, 1 became technically entitled to CDB during the audit, and SSA issued "closeout" notices to the SSI recipients or parents before the audit for 4 SSI recipients. These five SSI recipients are not included in this count.

<sup>27</sup> SSA, *POMS*, GN 00204.012, H (August 25, 2014).

<sup>28</sup> Technically entitled individuals may qualify for Medicare. Although a cash benefit is not payable, all months of disability benefit entitlement apply when determining the qualifying period for Medicare. SSA, *POMS*, HI 00801.146, B (July 6, 2004). After an individual becomes entitled to Medicare, if SSA cannot withhold the premium from the monthly benefit, billing for premiums occurs. Depending on the agreement with the State, the State may pay the Medicare premiums for SSI recipients. SSA, *POMS*, HI 01001.205 (March 15, 1999).

<sup>29</sup> SSA, *POMS*, SI 00510.001, C (December 18, 2015) and GN 00204.012, H (August 25, 2014).

<sup>30</sup> As of November 2019, SSA had not issued a "closeout" notice or take an application for CDB for these SSI recipients.

<sup>31</sup> SSA periodically redetermines the recipients' non-medical eligibility factors (that is, income, resources, and living arrangement) to determine whether they continue to be eligible for, and receiving, the correct SSI payment. SSA, *POMS*, SI 02305.001, A. (September 5, 2019).

SSI recipients as their children on their applications for OASDI benefits, and/or had redeterminations processed after their parents filed for benefits. Had SSA staff pursued leads for other benefits or identified entitlement to other benefits during the redetermination processes, they could have determined whether SSI recipients were eligible for, or technically entitled to, CDB.

SSA staff reported, “. . . there are additional challenges to identifying potential entitlements. Some challenges include reliance on the claimant to identify the numberholder and potential information discrepancies in prior claims and redeterminations.” Staff indicated, “Additionally, a parent’s claim for benefits is not always available to technicians when he or she conducts a redetermination for a child, and additional factors such as different surnames, different addresses, different cities or states of residence, and archived claims are all factors that may further complicate the technicians’ ability to match children and parents and, thus, identify potential entitlements for SSI recipients.”

We inquired whether the Agency conducted any monitoring or periodic reviews to (a) identify SSI recipients who were due CDB and/or (b) determine whether SSA staff took action on leads pertaining to other benefits during SSI redeterminations. SSA staff stated, “. . . the Office of Quality Review (OQR) refers potential eligibility identified by its Title XVI Stewardship review to Operations for necessary action. OQR codes potential eligibility errors in its Supplemental Security Income Transaction Accuracy Review, but the findings are not reported in the annual [Title XVI Transaction Accuracy Review] report.” As a result, the report’s usefulness may be limited because staff cannot associate specific, applicable errors to SSI recipients who could be eligible for, or technically entitled to, CDB.

In August 2020, SSA staff reported the Agency captures potential leads and eligibility to other benefits in three periodic reviews. We did not independently determine whether those reviews identify SSI recipients who could be eligible for, or technically entitled to, CDB.

### *Recipients Named on the Parents’ Applications*

We identified instances where SSA staff had opportunities to identify CDB eligibility because parents identified the SSI recipients as their children when they applied for OASDI benefits. We determined 28 of the 37 SSI recipients’ parents filed<sup>32</sup> for OASDI benefits and identified the SSI recipients as their children on their benefit applications<sup>33</sup> after SSA approved SSI payments for the recipients.

For example, in July 2011, the parent of an SSI recipient went to an SSA field office to file an application for OASDI benefits. The parent named the SSI recipient as his disabled child on his application. According to the Agency’s records, SSA staff informed the parent that, when he

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<sup>32</sup> We reviewed the recent filing for OASDI benefits as well as past filings for OASDI benefits when we reviewed the parents’ applications.

<sup>33</sup> Of these 28, the parents named 17 SSI recipients on their current applications for OASDI benefits. For the remaining 11, the parents named the SSI recipients on previous applications for OASDI benefits.

filed for benefits, his daughter would have to apply for CDB under his record, and his daughter would lose her SSI payments. The parent decided to withdraw his application because he did not want his daughter to lose her SSI payments and stated he would contact SSA if he changed his mind. In April 2012, the parent filed a new application for OASDI benefits. On the new application, the parent indicated he did not have a disabled child.

