

Audit Report

Accuracy of Supplemental Security
Income Recipients' Reports of
Separation

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: July 30, 2020 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Accuracy of Supplemental Security Income Recipients' Reports of Separation (A-02-14-31417)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration could more effectively determine the accuracy of Supplemental Security Income recipients' reports of separation from individuals whose income could affect their eligibility for payments.

Please provide within 60 days a corrective action plan that addresses each recommendation. 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

Accuracy of Supplemental Security Income Recipients' Reports of Separation

A-02-14-31417



July 2020

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) could more effectively determine the accuracy of Supplemental Security Income (SSI) recipients' reports of separation from individuals whose income could affect their eligibility for payments.

Background

SSI recipients may live with individuals, such as a spouse or parent, who themselves are not eligible for SSI payments. SSA refers to these individuals as ineligible deemors, and their income can affect the recipients' SSI eligibility and payment amounts. Past investigations have shown that some recipients have falsely reported separations from deemors when their income could adversely affect the recipients' SSI payments. Given that recipients self-report their living arrangements, it is difficult to differentiate false from legitimate reports of separations.

From 1 segment of the Supplemental Security Record, we identified 691 recipients who reported they had separated from ineligible deemors. However, their addresses still matched the deemors' addresses at least 1 year after the reported separation, and the deemors had at least a \$2,000 increase in wages in at least 1 year before or after the year of the reported separation. We reviewed a random sample of 100 of the 691 recipients.

Findings

SSA may be able to more effectively use information in its records to determine the accuracy of SSI recipients' reports of separation from ineligible deemors. For example, SSA staff has access to deemors' Forms W-2, *Wage and Tax Statement*, which are stored in SSA's Online Retrieval System. These Forms may be able to help establish whether deemors' addresses changed after reported separations. While information in SSA's records will not allow SSA staff to definitively prove the legitimacy of reported separations, it may alert staff to situations where additional questions and development are needed to accurately process recipients' living arrangements. Also, the information should help staff provide the Office of Investigations more informed referrals should it conclude recipients have likely falsely reported separations from ineligible deemors whose income could affect the recipients' SSI eligibility or payment amounts.

For 39 of the 100 recipients we reviewed, the deemors' income would have affected the recipients' SSI payment amounts had the recipients and deemors continued or resumed living together after their reported separations. For 20 of the 39 cases, SSA found information in its systems to support, or our Office of the Investigations concluded, the recipients and deemors continued or resumed living together. SSA paid the 20 recipients approximately \$496,000 in SSI payments after their reported separations. Estimating our results to the population, approximately 2,800 recipients may have falsely reported their separations from the deemors, and SSA paid them approximately \$69 million after their reported separations.

Recommendations

We made five recommendations, including that SSA create an alert to prompt staff to verify living arrangements and question the accuracy of reported separations when evidence in SSA's records suggest recipients and deemors had the same address after separating. We also recommended that SSA change its policy to require that recipients provide evidence to support their separations whenever such evidence can reasonably be expected to be available. SSA agreed with two of our recommendations and disagreed with three. The report includes the full text of the Agency's comments as well as our response.

TABLE OF CONTENTS

Objective	1
Background	1
Ineligible Deemors	1
False Reports of Separation	2
Audit Population	2
Results of Review	3
W-2 Address Information	3
Office of Investigations Review	4
Conclusions	4
Recommendations	5
Agency Comments	5
OIG Response	6
Appendix A – Scope and Methodology	A-1
Appendix B – Sampling Methodology and Results	B-1
Appendix C – Agency Comments	C-1

ABBREVIATIONS

OI	Office of Investigations
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) could more effectively determine the accuracy of Supplemental Security Income (SSI) recipients' reports of separation from individuals whose income could affect their eligibility for payments.

BACKGROUND

SSA administers the SSI program under Title XVI of the *Social Security Act*.¹ The SSI program provides monthly payments to individuals with limited income and resources who are aged, blind, or disabled. In Fiscal Year 2019, the Agency paid about \$52 billion in SSI Federal and State supplementary payments to a monthly average of approximately 8 million recipients.

