

Office of the Inspector General

September 28, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Review of Controls Over Processing Income Alerts Which Impact Supplemental Security Income Payments (A-05-98-21002)

The attached final report presents the results of our audit. Our objective was to assess how effectively the Social Security Administration processes income alerts.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**REVIEW OF CONTROLS OVER
PROCESSING INCOME ALERTS WHICH
IMPACT SUPPLEMENTAL SECURITY
INCOME PAYMENTS**

September 2000 A-05-98-21002

AUDIT REPORT



EXECUTIVE SUMMARY

OBJECTIVE

The purpose of this audit was to assess how effectively the Social Security Administration (SSA) processes income alerts.

BACKGROUND

The Supplemental Security Income (SSI) program provides cash assistance to financially needy individuals who are aged, blind or disabled. To determine if an SSI applicant is financially eligible, SSA performs an initial determination at the time of application and conducts periodic reviews to determine whether the recipient remains eligible. SSI recipients are required to report events that may affect their financial eligibility for benefits, including changes in income, resources, marital status, and living arrangements. SSA generally relies on matching computerized data from other Federal and State agencies to verify that the information is correct. When these computer matches identify discrepancies between data reported by recipients and the data recorded by these agencies, alert notices are sent to SSA field offices (FO). These alerts require that the FOs determine if the discrepancies impact SSI benefits.

We reviewed seven categories of income alerts that are issued when computer matches are conducted. Three of the seven alerts result from comparing earned and unearned income data from the Internal Revenue Service (IRS) to the Supplemental Security Record (SSR). Two alerts result from comparing IRS wage data from the SSA Master Earnings File to the SSR. Two other alerts result from comparing State wage and unemployment compensation data to the SSR.

RESULTS OF REVIEW

Our review disclosed that an estimated \$60.4 million in SSI overpayments could have been prevented if SSA had more effectively processed income alerts. Preventable overpayments occurred because of the delays in resolving income alerts. Further, FOs did not establish income estimates to reduce future benefits to offset expected income. We estimated that 34,960 income alerts in our population had preventable overpayments. We also determined that SSA took an average of 10 months to complete the development of sampled alerts. (See Appendix A for the sampling methodology.)

We also sent a questionnaire at the start of our review to the FOs included in our sample. The reasons most frequently given by FO employees for delays in working alerts were other workload concerns and the length of time it took to do income

verification. The responses indicated that SSA did not have a system in place to keep track of the length of time the alerts were unresolved. Only 2 of 50 FOs used the “StaRZ and Stripes” software to track alerts to completion. The “StaRZ and Stripes” software provides management reports such as a listing of all pending alerts showing their status. The software can also provide a summary of alerts for managers at the end of a fiscal year. We believe that SSA should use an automated process like this system to monitor and control the processing of alerts.

RECOMMENDATIONS

We recommend that SSA:

- Develop a plan to ensure that income alerts are worked more timely and income estimates are used.
- Require all FOs to use an automated process, such as the “StaRZ and Stripes” computer software, to manage alert workloads and minimize delays in starting alert development.
- Revise Program Operations Manual System to clearly state that these income alerts be resolved within 60 days after being issued.

AGENCY COMMENTS

In its response, SSA has planned actions to address our recommendations except that SSA does not believe it is always feasible to require resolution of income alerts within 60 days. The full text of SSA comments is included in Appendix B.

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We agree that SSA’s responses and planned actions adequately address our recommendations.

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INTRODUCTION

OBJECTIVE

The purpose of this audit was to assess how effectively the Social Security Administration (SSA) processes income alerts.

BACKGROUND

The Supplemental Security Income (SSI) program provides cash assistance to financially needy individuals who are aged, blind or disabled. To determine if an SSI applicant is financially eligible, SSA performs an initial determination at the time of application and conducts periodic reviews to determine whether the recipient remains eligible. SSI recipients are required to report events that may affect their financial eligibility for benefits, including changes in income, resources, marital status, and living arrangements. SSA generally relies on matching computerized data from other Federal and State agencies to verify that the information is correct. When these computer matches identify discrepancies between data reported by recipients and the data recorded by these agencies, alert notices are sent to SSA field offices (FO). These alerts require that the FOs determine if the discrepancies impact SSI benefits.