In November 2019, SSA staff reported they did not have an opportunity to identify this SSI recipient as potentially eligible for CDB because the parent's application did not list the recipient; and SSA staff had not conducted a redetermination since the parent became entitled to OASDI benefits. However, had SSA personnel reviewed the parent's July 2011 application, they would have identified the SSI recipient. As of October 2019, the SSI recipient was receiving a \$771 monthly SSI payment. If she filed for benefits under the father's record, she would receive \$707 a month under the OASDI program and \$83 a month under the SSI program. We estimate an OASDI underpayment of \$1,820 is due this SSI recipient.

### ***Redeterminations Conducted After Recipients' Parents Became Entitled to Benefits***

We identified instances where SSA staff had opportunities to identify CDB eligibility during SSA's redeterminations process. According to SSA policy, a redetermination may be the only post-eligibility contact a recipient has with SSA. Therefore, interviewers need to be alert to recipients' potential eligibility to other benefits when they conduct redeterminations.<sup>34</sup> For 23 of 37 SSI recipients, SSA conducted redeterminations after the parents became entitled to OASDI benefits.

For example, SSA staff conducted five redeterminations for one SSI recipient. According to SSA records, during a March 2015 redetermination, SSA identified the recipient as potentially eligible for other Social Security benefits. However, SSA's records did not identify the parent's Social Security number, and SSA staff did not pursue entitlement to other benefits. As of October 2019, the Agency had not notified the SSI recipient regarding CDB eligibility, and the recipient was receiving a \$398 monthly SSI payment. Had the SSI recipient filed for CDB, the recipient would receive \$1,107 monthly under the OASDI program. As of October 2019, we estimated the OASDI underpayment would be \$37,287 for this SSI recipient.

In November 2019, we provided information about this SSI recipient to SSA staff. Staff reported this recipient was potentially eligible for CDB, and SSA staff would need to take an application for CDB. According to SSA staff, they did not identify entitlement to CDB when they processed the redetermination.

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<sup>34</sup> SSA, POMS, SI 02305.037, A and B (September 17, 2003).

## *Children Named on Parents' Applications and Redeterminations Identified Leads to Other Benefits*

We identified instances where SSA staff had opportunities to identify CDB eligibility for 17 of 37 SSI recipients when the parents named the children on the applications and during the redetermination process. For example, when the parent of an SSI recipient applied for OASDI benefits in March 2013, the parent identified the SSI recipient on her OASDI application. Also, SSA's records indicated the Agency conducted four redeterminations for the SSI recipient. However, SSA staff did not identify leads to other benefits during the redetermination process. As of October 2019, the Agency had not notified the SSI recipient of CDB eligibility, and the SSI recipient was receiving a monthly \$771 SSI payment. If the SSI recipient filed for benefits under the parent's record, the recipient would receive \$490 per month under the OASDI program and \$300 per month under the SSI program. As of October 2019, we estimated the OASDI underpayment would be \$1,740 for this SSI recipient.

In November 2019, we provided information concerning this SSI recipient to SSA staff, who reported the parent's application listed the recipient. However, the Agency had not notified the recipient of the potential for other benefits. Staff also acknowledged the Agency conducted multiple redeterminations for the SSI recipient since the parent became entitled to OASDI benefits. SSA personnel stated the Agency would need to take an application for CDB for the SSI recipient, and further develop the information.

## **Agency Actions in Response to Our Prior Recommendations**

SSA did not complete action, as reported, for SSI recipients related to a recommendation in our 2012 audit report. In that report, we recommended SSA implement a cost-effective strategy to assess whether 14,434 SSI recipients were eligible for OASDI.<sup>35</sup> SSA agreed with the recommendation and reported staff reviewed all but two of the SSI recipients we identified in the recommendation.

To assess SSA's actions regarding the prior recommendation, we analyzed information for the 14,434 SSI recipients. As of January 2019, we determined 838 recipients were (a) still receiving SSI payments, (b) not receiving CDB, and (c) not receiving OASDI benefits on their own record. Of the 838 SSI recipients, we reviewed a sample of 10 to determine whether they were still potentially eligible to receive CDB. Our review found 6 of the 10 SSI recipients were potentially eligible for, or technically entitled to, CDB, and 3 were not eligible.<sup>36</sup> For the remaining

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<sup>35</sup> SSA, OIG, *Disabled Individuals Potentially Eligible as Auxiliary Child Beneficiaries*, A-13-10-10146, p. 7 (June 2012).