Ineligible Deemors

SSI recipients may live with individuals, such as a spouse or parent, who are not eligible for SSI payments. SSA refers to these individuals as ineligible deemors.² Because SSI is a means-tested program, deemors' income can affect recipients' SSI eligibility and/or payment amount. SSI recipients must report changes to SSA that would affect their eligibility or payment amounts, including separations from ineligible deemors.³ SSA may use Form SSA-795, *Statement of Claimant or Other Person*, to document recipients' reports of separation, which acknowledges the recipient's understand that knowingly providing false statements about material facts is a crime and can result in a fine or imprisonment.⁴

SSA accepts recipients' self-reporting of their living arrangements unless there is information to the contrary. Also, while recipients must report changes of address or residences because such changes may affect their SSI eligibility or payment amount, SSA policy neither requires evidence nor lists specific types of documents proving residency when accepting reports of changes of address.⁵ While SSA policy does not require evidence, staff may request additional information.⁶ However, an ineligible deemor who has moved out of a recipient's residence is not required to comply with SSA's requests.

¹ *Social Security Act*, 42 U.S.C. § 1381 (govinfo.gov 2018).

² As of January 2020, approximately 1.2 million out of 8.1 million SSI recipients resided with deemors.

³ SSA, *POMS*, SI 02301.005, A and B.2 (September 30, 2016).

⁴ SSA, *POMS*, GN 04105.005, A and C (April 19, 2017) and SI 02301.005, B.4 and D.3 (September 30, 2016).

⁵ SSA, *POMS*, SI 02306.010, A and B.1 (September 26, 2006).

⁶ If there is not documentation to prove a change in living arrangement, SSA can document that change with Form SSA-795, *Statement of Claimant or Other Person*. By signing Forms SSA-795, recipients acknowledge they understand that providing false statements about material facts is a crime and can result in a fine or imprisonment.

SSA completes redeterminations to review SSI recipients' non-medical eligibility factors to determine whether they continue to be eligible for, and/or are receiving, the correct payments. SSA policy requires that eligibility factors be reviewed when it completes redeterminations, including a recipient's living arrangements.⁷ SSA completed 2.67 million non-medical redeterminations in Fiscal Year 2019.

False Reports of Separation

Past investigations have shown that some SSI recipients falsely reported they had separated from deemors when the deemors' income could adversely affect the recipients' payments. Given that SSA accepts recipients self-reporting their living arrangements, it can be difficult to differentiate false from legitimate reports.

When SSA staff suspects a recipient has falsely reported a separation, SSA policy instructs them to evaluate evidence using their "best judgment" to determine whether the recipient knowingly made a false statement or omitted material facts and refer the allegation to the Office of the Inspector General (OIG) for possible investigation.⁸ If the investigation finds evidence a recipient provided false statements about material facts related to his/her living arrangements, it can refer cases to the Department of Justice for prosecution. Examples of successful prosecutions follow.

- In April 2019, an SSI recipient pleaded guilty to one count of theft of Government funds and one count of Social Security fraud for providing false statements concerning her living arrangement with her spouse, who had substantial income. The recipient was sentenced to 1 year and 1 day incarceration and 2 years' supervised released as well as ordered to pay SSA \$167,529 in restitution.
- An individual applied for SSI payments, but, because of her husband's income, SSA denied her claim. She reapplied 2 months later, claiming she had separated from her husband. An investigation revealed they had not separated. She pleaded guilty to theft of Government funds and, in March 2019, was sentenced to 3 years' probation. She was also ordered to pay SSA \$48,414 in restitution.

Audit Population

From 1 segment of the Supplemental Security Record, we identified 10,162 individuals who were receiving SSI payments and reported a separation from a deemor effective January 2009 through December 2015. From this population, we identified 3,812 recipients who reported separations from deemors who had at least a \$2,000 increase in wages in 1 or more years before

⁷ SSA, POMS, SI 02305.001, A and C.1 (August 29, 2014).

⁸ SSA, POMS, GN02604.410, A.1. and A.3 (April 25, 2017).

or after the year of the alleged separation.⁹ Using the deemors' addresses on their Form W-2, *Wage and Tax Statement*, we identified 691 recipients whose addresses in SSA's systems matched the deemors' addresses for 1 year or longer after the reported separation. We reviewed a random sample of 100 of these 691 cases.

RESULTS OF REVIEW

SSA staff has access to records—including deemors' Forms W-2¹⁰—that can provide information about recipient and deemors' addresses. Using these records, we were able to more effectively determine the accuracy of SSI recipients' reports of separation from individuals whose incomes affected their eligibility for benefits.

