



SOCIAL SECURITY

MEMORANDUM

Date: April 16, 2004

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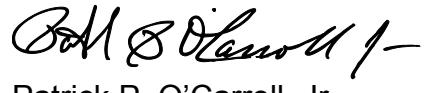
To: The Commissioner

From: Acting Inspector General

Subject: Supplemental Security Income Overpayments (A-01-04-24022)

The attached final report presents the results of our audit. Our objective was to assess the Social Security Administration's efforts to identify, prevent, and recover Supplemental Security Income overpayments.

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



Patrick P. O'Carroll, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SUPPLEMENTAL SECURITY
INCOME OVERPAYMENTS**

April 2004 A-01-04-24022

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- **Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- **Promote economy, effectiveness, and efficiency within the agency.**
- **Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- **Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- **Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- **Independence to determine what reviews to perform.**
- **Access to all information necessary for the reviews.**
- **Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) efforts to identify, prevent, and recover Supplemental Security Income (SSI) overpayments.

BACKGROUND

The SSI program provides a minimum level of income to financially needy individuals who are aged, blind or disabled. Since individuals' income, resources and living arrangements may change often, SSA is required to frequently reassess and verify recipients' eligibility and payment amounts. Therefore, the SSI program is prone to overpayments.

RESULTS OF REVIEW

According to SSA, between Fiscal Years 1996 and 2002, \$11.6 billion in SSI overpayments was subject to recovery efforts. Of this amount, SSA collected \$4.5 billion, deemed \$2.3 billion uncollectible, waived \$1.0 billion, and continued to pursue recovery of \$3.8 billion at the end of Fiscal Year 2002.

To strengthen SSA's overpayment recovery efforts, additional collection tools were authorized through the Foster Care Independence Act of 1999. The Agency is considering or developing the tools authorized through this legislation that have not yet been implemented—such as Federal salary offset, charging interest, and using private collection agencies. These collection tools may assist SSA in reducing overpayments in the SSI program—such as the \$71.5 million we estimated the Agency was unsuccessful in recovering from fugitives based on a September 2003 Office of the Inspector General audit.

CONCLUSION AND RECOMMENDATION

SSA has made significant efforts to identify, prevent, and recover SSI overpayments over the past several years. To assist the Agency in achieving its strategic objective of improving debt management, we recommend that SSA continue to evaluate the recovery tools that have not yet been implemented, but which were authorized through legislation.

AGENCY COMMENTS

SSA agreed with our recommendation.

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Acronyms

CDI	Cooperative Disability Investigations
CDR	Continuing Disability Review
CFR	Code of Federal Regulations
FCIA	Foster Care Independence Act of 1999
FY	Fiscal Year
GAO	General Accounting Office
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.	United States
U.S.C.	United States Code

Introduction

OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) efforts to identify, prevent, and recover Supplemental Security Income (SSI) overpayments.¹

BACKGROUND

Title XVI of the Social Security Act established the SSI program in 1972. SSI is a nationwide Federal cash assistance program administered by SSA that provides a minimum level of income to financially needy individuals who are aged, blind or disabled.² The program's means-tested nature requires that individuals' income, resources and living arrangements be assessed on a monthly basis for purposes of determining eligibility and payment amounts. In Fiscal Year (FY) 2003, SSA paid approximately \$33.2 billion in SSI payments to about 6.9 million recipients.

SSA relies heavily on recipient self-disclosure of all financial resources, as well as computer matching with other Federal and State agencies, to ensure payment accuracy. Since individuals' income, resources and living arrangements may change often, SSA is required to frequently reassess and verify recipients' eligibility and payment amounts. Therefore, the SSI program is prone to overpayments.³ According to SSA, the majority of SSI overpayments result from recipients' failure to report changes in income (such as wages) and resources (such as bank accounts).⁴

SSA'S RESPONSIBILITIES

In August 2001, the Office of Management and Budget (OMB) published *The President's Management Agenda* for FY 2002, which included a Governmentwide

¹ We expect to issue an audit report in Fiscal Year 2004, *Overpayments in the Old-Age, Survivors and Disability Insurance Program* (A-01-04-24023), regarding SSA's efforts to identify, prevent, and recover Old-Age, Survivors and Disability Insurance overpayments. In addition, we are currently conducting an audit entitled, *Undetected Overpayments in the Social Security Administration's Disability Programs* (A-01-04-24065). We expect to issue this report in Fiscal Year 2005. (For prior reports related to SSI overpayments issued by the Office of the Inspector General and the General Accounting Office, see Appendix B.)