We reviewed seven categories of income alerts. A brief description of the computer match that generates each type of income alert follows:

- 5B alerts result from comparing income and resources, primarily interest and dividends, reported on Internal Revenue Service (IRS) Form 1099 to the Supplemental Security Record (SSR). These income alerts are issued each year on May 1, July 1 and November 1.
- 5H alerts result from comparing pension, annuity and retirement account data reported on IRS Form 1099 to the SSR. These alerts are also issued each year on May 1, July 1 and November 1.
- K6 alerts result from comparing earnings reported on IRS Form W-2 and Schedule SE (self-employment) from the SSA Master Earnings File (MEF) to the SSR. Deemed income alerts occur if a recipient's date of eligibility is January of the tax year (TY) or earlier and earnings on the MEF exceed the amount on the SSR by \$1,000 or more. Deemed income alerts are issued each year in January or March and August.
- K7 alerts result from comparing earnings reported on IRS Form W-2 and Schedule SE from the MEF to the SSR. Deemed income alerts occur if a recipient's date of

eligibility is later than January of the TY and earnings on the MEF exceed the amount on the SSR by \$2,000 or more. Also, either the MEF contains an amended earnings report or the SSR does not reflect any earnings for the deemor. Again, deemed income alerts are issued each year in January or March and August.

- S2 alerts result from comparing wage data from the States to the SSR. These alerts were issued each year at the end of March and September. After our data was collected, the alert was replaced by a computer match initiated with the Office of Child Support Enforcement (OCSE) data base to include quarterly wage and unemployment compensation income.
- Self Employment Income (SEI) alerts result from comparing SEI reported on IRS Schedule SE to the SSR. SEI alerts are issued each year in May based on tax return data.
- U5 alerts result from comparing unemployment compensation data from the States to the SSR. These alerts were issued each year in February and August. After our data was collected, the alert was replaced by a computer match initiated with the OCSE database to include quarterly wage and unemployment compensation income.

Errors in reporting recipients' income have historically been the most significant cause for stopping SSI benefits. In 1998, SSA estimated that 46 percent of all stop-payment actions were related to income issues. The SSA Program Operations Manual System (POMS) states that FOs should give income alerts high priority. (SI 02310.005)

SCOPE AND METHODOLOGY

We extracted 275,583 income alerts from the SSR dated between January 1, 1997 and July 31, 1998 that were unresolved at August 27, 1998. We separated this population into seven strata, one for each type of income alert. We then randomly selected sample alerts from each of the 7 strata until 30 alerts were identified that required resolution action. (See Appendix A for the sampling methodology.)

To complete our review, we:

- reviewed applicable sections of the POMS;
- interviewed appropriate SSA staff at the Great Lakes Program Service Center, three FOs and SSA Headquarters;
- reviewed seven stratified random samples of income alerts;
- reviewed recipients' SSI record displays (SSIRD), detailed earnings queries and all supporting alert documentation provided by applicable FOs; and

- reviewed questionnaires sent to FOs responsible for resolving the sampled alerts.

We identified errors from sampled income alerts as preventable overpayments based on processing delays and FOs not always using income estimates when appropriate. POMS states that the recipient has 30 days to respond to the initial request for documentation regarding income related to an alert. POMS further states that the recipient can be granted an additional 30 days to provide the requested documentation to the FO (SI 02301.235B, F and H). Thus, the FO should receive the necessary documentation to resolve the alert within 60 days. Since income alerts are considered high priority, we defined a processing delay as occurring when an income alert was completed beyond 60 days after it was issued. However, POMS does not specify a timeframe for completion of these alerts.