W-2 Address Information

We reviewed a random sample of 100 recipients whose address matched a deemor's W-2 address for 1 year or longer after they reportedly separated and after the deemor had at least a \$2,000 increase in wages in 1 or more years before or after the alleged separations. We determined the deemors' wages would have caused overpayments in 39 cases had the recipients and deemors continued living together.¹¹ At our request, SSA reviewed the 39 recipients' records and did not question the legitimacy of 23 reported separations noting, for example, that there was a reasonable explanation the separating deemor's address matched the recipient's. However, for the remaining 16 cases, SSA questioned or provided information that initially led us to question whether the recipients and deemors continued or resumed living together after the separation report based on information in its records. SSA later provided information that led us to conclude 2 of the 16 separations were not questionable. Examples of information in SSA's records that led us to question the reported separations follow.

- A recipient stated at a consultative medical examination after the reported separation that she lived with her husband.
- After their reported separation, a recipient and spouse disclosed to SSA in a telephone call that they were both living with the spouse's mother. Additionally, when the deemor filed for Medicare after the reported separation, he used the recipient's address as his own.

⁹ We excluded child recipients who received child support, recipients whose separated deemors were deceased, and recipients our Office of Investigations previously investigated.

¹⁰ SSA employees who work with the public have access to W-2 records through SSA's Online Retrieval System.

¹¹ For the remaining 61 records, the wages would not have affected the recipient's SSI payments because the deemor's earnings were under the threshold to affect the recipient's payment; SSA's records support a separation, such as a divorce; or the recipient's record had been updated where deeming was no longer applicable, such as the recipient reached age 18 and the parent's income was no longer deemed to the recipient; or the recipient's payments terminated.

- Both the recipient and deemor's addresses changed to a matching address after their reported date of separation.

SSA paid the 14 recipients approximately \$420,000¹² that they would not have been eligible to receive had they lived with the deemors after their reported separations.

Office of Investigations Review

We referred to our Office of Investigations (OI) the 23 cases where SSA did not initially find contrary evidence to question the reported separations. We asked OI to determine whether the recipients and deemors lived together after the dates they reportedly separated. As of July 2020, the status of the 23 cases was as follows.

- In nine cases, OI concluded the recipients and deemors had separated as reported.
- In six cases, OI determined the recipients and deemors had not separated or did not remain separated as reported. The recipients received approximately \$76,000 in SSI payments for which they were not eligible.
- In eight cases, OI's review is ongoing. To date, OI has seven ongoing investigations and is collecting evidence for the remaining case to determine whether an official investigation is warranted.

In total, SSA found information in its systems to suggest, or OI concluded, that 20 of the 39 recipients and deemors continued or resumed living together after their reported separations. SSA paid these recipients approximately \$496,000 that they would not have been eligible to receive had they continued living with the deemors. Estimating our results to the population, approximately 2,800 recipients may have falsely reported separations and, as a result, SSA may have paid them approximately \$69 million that they would not have been eligible to receive.

CONCLUSIONS

While we understand the challenges SSA faces in identifying and proving false reports of separations, the Agency has the opportunity to better use available resources to question recipients about suspicious allegations and/or better develop cases before referring them for investigation.

¹² We referred 1 of the 14 cases to OI. OI investigated and determined the recipient and deemor never separated. OI referred the case to SSA, and SSA posted a \$36,230 overpayment.

RECOMMENDATIONS

We recommend that SSA:

1. Complete redeterminations for the 20 cases¹³ we or the Agency identified as questionable.
2. Review the remaining cases in our population¹⁴ and determine whether the Agency should complete redeterminations for them.
3. Revise its redetermination policy to instruct staff to review ineligible deemors' earnings and historical W-2 information, as well as any other address-related information in SSA's records or available to SSA staff, to determine whether reported separations from SSI recipients are questionable.
4. Create an alert to prompt staff to verify living arrangements and question the accuracy of reported separations when separated deemors' earnings are above the deeming threshold and their Form W-2 addresses continue to match the recipients' addresses from whom they reportedly separated.
5. Revise its policy to require that recipients provide evidence to support their reported separations from ineligible deemors when such evidence can be reasonably expected to be available. For example, when the recipient has moved from the household, require that he/she provide evidence of his/her new address.

AGENCY COMMENTS

SSA agreed with Recommendations 1 and 2 but disagreed with Recommendations 3, 4, and 5. In disagreeing, SSA stated it believed W-2 information was generally an unreliable source of residential address information, and it has an alert in place that requires that staff verify household composition and review the accuracy of reported changes in living arrangements. Further, in disagreeing with requiring evidence to support reported separations, SSA stated recipients and other individuals who provide the Agency information must submit documentation to support their statements and affirm, under penalty of perjury, that their statements are true and correct. The full text of SSA's comments is included in Appendix C.