<sup>36</sup> Three SSI recipients were not eligible for CDB. In one instance, the SSI recipient was married. In another, SSA terminated the OASDI benefits of the SSI recipient's parent. In the last instance, SSA found the wage earner was not the parent of the SSI recipient and SSA could not locate additional information on the SSI recipient's parents.

recipient, SSA issued a “closeout” notice<sup>37</sup> to the parent before our review. For the six recipients, we determined

- three were potentially eligible for CDB cash benefits, and
- three were potentially technically entitled to CDB, but no benefits were payable.

In November 2019, we provided SSA information about the six recipients for review. In December 2019, SSA personnel stated the Agency would need to take claims to further develop the information. In April 2020, we provided the remaining 624 recipients to SSA for review.<sup>38</sup> In May 2020, SSA reported 233 recipients were potentially eligible for CDB; 286 recipients were potentially technically entitled to CDB; and 105 recipients were not eligible for CDB.

Additionally, in our prior report, we recommended the Agency consider establishing an automated solution to identify recipients for potential entitlement to OASDI benefits.<sup>39</sup> In response to our recommendation, SSA reported it was considering developing an automated solution to identify “...SSI children and SSI young adults (disabled prior to age 23) when their parents file for OASDI or become eligible for survivor benefits.” In August 2019, SSA staff stated the Agency is planning the development of an automated functionality; however, the planning is in the initial stages, and SSA does not have a timeframe for implementation.

## Agency Efforts to Identify Recipients Eligible for Benefits

In August 2019, SSA staff informed us an Agency component took action to identify SSI recipients age 15 years and 6 months or older with potential eligibility for CDB. Specifically, in May 2018, an SSA workgroup, led by staff from SSA’s Office of Analytics and Improvements, identified 21,820 recipients who were potentially eligible for CDB.<sup>40</sup> SSA staff extracted the information for the SSI recipients from SSA’s records between January and August 2017. According to SSA staff, this was a “one-time cleanup operation.”

As of November 2019, SSA’s Office of Operations had developed and processed information pertaining to the 21,820 SSI recipients. For 80 percent of the recipients, SSA reported it took applications<sup>41</sup> or determined the claimants were not eligible for CDB. SSA staff reported the

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<sup>37</sup> SSA issues a “closeout” notice to the SSI recipient and/or wage earner that requests filing an application for Social Security benefits within 6 months of the “closeout” notice. SSA, *POMS*, NL 00703.740, A (May 3, 1999) and GN 00204.012, C. 2 (August 25, 2014).

<sup>38</sup> As of January 2020, 624 of the 838 recipients were potentially eligible for CDB. For the remaining 214 recipients, 70 were married, 69 were listed as a child on a wage earner’s record, 63 were not receiving SSI, 2 were receiving OASDI benefits on their own record, and 10 SSI recipients were reviewed during our audit.

<sup>39</sup> See Footnote 35.

<sup>40</sup> Similar to our current audit, the review targeted SSI recipients who did not previously file for OASDI benefits.

<sup>41</sup> For those instances in which SSA took an application, SSA staff stated SSA determined (a) a decision may be pending, (b) the applicant was entitled to CDB, or (c) the applicant was technically entitled.

remaining SSI recipients were receiving OASDI benefits or refused to file applications for OASDI benefits. SSA stated when an SSI recipient fails to file for benefits, the Agency will follow its normal business process, which is to suspend SSI payments.<sup>42</sup>

We did not independently review actions SSA took for the 21,820 SSI recipients. However, we did compare the 21,820 recipients SSA identified with the recipients we identified for our audit. Based on our review, none of recipients SSA identified were included in our audit sample. Of the 1,017 SSI recipients identified in our audit population, only 19 were included in SSA's review. For these 19 recipients, SSA reported it took applications for 17, and 2 recipients refused to file for CDB.

In July 2020, SSA staff informed us the Agency conducted two other projects, which identified SSI recipients who were potentially eligible for CDB. However—unlike our current audit—in those projects, the SSI recipients previously received OASDI benefits.

## CONCLUSIONS

SSA did not always determine whether SSI recipients were eligible for CDB. Our review of 50 SSI recipients identified 22 who were potentially eligible for, and 15 who were potentially technically entitled to, CDB. Based on our analysis of information in SSA's records, we estimate 8,140 SSI recipients were potentially eligible for CDB and due underpayments totaling approximately \$18.5 million. Further, if SSA does not take corrective action, we estimate the 8,140 SSI recipients may lose an additional \$3.6 million over a 12-month period.