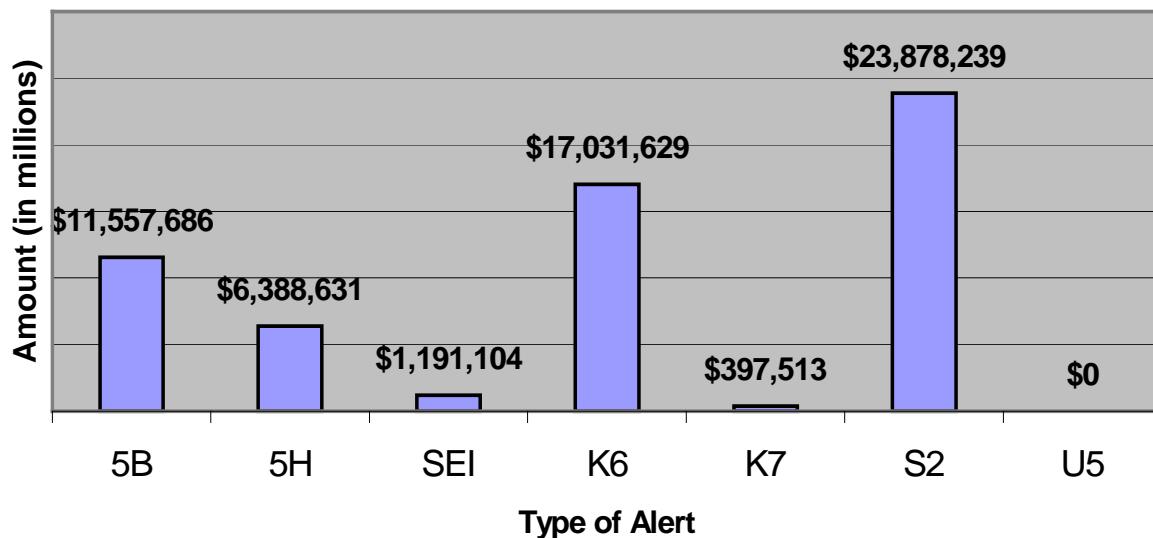
We calculated preventable overpayments based on paid benefits that would not have been disbursed if the alert were properly resolved within a 60-day period. We also included paid benefits as preventable if FOs should have estimated future income when processing alerts. We then projected the results of our sample review to the population using a statistical software package for variable and attribute analysis of a stratified random sample. All estimates in our report are midpoint projections.

We performed audit work in Cincinnati, Ohio; Indianapolis, Indiana; Chicago, Illinois; and Baltimore, Maryland. Our fieldwork was conducted during May 1998 through April 2000. We conducted our audit in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

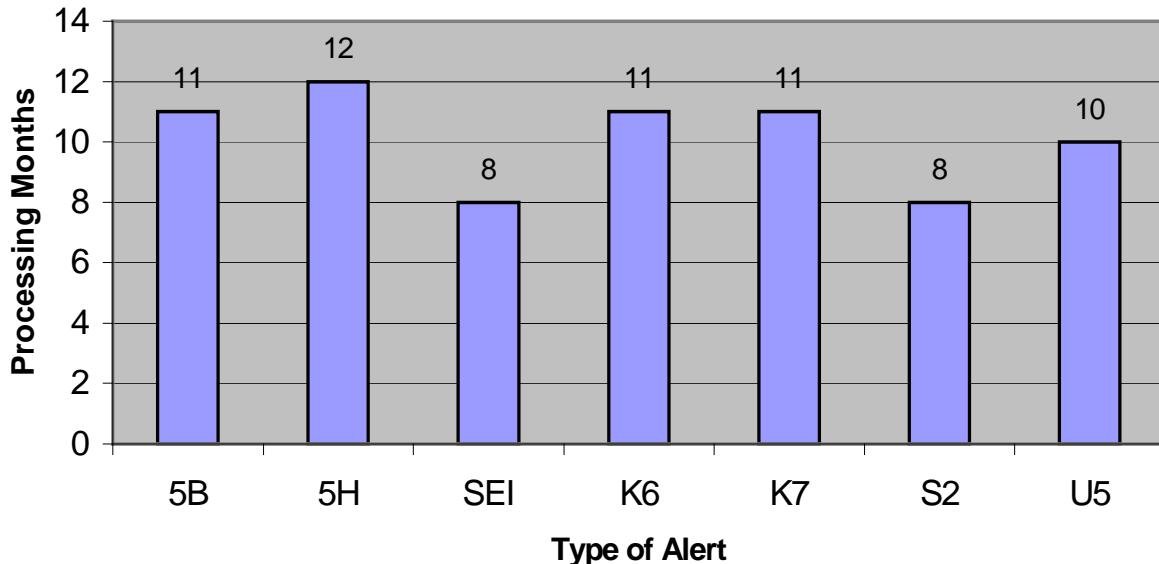
Our review disclosed that an estimated \$60.4 million in overpayments could have been prevented if SSA had more effectively processed income alerts. Preventable overpayments occurred because of delays in resolving alerts. Further, FOs did not establish income estimates to reduce future benefits to offset expected income. We based our estimate of preventable overpayments on a stratified statistical sample of 435 income alerts randomly selected from a population of 275,583 alerts. We also estimated that 34,960 income alerts in our population had preventable overpayments. The estimated amounts of preventable overpayments by alert type are summarized below:

Figure 1: Estimated Preventable Overpayments by Type of Alert



We also determined the average number of months SSA took to process 218 sampled income alerts that were completed. On the average, SSA used 10 months to complete the development of these alerts. The months needed to process the alerts by each category are shown below.

Figure 2: Alert Processing Time by Type of Alert



Income Alert Processing

When a computer match between SSA systems and third party information results in income differences on a SSI recipient's record, FOs are notified to investigate. These alert notices are sent directly from SSA Headquarters to the appropriate FO where they are assigned to a claims representative (CR) for development and completion. When some types of alerts are generated, hard copies are sent directly to CRs. An example is the S2 earned income alert. Other alerts, such as the 5B and 5H, are maintained on the Central Office Records Center (CORC) system until alert development begins. Should the CR need a copy of an alert from the CORC, it can be obtained overnight. When alerts are recorded, the type and date are placed on the recipient's SSIRD.

FO staff generally agreed that the only guidance over alert processing was to resolve them by September 30th, the end of each fiscal year (FY). SSA measures FO productivity based on the number of alerts per work year that were completed during the FY. Thus, allowing alerts to roll over into the next year's workload would adversely impact SSA's work processing goals, which are used to measure the effectiveness of FOs.

SSA has introduced the new "StaRZ and Stripes" software, which enables FO managers to better control alert workloads so that income alert processing is completed on a more timely basis. Another emerging management tool is SSA's "Unified Measurement System" (SUMS). The vision of SUMS is to ensure that managers at all levels have the

data they need to allocate resources, forecast workloads, and monitor customer service. We believe that both the new software and the system enhancements will improve the timeliness of working alerts.

Examples of Preventable Overpayments

To illustrate the impact of delaying the processing of income alerts and not establishing income estimates to prevent future SSI overpayments, examples from various strata are discussed below.

- We reviewed a 5B alert that was issued on November 1, 1997. Alert development disclosed that the SSI recipient had \$11,000 in the bank. The FO completed the alert on August 27, 1998 and recorded an overpayment of \$16,044 on the recipient's SSIRD for the period September 1996 through September 1998. SSA could have prevented \$5,853 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD. We reviewed another 5B alert that was issued on November 1, 1997. The FO completed the alert on February 12, 1999 and recorded an overpayment of \$15,803 on the recipient's SSIRD. SSA could have prevented \$7,526 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD.
- We reviewed a 5H alert that was issued on October 2, 1997. Alert development disclosed that the SSI recipient had a teamster pension of \$4,752 per year. Since the SSI recipient did not report the pension, SSA paid him a full monthly benefit. The FO completed the alert on September 23, 1998 and recorded an overpayment of \$9,024 on the recipient's SSIRD for the period October 1996 through October 1998. SSA could have prevented \$3,384 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD and established an income estimate. We reviewed another 5H alert that was issued on October 2, 1997. Alert development disclosed that the recipient had \$25,000 in a retirement fund while obtaining SSI benefits. The FO completed the alert on October 29, 1998 and recorded an overpayment of \$14,987 on the recipient's SSIRD. SSA could have prevented \$4,195 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD.
- We reviewed a K6 deeming alert that was issued on March 29, 1997. Alert development resulted in the identification of updated wages for one parent of the recipient. The FO completed the alert on October 27, 1998 and recorded an overpayment of \$4,494 on the recipient's SSIRD for the period September 1996 through November 1998. SSA could have prevented \$3,231 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD and established an income estimate. We reviewed another K6 alert that was issued on October 2, 1997. The FO completed the alert on April 2, 1999 and recorded an overpayment of \$10,345 for the period March 1997 through