¹³ OIG concluded its investigation on three of these cases and referred them to SSA for redeterminations.

¹⁴ Our population comprised 691 recipients. We reviewed 100 randomly selected recipients from the population. Of the remaining 591 recipients not reviewed, 446 remain in current pay status as of January 2020.

OIG RESPONSE

We successfully used W-2 and earnings information within SSA records to identify recipients who inaccurately reported separations from deemors whose income affected the recipients' SSI eligibility. Accordingly, we concluded SSA could use this information to better evaluate the accuracy of recipients' reports of separation from deemors. While SSA's alert to verify living arrangements is a helpful reminder for staff when it processes a reported separation, the alert does not use available address and earning information to better identify inaccurate reports of separation that would affect recipients' SSI eligibility. Also, when we asked the Agency for policy or training references that further explained the alert it referenced in its comments, the Agency reported it did not have any policy or training references that detailed the actions staff should take to address the alert.

Finally, OI investigations have provided many examples of recipients inaccurately reporting separations from deemors, demonstrating recipients' ability to provide false information to SSA that allows them to receive SSI payments for which they were not eligible. Requiring evidence to support reported changes whenever such evidence can reasonably be expected to exist would help prevent false reports of separation and strengthen the integrity of the SSI program.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed the *Social Security Act* and Social Security Administration's (SSA) Program Operations Manual System.
- Identified 10,162 Supplemental Security Income (SSI) recipients from segment 14 of the Supplemental Security Record who were in current pay and reported a separation from a deemor effective January 2009 through December 2015.
- From this population, identified recipients whose separated deemor had a \$2,000 or more increase in wages in at least 1 of the years from the year before to the year after the separation allegation.
- Before sampling, identified 3,812 recipients by excluding child recipients who received child support, recipients whose separated deemor was deceased, and recipients already referred to the Office of Investigations (OI) in our prior survey work.
- Requested the deemor's Form W-2, *Wage and Tax Statement*, earnings statement for 2009 through 2016.
- Matched the deemors' 2016 W-2 address to the SSI recipient's address on the Supplemental Security Record. We found 691 matches.
- Randomly sampled 100 of the 691 cases with matching addresses.
- Examined the W-2 address of the deemor and the recipients' historical current addresses in the SSI Claims system starting with the year of separation.
- Determined the funds at risk per month through December 2018 by using the Supplemental Security Record's current monthly payment in the Computation History field.
- Referred to SSA 39 cases we identified where the deemors' income would have affected the recipients' SSI payment amounts if the recipients and deemors continued living together.
- SSA identified evidence in its records that suggested 16 of the 39 recipients lived with their deemors after their reported date of separation. SSA later provided additional information that led us to conclude that 2 of the 16 separations were not questionable. We referred the remaining 23 cases to our OI for its review.

We conducted this audit in New York, New York, between October 2018 and February 2020. The entity reviewed was the Office of the Deputy Commissioner for Operations. We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

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 objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

From 1 segment of the Supplemental Security Record, we identified 10,162 Supplemental Security Income (SSI) recipients who reported separating from deemors in Calendar Years 2009 through 2015. From this population, we identified the deemors who had increased wages of \$2,000 or more recorded in the Master Earnings File in the year before or after the reported separation. Additionally, using the Online Retrieval System, we compared the addresses listed on the deemors' Forms W-2, *Wage and Tax Statement*, to the recipients' addresses in the Modernized SSI Claims System for the years after the reported separation and identified 691¹ recipients and deemors who appeared to still be living together. We selected and reviewed a random sample of 100 cases from the population of 691 cases (see Table B-1).

Table B-1: Population and Sample Size

Description	Recipients
Population Size (identified in 1 segment of the Supplemental Security Record)	691
Sample Size	100
Total Estimated Population (Population Size x 20 segments)	13,820

Using the Online Retrieval System and Modernized SSI Claims System to examine deemor and recipient addresses, we identified 39 cases where we believe the deemor and recipient likely did not remain separated after the reported separation, and the deemor's earnings would either reduce or eliminate a portion of the recipient's payments. We referred these cases to SSA for its review. SSA identified evidence in its records that suggested 16 of the 39 recipients lived with their deemors after their reported date of separation. SSA later provided additional information that led us to conclude that 2 of the 16 separations were not questionable. We referred the remaining 23 cases to our Office of Investigations (OI) for review. In six cases, OI determined the recipients and deemors had not separated or remained separated as reported.