² Section 1601, et seq. of the Social Security Act, as amended (42 U.S.C. § 1381, et seq.). See also 20 CFR § 416.110.

³ SSI overpayments also result from disability cessations. Specifically, SSI overpayments may result when individuals found to be no longer disabled elect for continuation of payments during an appeal.

⁴ SSA, *Performance Plan for Fiscal Year 2004 and Revised Final Performance Plan for Fiscal Year 2003*, page 38.

initiative for improving financial performance. In November 2002, Congress enacted the Improper Payments Information Act of 2002 which requires Federal agencies—including SSA—to report annually on the extent of erroneous payments within their programs and the actions being taken to reduce erroneous payments.⁵ OMB issued guidance in May 2003 to assist in the implementation of this law.⁶

Under the Improper Payments Information Act of 2002 and subsequent OMB guidance, SSA is required to estimate and report the annual amount of improper payments to the President and Congress with a progress report on actions to reduce erroneous payments. (For additional information regarding OMB's guidance as well as information about SSA's payment accuracy rates, see Appendix C.)

⁵ Section 2 of Public Law No. 107-300, enacted November 26, 2002.

⁶ OMB, Memorandum for Heads of Executive Departments and Agencies (M-03-13), May 21, 2003.

Results of Review

SSA has made significant efforts over the past several years to identify, prevent, and recover SSI overpayments. In addition, the Agency is considering or developing collection tools that were authorized through legislation but have not yet been implemented. These additional collection tools may assist SSA in reducing overpayments in the SSI program—such as the \$71.5 million we estimated SSA was unsuccessful in recovering from fugitives based on our September 2003 audit.⁷

According to SSA, between FYs 1996 and 2002, \$11.6 billion in SSI overpayments was subject to recovery efforts. Of this amount, SSA collected \$4.5 billion, deemed \$2.3 billion uncollectible, waived \$1.0 billion, and continued to pursue recovery of \$3.8 billion at the end of FY 2002. If the Agency had decreased the amount of overpayments waived between FYs 1996 and 2002 by 10 percent, SSA could have saved approximately \$100 million. In addition, savings could increase by approximately \$230 million if the Agency were to recover 10 percent of the \$2.3 billion in SSI overpayments deemed uncollectible between FYs 1996 and 2002.

OVERPAYMENT IDENTIFICATION AND PREVENTION ACTIVITIES

SSA has several initiatives to better identify and prevent overpayments in the SSI program that should assist the Agency in achieving its strategic objective of preventing fraudulent and erroneous payments and improving debt management.⁸ Specifically, SSA

- obtained legislative authority that impacted SSI eligibility;
- increased the number of computer data matches, redeterminations, and continuing disability reviews (CDR) performed;
- formed cooperative disability investigations (CDI) units;
- automated the netting of excess payments against additional amounts due; and
- imposed administrative sanctions and penalties.

In addition, SSA is testing additional overpayment identification and prevention tools and is developing several legislative proposals to simplify the SSI program.

LEGISLATION IMPACTING SSI ELIGIBILITY

Since 1996, legislation has been passed that impacted eligibility for SSI payments. For example, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which prohibited SSI payments to fugitive felons and

⁷ See Appendix A for sampling methodology based on data from our September 2003 audit, *Assessment of the Supplemental Security Income Fugitive Felon Project* (A-01-03-23070).

⁸ SSA, *Strategic Plan, 2003-2008*, page 21.

parole/probation violators.⁹ The Foster Care Independence Act of 1999 (FCIA) established additional eligibility requirements for SSI payments.¹⁰ For example, assets held in trusts are considered countable resources for SSI purposes. Additionally, individuals who dispose of resources for less than fair market value may be ineligible for SSI payments for a maximum period of 36 months. (For a list of legislation impacting SSI eligibility, see Appendix D.)

COMPUTER DATA MATCHES

SSA conducts several computer matches with Federal and State agencies to detect and verify unreported (or underreported) income and resources. Between the years 1998 and 2001, the Agency increased data matching in areas it had identified as most vulnerable to overpayment. Examples of some of these data matches are discussed below.