April 1999. SSA could have prevented \$5,031 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD and established an income estimate.

- We reviewed an S2 alert that was issued on March 30, 1998. Alert development resulted in identifying unreported wages. The FO completed the alert on March 31, 1999 and recorded an overpayment of \$3,802 for the period February 1997 through April 1999. SSA could have prevented \$1,915 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD and established an income estimate. We reviewed another S2 alert that was issued on June 28, 1997. The FO completed the alert on November 12, 1998 and found an overpayment of \$6,072 for the period August 1996 through October 1998. SSA could have prevented \$3,821 from being paid to the recipient had the FO completed this alert within 60 days from when it first appeared on the SSIRD and established an income estimate.

We calculated that SSA took an average of 10 months to resolve 218 sampled income alerts that were processed to completion. As a result, we identified significant overpayments that SSA could have prevented by resolving the alerts in a more timely manner. The United States General Accounting Office (GAO) reported that SSA recovers only 15 percent of SSI overpayments.¹ SSA informed us that a September 1998 study showed a total recovery rate much closer to 60 percent. The reason for the variance from the rate calculated by GAO is explained in Appendix B.

Also, overpayment collections from recipients who continue to receive benefits tend to require a long time period. The reason is that regulations allow SSA to recover a maximum of 10 percent of a recipient's Federal Benefit Rate. For example, at the current benefit rate of \$512 monthly, SSA would take almost 5 years to recover an overpayment of \$3,000. Therefore, SSA can both reduce losses from unrecoverable overpayments and reduce total overpayments outstanding by improving the timeliness of resolving these alerts.

Questionnaire Responses From SSA Field Offices

We sent a questionnaire at the start of our review to the FOs included in our sample. The reasons most frequently given by FO employees for delays in working alerts were other workload concerns and delays related to income verifications. The responses indicated that SSA had no system in place to keep track of the length of time the alerts were unresolved. Only 2 of 50 FOs responding to our questionnaire used the "StaRZ and Stripes" software to track alerts to completion.

We reviewed the "StaRZ and Stripes" management guide. It is an Access application that FOs can use to control and process alert workloads. The application can be used

¹ *Supplemental Security Income: Opportunities Exist for Improving Payment Accuracy* (GAO/HEHS-98-75) March 27, 1998.

to generate listings of income alerts from the CORC system and to send notices to recipients and verification letters to employers about income.

The “StaRZ and Stripes” software can also be used to produce management reports. For example, lists can be generated of all pending alerts showing their status. The software can also provide managers with a summary of alerts at the end of a FY. The software has over 20 management reports available and can be adapted to end-user needs. We believe that SSA should expand the use of automated processes like this system to all FOs to monitor and control the processing of alerts.

Alert Error Analysis

The most significant type of alert relates to wages or earned income (S2). The S2 alerts accounted for 117,617 (42.7 percent) of the 275,583 income alerts in our population. The S2 alerts accounted for a proportionate amount of the preventable overpayments or about \$23.9 million (39.6 percent) of the \$60.4 million in total preventable overpayments. As discussed earlier in the report, a computer match done quarterly with the OCSE database to include wage and unemployment compensation income replaced the alert. This allocation of alerts throughout the year should assist SSA in focusing FO resources to process these alerts more timely.