In total, SSA found evidence in its systems to support, or OI concluded, that 20 of the 39 recipients and deemors may have continued to live together after the reported separations. The 20 recipients were paid \$496,382 in SSI payments they would not have been eligible for had they continued living with the deemors. Estimating these results to all 20 segments, there are 2,760 cases with questionable separations and \$68,600,000 at risk of having been paid improperly (see Table B-2).

¹ We excluded child recipients who received child support, recipients whose separated deemors were deceased, and recipients previously referred to OI.

Table B–2: Funds at Risk

Description	Number of Cases with Questionable Separations	Funds At Risk
Sample Results (for 1 segment)	20	\$496,382
Point Estimate (for 1 segment)	138	\$3,430,000
Projection – Lower Limit	98	\$2,162,164
Projection – Upper Limit	187	\$4,697,835
Population Estimate (Point Estimate x 20 segments)	2,760	\$68,600,000

Note: All projections are at a 90-percent confidence level

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

Office of the Commissioner

MEMORANDUM

Date: July 10, 2020

Refer To:

To: Gail S. Ennis
Inspector General

Stephanie Hall

From: Stephanie Hall
Chief of Staff

Subject: Office of the Inspector General Draft Report “Accuracy of Supplemental Security Income Recipients’ Reports of Separation” (A-02-14-31417) -- 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) 965-9102.

SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “ACCURACY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS’ REPORTS OF SEPARATION” (A-02-14-31417)

GENERAL COMMENTS

Sometimes we must rely on individual reports about certain factors of entitlement, such as the living arrangements of Supplemental Security Income (SSI) recipients. In those situations, we ask appropriate questions and obtain documentation to determine the accuracy of a recipient’s report. While we do not agree with recommendations 3, 4, and 5, we will remind employees of existing policies for developing and documenting living arrangements when SSI recipients separate from deemors. We will also consider how we can revise our quality review process to monitor how well we process SSI recipients’ reports of separation and explore options to improve our identification and referral of potential fraud among these cases to the Office of the Inspector General for further investigation.

Our responses to the recommendations are below.

Recommendation 1

Complete redeterminations for the 20 cases we or the agency identified as questionable.

Response

We agree.

Recommendation 2

Review the remaining cases in our population and determine whether the agency should complete redeterminations for them.

Response

We agree.

Recommendation 3

Revise its redetermination policy to instruct staff to review ineligible deemors’ earnings and historical W-2 information, as well as any other address-related information in SSA’s records or available to SSA staff, to determine whether reported separations from SSI recipients are questionable.

Response

We disagree. We routinely use residential address information in our records and other information available to us when we evaluate SSI recipients’ reports of separation. Further, requiring technicians to review W-2 information for every reported separation would be an inefficient use of agency resources because we consider W-2s a generally unreliable source of

residential address information. The Internal Revenue Service relies on tax returns for address information, and its publications allow employers to enter post office boxes and “in care of” addresses on forms W-2.

Recommendation 4

Create an alert to prompt staff to verify living arrangements and question the accuracy of reported separations when separated deemors’ earnings are above the deeming threshold and their W-2 addresses continue to match the recipients’ addresses from whom they reportedly separated.

Response

We disagree. As noted in our response to Recommendation 3, W-2s can be an unreliable source of residential address information. Additionally, we currently have an alert in our system that requires technicians to verify household composition and ensure removal of an individual from a household conforms with policy including instances when a deemor’s income exceeds the deeming threshold.

Recommendation 5

Revise its policy to require recipients to provide evidence to support their reported separations from ineligible deemors when such evidence can be reasonably expected to be available. For example, when it is the recipient who has moved from the household, require that he/she provide evidence of his/her new address.

Response

We disagree. Our existing policy requires SSI recipients to report when they separate from deemors. Existing policy also requires technicians to document a recipient’s residence address, evaluate a recipient’s ability to pay his or her monthly rent, utility, and food expenses, and identify anyone living in the home or contributing to the household expenses. If a recipient moves into another person’s home, policy requires technicians to independently verify household operating expenses and individual financial contributions with the homeowner or a knowledgeable adult living in the household. Recipients and other individuals who provide information to us must submit documentation to support their statements and affirm under penalty of perjury that their statements are true and correct.

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 (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 oig.ssa.gov/audits-and-investigations/audit-reports/all. For notification of newly released reports, sign up for e-updates at 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: 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