- In 1998, SSA began running quarterly matches against wage data maintained by the Office of Child Support Enforcement's National Directory of New Hires database—a comprehensive source of unemployment insurance, wage, and new hire data. In addition to the quarterly matches, SSA implemented online access to the database for use in all its field offices in calendar year 2001 to assist in verifying applicant eligibility in the initial claims process. SSA estimated the match will result in approximately \$200 million in overpayment preventions and recoveries per year.¹¹
- SSA has agreements with many Federal and State agencies to identify SSI recipients who are fugitive felons or parole/probation violators. As of November 2002, SSA received fugitive and parole/probation information for 37 States (including the District of Columbia).¹² In a prior report, we estimated that approximately \$236.5 million in overpayments was paid to fugitive felons and subject to recovery efforts.¹³ In addition, SSA prevented about \$74.1 million in overpayments by withholding the continuing SSI payments to fugitives while their warrants remained outstanding.

⁹ Public Law No. 104-193, enacted August 22, 1996.

¹⁰ Public Law No. 106-169, enacted December 14, 1999.

¹¹ GAO, *Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue* (GAO-02-849), September 2002.

¹² For the remaining 14 States, 10 States had agreements to provide fugitive data to SSA; 3 States were in negotiations with SSA to establish reporting agreements; and 1 State was unable to provide data to SSA because State laws prohibit the release of information to non-law enforcement agencies.

¹³ OIG, *Assessment of the Supplemental Security Income Fugitive Felon Project* (A-01-03-23070), September 2003.

- SSA receives reports from prison facilities representing 99 percent of the total prison population. According to SSA, the Agency suspended SSI payments to 53,987 prisoners in FY 2001, resulting in an estimated \$424 million in overpayments identified or prevented.¹⁴
- SSA conducts monthly matches against records maintained by the Centers for Medicare and Medicaid Services to detect nursing home admissions. According to an October 2000 SSA Office of Quality Assurance and Performance Assessment report, the Agency detected approximately 72,000 nursing home admissions in FY 1999—resulting in about \$27 million in overpayments prevented or recovered.

For a list of additional computer matches conducted by SSA, see Appendix E.

REDETERMINATIONS

SSA conducts redeterminations—periodic reviews of non-medical factors of eligibility (for example, income and resources)—to ensure recipients remain eligible for SSI payments.¹⁵ Scheduled redeterminations are selected annually or once every 6 years, depending on the likelihood of payment error. Unscheduled redeterminations are also completed (as needed) when SSI recipients report—or SSA discovers—certain changes in circumstances that could affect continuing SSI payment amounts.¹⁶

According to SSA, redeterminations are one of the Agency's most powerful tools in identifying and preventing SSI overpayments.¹⁷

The following table shows the number of redeterminations completed between FYs 1996 and 2002 and the amount of SSI overpayments identified each year.

Fiscal Year	Number of Recipients	Redeterminations Completed ¹⁸	Overpayments Identified ¹⁹
1996	6.6 million	1.8 million	\$0.9 billion
1997	6.6 million	1.8 million	\$1.1 billion
1998	6.6 million	1.9 million	\$1.3 billion

¹⁴ SSA, *SSI Corrective Action Plan*, June 2002, page 8.

¹⁵ 20 CFR § 416.204.

¹⁶ SSA, *Annual Report of the Supplemental Security Income Program*, May 2003, page 82.

¹⁷ SSA, *Performance Plan for Fiscal Year 2004 and Revised Final Performance Plan for Fiscal Year 2003*, page 38.

¹⁸ SSA, *Annual Report of the Supplemental Security Income Program*, May 2003, page 82. In addition to redeterminations, other factors such as CDRs and computer matches contribute to overpayment dollars identified each year. Therefore, the overpayment dollars presented in the table were not solely identified through redeterminations.

¹⁹ Benefit overpayment statistics for FYs 1996 to 2002 provided by SSA's Office of Finance, Assessment and Management. The total of \$9.8 billion represents SSI overpayments identified between FYs 1996 and 2002 (net of reestablished debt and adjustments).