The next most significant alert also relates to earned income (K6), but involves individuals whose income may be deemed to recipients. The K6 alerts accounted for 82,355 (29.9 percent) of the 275,583 income alerts in our population. Similar to the results of the S2 alerts, the K6 alerts accounted for a proportionate amount of the preventable overpayments, or about \$17.0 million (28.1 percent) of the \$60.4 million in total preventable overpayments. To the extent that these alerts are issued early in the calendar year, they need to be controlled and FO resources focused on timely processing to reduce preventable overpayments.

The third most common income alert (5B) involves the matching of IRS 1099 income, interest and dividends, with the SSR. The 5B alerts accounted for 31,748 (11.5 percent) of the 275,583 income alerts in our sample population. However, the 5B alerts accounted for a larger proportion of the preventable overpayments, or about \$11.6 million (19.2 percent) of the \$60.4 million in total preventable overpayments. The reason was that our sample results indicated that the 5B alerts had a significantly higher average overpayment per alert sampled than the other types of alerts.

The 5H alert is the only other alert in our sample that accounted for a higher percentage of preventable overpayments than its share of total alerts. The 5H alert matches pension, annuity and retirement income from the IRS Form 1099 with the SSR. The alert represented only 24,422 (8.9 percent) of the 275,583 alerts in our sample population, but accounted for \$6.4 million (10.6 percent) of the \$60.4 million in total preventable overpayments. Again, we recommend that SSA identify and monitor the processing of these alerts at the time they are issued to improve the timeliness, thereby reducing preventable overpayments.

The four types of income alerts discussed above accounted for 256,142 (92.9 percent) of the 275,583 alerts in our sample population. More importantly, these alerts accounted for about \$58.9 million (97.6 percent) of the \$60.4 million in total preventable overpayments. The results for the remaining three alerts were immaterial.

CONCLUSIONS AND RECOMMENDATIONS

We identified an estimated \$60.4 million in preventable overpayments that resulted from SSA processing income alerts untimely and the inconsistent use of income estimates. We also noted that SSA has an inadequate control process to monitor the timely processing and age of outstanding alerts. SSA needs to ensure that FO management focuses on the timely processing of income alerts throughout the year.

SSA is aware that the failure of recipients to report changes in unearned and earned income results in overpayments of SSI benefits. They are also aware that computer matches to detect these changes in income are often completed months after the income was received, contributing to the untimely detection of overpayments. Thus, it is important that SSA (1) prioritize the development of income alerts resulting from computer matches and (2) complete development of income alerts within 60 days to minimize the delay in detecting and preventing future overpayments to SSI recipients. SSA also needs to remind FOs that income estimates reduce potential future overpayments of SSI benefits. These actions are necessary because of the failure of recipients to provide timely reporting of changes in unearned and earned income.

SSA is presently developing SUMS to provide FO management with the ability to measure all workloads and make informed decisions on how best to manage work and resources. SSA expects SUMS will be implemented over a period of 5 years. Until development is completed, we believe that an automated process, such as the “StaRZ and Stripes” software, should be used to monitor the processing of income alerts and the allocating of resources.

We calculated that SSA took an average of 10 months to resolve sampled income alerts that were processed to completion. As a result, we identified significant overpayments that SSA could have prevented by resolving the alerts more timely. GAO reported that SSA recovers only 15 percent of SSI overpayments. Also, overpayment collections from recipients who continue to receive benefits tend to require a long time period. Therefore, SSA can both reduce losses from unrecoverable overpayments and reduce total overpayments outstanding by improving the timeliness of resolving these alerts.

RECOMMENDATIONS

We recommend that SSA:

1. Develop a plan to ensure that income alerts are worked more timely and income estimates are used.

2. Require all FOs to use an automated process, such as the “StaRZ and Stripes” computer software, to manage alert workloads and minimize delays in starting alert development.
3. Revise POMS to clearly state that these income alerts be resolved within 60 days after being issued.

AGENCY COMMENTS

In its response, SSA has recognized the need to process income alerts more effectively. SSA generally agrees that income alerts should be worked more timely and has multiple methods in use to monitor this workload. The full text of SSA comments is included in Appendix B.