From our 2012 report,<sup>43</sup> we referred 14,434 SSI recipients to SSA for review. SSA staff reported taking corrective action regarding 14,432 of the SSI recipients we referred. We subsequently determined SSA did not complete action, as reported, for SSI recipients related to a recommendation in our 2012 audit report. During our current audit, we identified 630 recipients from our 2012 audit that SSA should review to determine eligibility for CDB. Of the 630 recipients, SSA and OIG reviewed 6 and determined 3 were potentially eligible for, and 3 were potentially technically entitled to, CDB. Of the remaining 624 recipients, SSA reported

- 233 were potentially eligible for CDB,
- 286 were potentially technically entitled to CDB, and
- 105 were not eligible for CDB.

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<sup>42</sup> In another audit, we identified instances where SSA did not issue proper SSI notices; therefore, the Agency could not stop payments when it processed OASDI denials for recipients who did not provide required evidence, *Supplemental Security Income Recipients Denied Old-Age, Survivors and Disability Insurance Benefits Based on Lack of Technical Evidence, A-05-18-50654*, p. 4 (November 2020).

<sup>43</sup> SSA, OIG, *Disabled Individuals Potentially Eligible as Auxiliary Child Beneficiaries, A-13-10-10146*, p. 7 (June 2012).

## **RECOMMENDATIONS**

We recommend SSA:

1. Review the 37 SSI recipients we identified in this audit and the remaining 967 recipients in our audit population to determine whether the recipients are eligible for, or technically entitled to CDB; and if appropriate, pay the underpayments and/or OASDI benefits.
2. Continue reviewing from the prior audit the 6 recipients we identified and the remaining 519 recipients to determine whether they are technically entitled to or eligible for CDB and pay applicable underpayments and/or OASDI benefits, as appropriate.
3. Instruct staff regarding the importance of (a) following up on potential leads to other benefits and (b) assessing eligibility to other programs during redeterminations and initial claims.
4. Determine why the SSI recipients we identified were not detected when staff processed OASDI applications of their respective parents, and/or when staff conducted redeterminations after the recipients' parents became entitled to OASDI benefits, and take action to prevent it from occurring in the future.
5. Complete actions to implement our prior recommendation to establish an automated solution that identifies disabled SSI recipients who may be entitled to CDB.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix E.



Michelle L. Anderson  
Assistant Inspector General for Audit

# *APPENDICES*

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

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To accomplish our objective, we:

- Obtained and reviewed applicable Federal laws and regulations, pertinent sections of the Social Security Administration’s (SSA) *Program Operations Manual System*, and other criteria relevant to the Supplemental Security Income (SSI) and Old-Age, Survivors and Disability Insurance (OASDI) programs.
- Reviewed prior relevant Office of the Inspector General reports.
- Obtained and analyzed an electronic data extract from SSA’s Supplemental Security and Master Beneficiary Records and Social Security Number Application Process as of January 2019. We applied various screening criteria and identified 1,017 SSI recipients. See Appendix B for further details.
- Selected a random sample of 50 SSI recipients. For the sample, we examined information in SSA’s records to determine whether the SSI recipient is eligible for OASDI benefits. Specifically, we reviewed the Supplemental Security Record, Master Beneficiary Record, Numident, Prisoner Update Processing System, and Master Earnings File.
- Calculated applicable underpayments and estimated future underpayments over a 12-month period.
- Reviewed the recommendations from our 2012 report<sup>1</sup> to determine whether SSA addressed them. We analyzed information for the 14,434 SSI recipients from our 2012 audit report and determined 838 recipients were still receiving SSI payments as of January 2019 and not receiving childhood disability benefits. We sampled 10 of 838 recipients to determine whether SSI recipients were still potentially eligible to receive childhood disability benefits.

We conducted our review between June 2019 and January 2020 and June 2020 in Baltimore, Maryland. 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 Operations; Retirement and Disability Policy; and Analytics, Review and Oversight.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>1</sup> SSA, OIG, *Disabled Individuals Potentially Eligible as Auxiliary Child Beneficiaries*, A-13-10-10146, p. 7 (June 2012).

## **Appendix B – SAMPLING METHODOLOGY AND RESULTS**

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We obtained and analyzed an electronic data extract from the Social Security Administration’s (SSA) Supplemental Security and Master Beneficiary Records and Social Security Number Application Process, as of January 2019. The extract identified 2,608 Supplemental Security Income (SSI) recipients from 1 random segment of the SSA systems that met the following criteria.