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We acknowledge the steps that SSA has taken and is implementing in regard to our recommendations. We believe that SSA’s responses and planned actions adequately address our recommendations.

APPENDICES

SAMPLING METHODOLOGY

We obtained a data extract on August 27, 1998 from the Social Security Administration (SSA) of unresolved income alerts for the period January 1 1997 through July 31, 1998. The extract identified 275,583 income alerts. The following table distributes our population into types of alerts.

Table 1 - Distribution of Population

Stratum	Population
5B Income Alerts	31,748
5H Income Alerts	24,422
SEI Income Alerts	9,660
K6 Income Alerts	82,355
K7 Income Alerts	5,309
S2 Income Alerts	117,617
U5 Income Alerts	4,472
Total	275,583

We then randomly selected sample cases from each of the 7 strata until 30 alerts were identified that required SSA to take resolution action.

Our sampling method called for our review of 30 cases with certain measurable characteristics, from each of the 7 strata. In order to achieve this goal we examined more than 30 cases in each of the strata. For the 7 strata that we are projecting to the universe, we reviewed a total of 435 cases. Those cases that were replaced by spares were included in our projection as zero dollar values.

We defined an error as any alert that was not processed within 60 days after issuance. Our results of the estimated amount of overpayments and the estimated number of alerts contained in our population are as follows:

Table 2 – Sample Results – Estimated Overpayments

Stratum	Sample Size	Number of Errors	Amount	Estimated Amount
5B	42	6	\$15,289.87	\$11,557,686
5H	64	9	16,741.97	6,388,893
SEI	60	12	7,398.16	1,191,104
K6	83	8	17,165.02	17,031,629
K7	100	6	7,487.54	397,513
S2	42	6	8,526.71	23,878,239
U5	44	0	0	0
Total	435	47	\$72,609.27	\$60,444,802

We are 90 percent confident that the actual overpayment due to the untimely processing of alerts is between \$32,969,021 and \$87,920,584.

Table 2.1 – Sample Results – Estimated Number of Alerts

Stratum	Sample Size	Number of Errors	Projected Errors
5B	42	6	4,535
5H	64	9	3,434
SEI	60	12	1,932
K6	83	8	7,938
K7	100	6	319
S2	42	6	16,802
U5	44	0	0
Total	435	47	34,960

We are 90 percent confident that the actual number of alerts not processed timely is between 22,996 and 46,925.

We defined a processed income alert as an alert in which development was completed. The remaining 217 alerts were not completed because (1) the recipients were in non-payment status, (2) alert information had already been developed, or (3) not enough information was available to resolve the alert.

We computed the processing time for each alert from the date the alert was issued until development was completed. We computed the average processing time for each stratum by dividing the number of days it took to develop each alert into the total number of days for all alerts. We computed the total average processing time for all seven stratum by dividing the total time used to process all of the completed alerts by the total number of completed alerts.

The results of our analysis of alert processing timeframes are as follows:

Table 3 – Processing Time of Sample Cases

Stratum	Sample Size	Number of Alerts Processed	Average Processing Time (Months)
5B	42	33	11
5H	64	30	12
SEI	60	31	8
K6	83	30	11
K7	100	34	11
S2	42	30	8
U5	44	30	10
Total	435	218	10

APPENDIX B

SSA COMMENTS



SOCIAL SECURITY
Office of the Deputy Commissioner

MEMORANDUM

Date: September 21, 2000 Refer To: SJ1-3

To: James G. Huse, Jr.
Inspector General

From: William A. Halter
Deputy Commissioner of Social Security

Subject: Office of the Inspector General (OIG) Draft Report, "Review of Controls Over Processing Income Alerts Which Impact Supplemental Security Income Payments" (Audit Number 21998027)—INFORMATION

Our comments to the subject report are attached. Staff questions should be directed to Neil Cunningham on extension 52290.

Attachment:
SSA Response

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE
OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "REVIEW OF
CONTROLS OVER PROCESSING INCOME ALERTS WHICH IMPACT
SUPPLEMENTAL SECURITY INCOME PAYMENTS" (A-05-98-21002)**

Thank you for the opportunity to review the subject draft report. We offer the following comments.

Recommendation #1

SSA should develop a plan to ensure that income alerts are worked more timely and income estimates are used.

SSA Comment

We concur with this recommendation and have initiatives underway to implement it.

In October 1998, SSA published the *Supplemental Security Income (SSI) Management Plan*. This report calls for new and more frequent data matches, more redeterminations, profiling of redeterminations, increased access to State records online, access to the Office of Child Support Enforcement databases online, improved debt collection and improved management focus on payment accuracy. These initiatives included training and revised Program Operations Manual System (POMS) instructions.

We will also issue additional instructions to all field offices (FO) by September 30, 2000, including POMS references for developing good future income estimates and for posting these estimates to individuals' SSI records. We will also include information about the methods available to control income alerts and will emphasize the importance of processing these alerts on a timely basis.

Recommendation #2

SSA should require all FOs to use an automated process, such as the "StaRZ and Stripes" computer software, to manage alert workloads and minimize delays in starting alert development.

SSA Comment

We concur with the intent of this recommendation; i.e., to minimize delays in starting alert development. There are multiple methods available and currently in use for monitoring this workload. Thus, mandating the use of "StaRZ and Stripes" would duplicate efforts for FO's already using other systems. The main application available for this purpose is the SSI Diary Workload Control Application, which was developed by the Chicago Region and is accessible through its Web site. However, we will include information about StaRZ and Stripes in our instructions to FO staff to ensure they are aware of all methods for managing alert workloads.

Recommendation #3

SSA should revise the POMS to clearly state that these income alerts be resolved within 60 days after being issued.

SSA Comment

We agree that resolving income alerts within a set number of days (e.g., 60) of issuance may be an appropriate goal. However, we do not believe that it would represent an appropriate processing time requirement/performance measure because it is not always cost effective and does not always represent the best (i.e., most appropriately focused) customer service. This is particularly true in cases when a redetermination is scheduled during, or shortly after, the target 60-day period. In these cases, it is often better to delay processing the alert until completion of the redetermination. Such an approach represents a more effective use of resources and minimizes the need to contact the recipient twice within a relatively short time frame. Given SSA's multiple and sometimes shifting workload priorities, maintaining flexibility in workload management is essential. However, as stated above, we will issue additional instructions and guidelines to our FOs by September 30, 2000, and will include a reminder that alerts should be worked, whenever possible, within 60 days.

Additional SSA Comments

OIG's report (cf. page 7) makes reference to a previous report by the General Accounting Office (GAO): *Supplemental Security Income: Opportunities Exist for Improving Payment Accuracy*. In the latter, (cf. page 5) GAO indicates "...SSA statistics show that on average, the agency recovers only about 15 percent of all outstanding overpayments." It appears that the figure reference by GAO represents the SSI debt collection rate as a simple percentage of total pending overpayments for one year (1996). Such an approach is misleading. To recover overpayments, SSA may not withhold more than 10 percent of current payments. This restriction results in a suppressed recovery rate that spreads collections over a longer period of time. Consequently, SSA's Officer of Quality Assurance and Performance Assessment (OQA) did a longitudinal study of a sample of SSI overpayment debt from 1990 through 1997. The findings from this study, presented in September 1998, showed that the longitudinal total recovery rate is actually much closer to 60 percent (59.5%). We believe this is a much more accurate representation of the percentage of SSI overpayment debt that SSA recovers.

ACRONYMS

CORC	Central Office Records Center
CR	Claims Representatives
FO	Field Office
FY	Fiscal Year
GAO	General Accounting Office
IRS	Internal Revenue Service
MEF	Master Earnings File
OCSE	Office of Child Support Enforcement
POMS	Program Operations Manual System
SE	Self Employment
SEI	Self Employment Income
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIRD	Supplemental Security Income Record Display
SSR	Supplemental Security Record
SUMS	Social Security Unified Measurement System
TY	Tax Year

OIG CONTACTS AND STAFF ACKNOWLEDGMENTS

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APPENDIX E

SSA ORGANIZATIONAL CHART