- The SSI recipient was in current payment status.
- The SSI recipient had a date of disability onset established before age 22.
- There was an indication the SSI recipient never received Old-Age, Survivors and Disability Insurance (OASDI) benefits.
- At least one of the SSI recipient’s parents (name and Social Security number) was identified from the Supplemental Security Record and Social Security Number Application Process (natural or adoptive father, natural or adoptive mother, stepfather, or stepmother).
- The parent met the following criteria:
  - was a primary beneficiary/numberholder, and
  - had a ledger account file other than N (disallowed claim) or ND (denied claim).

We refined the extract by applying the following additional screening requirements.

- SSI recipient was age 18 or older.
- SSI recipient was not married.
- The parent was in current payment status or was deceased.
- SSI recipient did not have a Master Beneficiary Record.
- SSI recipients were not included in our 2012 audit report.<sup>1</sup>
- Parent was not the step-parent of the SSI recipient.

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<sup>1</sup> SSA, OIG, *Disabled Individuals Potentially Eligible as Auxiliary Child Beneficiaries*, A-13-10-10146, p. 7 (June 2012).

After applying the additional screening requirements, we identified 1,017 SSI recipients who were potentially eligible for childhood disability benefits (CDB) under the OASDI program (see Table B–1). We selected a random sample of 50 SSI recipients to determine whether they were eligible for CDB and were due OASDI underpayments. Projecting our sample results to all 20 segments, we estimate approximately 8,140 recipients are potentially eligible for CDB and are due underpayments totaling approximately \$18.5 million (see Table B–2). If SSA does not take corrective action, we estimate these SSI recipients may lose an additional \$3.6 million over a 12-month period (see Table B–3).

**Table B–1: Population and Sample Size**

Description	SSI Recipients
Population Size	1,017
Sample Size	50
SSI Recipients Potentially Eligible for CDB Underpayment in Sample	21
SSI Recipient Potentially Eligible for CDB <sup>2</sup>	1
SSI Recipients Potentially Technically Entitled for CDB	15

**Table B–2: SSI Recipients Potentially Eligible for OASDI Benefits**

Description	SSI Recipients	OASDI Underpayments
Sample Result	20 <sup>3</sup>	\$45,568
Point Estimate	407	\$926,853
Projection—Lower Limit	291	\$389,885
Projection—Upper Limit	532	\$1,463,821
Estimate to the Population (20 Segments)	8,140	\$18,537,060

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

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<sup>2</sup> The SSI recipient could receive SSI payments and OASDI benefits going forward but would not be due an underpayment because all the OASDI benefit would be subject to windfall offset. According to SSA policy, windfall offset is the reduction of retroactive OASDI benefits by the amount of SSI payments that would not have been due had SSA paid the OASDI benefits timely. SSA, *POMS*, SI 02006.001, A.1 (November 21, 1996).

<sup>3</sup> There were 21 SSI recipients eligible for OASDI underpayment totaling \$82,855; however, 1 SSI recipient had an underpayment of \$37,287 (see Table D–1). Since the one underpayment was 45 percent of the total underpayment amount, we did not include this underpayment in our projections.

**Table B–3: Additional Benefits in the Future**

Description	SSI Recipients	Additional Benefits
Sample Results	20	\$8,796
Point Estimate	407	\$178,911
Projection—Lower Limit	291	\$62,919
Projection—Upper Limit	532	\$294,902
Estimate to the Population (20 Segments)	8,140	\$3,578,220

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

## **Appendix C – ANALYSIS OF SAMPLE**

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To evaluate the Supplemental Security Income (SSI) recipients' eligibility for childhood disability benefits under the Old-Age, Survivors and Disability Insurance (OASDI) program, we reviewed various entitlement and non-entitlement factors as well as issues that would limit the amount of benefits that would be payable. Specifically, we reviewed the Social Security Administration's Supplemental Security and Master Beneficiary Records, Numident, Master Earnings File, and Prisoner Update Processing System to determine whether

- the SSI recipient was in current payment status;
- the SSI recipient was ever entitled to, and received, OASDI benefits;
- the SSI recipient was dependent on the parent;
- alcoholism or drug addiction was a contributing factor to the SSI recipient's disability;
- the SSI recipient was imprisoned in the United States after conviction for a felony;
- the SSI recipient had a criminal history or there was an outstanding warrant for a crime, probation violation, or parole violation;
- the SSI recipient was married;
- the SSI recipient performed substantial work;
- the SSI recipient was a non-citizen living outside the United States or unlawfully present in the United States;
- the SSI recipient was living in a restricted country;
- the SSI recipient was the insured person's child;
- the SSI recipient met the definition of disabled;
- the SSI recipient was age 18 or older and became disabled before reaching age 22;
- the parent or child was granted a tax exemption as a member of a religious group opposed to insurance;
- the family was receiving the maximum payment allowed;
- the parent was receiving Disability Insurance benefits that were subject to offset because of worker's compensation payments;
- the parent was entitled to Disability or Retirement Insurance benefits or was insured at the time of death;
- the Railroad Retirement Board did not have jurisdiction over the survivor's claim; or
- the parent is deported or removed from the United States.

## Appendix D – SUPPLEMENTAL SECURITY INCOME RECIPIENTS DUE UNDERPAYMENTS

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Of the 50 Supplemental Security Income (SSI) recipients sampled, 22 were potentially eligible for childhood disability benefits under the Old-Age, Survivors and Disability Insurance (OASDI) program. Of these, 21 were potentially due OASDI underpayments totaling approximately \$82,855. The remaining SSI recipient would not be due an underpayment. If the Social Security Administration does not take action for the 21 SSI recipients, we estimate these SSI recipients may lose an additional \$17,305 over a 12-month period (see Table D–1).

**Table D–1: SSI Recipients Due OASDI Benefits as of October 2019**

SSI Recipient	Offset Period	Number of Months Underpaid	OASDI Due	Windfall Offset <sup>1</sup>	Net OASDI Underpayment	Projected Underpayments over 12 Months
A	1/08 - 10/19	135	\$132,042	\$94,754	\$37,287	\$8,509
B	3/15 - 10/19	56	\$42,922	\$27,771	\$15,151	\$3,355
C	5/10 - 10/19	114	\$86,779	\$81,808	\$4,972	\$1,049
D	11/13 - 10/19	72	\$53,988	\$51,120	\$2,868	\$240
E	8/11 - 10/19	99	\$16,365	\$14,385	\$1,980	\$240
F	6/10 - 10/19	91	\$48,939	\$47,014	\$1,925	\$420
G	4/12 - 10/19	91	\$61,162	\$59,342	\$1,820	\$240
H	5/12 - 10/19	90	\$28,447	\$26,647	\$1,800	\$240
I	8/12 - 10/19	87	\$30,497	\$28,757	\$1,740	\$240
J	12/12 - 10/19	83	\$36,618	\$34,958	\$1,660	\$240
K	7/13 - 10/19	76	\$47,825	\$46,305	\$1,520	\$240
L	10/13 - 10/19	73	\$30,215	\$28,755	\$1,460	\$240
M	11/13 - 10/19	72	\$11,000	\$9,560	\$1,440	\$240
N	1/14 - 10/19	70	\$48,608	\$47,208	\$1,400	\$240
O	1/14 - 10/19	70	\$33,182	\$31,783	\$1,400	\$240
P	7/14 - 10/19	64	\$9,475	\$8,195	\$1,280	\$240
Q	2/15 - 10/19	57	\$24,559	\$23,419	\$1,140	\$240
R	11/06 - 10/19	46	\$1,483	\$740	\$742	\$240
S	2/17 - 10/19	33	\$18,003	\$17,343	\$660	\$240
T	10/17 - 10/19	25	\$7,796	\$7,296	\$500	\$240
U	1/19 - 10/19	10	\$4,942	\$4,832	\$110	\$132
<b>Total</b>			<b>\$774,847</b>	<b>\$691,992</b>	<b>\$82,855</b>	<b>\$17,305</b>

<sup>1</sup> Windfall offset is the reduction of retroactive OASDI benefits by the amount of SSI payments that would not have been due had SSA paid the OASDI income timely. SSA, POMS, SI 02006.001, A.1 (November 21, 1996).

## **Appendix E – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

Office of the Commissioner

#### **MEMORANDUM**

Date: November 20, 2020

Refer To: TQA-1

To: Gail S. Ennis  
Inspector General

A handwritten signature in blue ink that reads "Stephanie Hall".

From: Stephanie Hall  
Chief of Staff

Subject: Office of the Inspector General Draft Report “Follow-up on Disabled Supplemental Security Income Recipients Potentially Eligible for Childhood Disability Benefits” (A-13-18-50714) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.



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