Fiscal Year	Number of Recipients	Redeterminations Completed ¹⁸	Overpayments Identified ¹⁹
1999	6.6 million	2.1 million	\$1.6 billion
2000	6.6 million	2.2 million	\$1.5 billion
2001	6.7 million	2.3 million	\$1.7 billion
2002	6.8 million	2.3 million	\$1.7 billion
Total	14.4 million		\$9.8 billion

In FYs 1998 and 1999, the Agency revised its redetermination process to better target cases most likely to involve payment changes. In 2002, the Commissioner budgeted an additional \$21 million to increase the number of redeterminations performed on cases prone to incorrect payments. According to SSA, approximately 1 out of every 3 SSI recipients had his or her SSI eligibility reviewed at some time during 2002.²⁰

CONTINUING DISABILITY REVIEWS

SSA conducts CDRs to assess whether individuals remain medically eligible for SSI payments. The frequency of medical CDRs is dependent upon SSA's assessment of the likelihood of medical improvement. Specifically, individuals with a significant potential for medical improvement are selected for review within the first 6 to 18 months of eligibility. Individuals with a lower probability of medical improvement are reviewed every 3 years. Finally, individuals with no expectation of medical improvement are scheduled for review every 7 years.²¹

SSA processed CDRs under a 7-year plan originally issued in August 1996 (and revised several times subsequently) that expanded the number of CDRs that would be conducted under the SSI program. To cover the cost of CDRs, Congress provided the Agency with special funding for FYs 1996 through 2002.²² SSA reported to have conducted 830,970 SSI CDRs in 2002.²³ The Agency estimated the ratio of program savings to administrative costs for the CDRs performed in FY 2002 to be approximately \$9.50 to \$1.00.²⁴

²⁰ SSA, *Performance Plan for Fiscal Year 2004 and Revised Final Performance Plan for Fiscal Year 2003*, page 38.

²¹ Section 1614(a)(3)(H) of the Social Security Act, as amended (42 U.S.C. § 1382c(a)(3)(H)) requires periodic reviews of eligibility for SSI payments based on disability or blindness. See also 20 CFR § 416.990(d) for the frequency of CDRs.

²² Section 103 of Public Law No. 104-121, enacted on March 29, 1996, provided special funding for CDRs.

²³ This includes both full medical reviews and CDR mailers. SSA reported in its FY 2002 *Annual Report of Continuing Disability Reviews* to have become current with all overdue CDRs in the SSI program at the end of FY 2002. However, the Agency was unable to perform all CDRs scheduled in FY 2003. SSA estimated it performed approximately 121,000 fewer CDRs than were scheduled (SSA, *Performance and Accountability Report Fiscal Year 2003*, page 41).

²⁴ The ratio of program savings to administrative costs was for all SSA programs, not solely SSI. SSA, *Annual Report of Continuing Disability Reviews* for FY 2002.

COOPERATIVE DISABILITY INVESTIGATIONS

CDI units provide investigative support to prevent payments on disability cases involving fraud. CDI units are composed of special agents from the Office of the Inspector General's (OIG) Office of Investigations and personnel from SSA's Office of Operations, State Disability Determination Services, and State or local law enforcement agencies. Evidence gathered by CDI units may be used in disability determinations and in the criminal prosecutions of individuals who commit fraud. As of September 2003, 18 CDI units were established and plans were underway to add more on an annual basis, depending on availability of funds.²⁵ In FY 2003, the CDI project resulted in estimated savings of approximately \$100 million to SSA programs and \$59 million to non-SSA programs.²⁶

NETTING EXCESS PAYMENTS AGAINST ADDITIONAL AMOUNTS DUE

SSA nets any excess payments on an individual's record against any additional payment amounts due. Once this netting process is complete and any resulting overpayment is determined, recovery is pursued. For example, if an individual received an excess payment of \$400 for some months in 2002 and was due \$200 for some months in 2001, the Agency would automatically net these SSI amounts and pursue recovery of the resulting \$200 overpayment. The Agency automated this netting process in September 2002. According to SSA, this netting process resulted in estimated savings of approximately \$99.9 million in FY 2003.

ADMINISTRATIVE SANCTIONS AND PENALTIES

Section 207 of the FCIA authorized SSA under certain circumstances to impose administrative sanctions—nonpayment of SSI payments for 6, 12, or 24 months—against “[a]ny person who makes, or causes to be made, a statement or representation of a material fact for use in determining any initial or continuity right to or the amount of...benefits or payments under title XVI...”²⁷ For example, SSA may impose a sanction if an SSI recipient alleges non-receipt of a payment but later cashes both the original and replacement checks. However, in September 2003, we reported that field office staff were not consistently imposing administrative sanctions against individuals with double check negotiations.²⁸

²⁵ OIG, *Semiannual Report to Congress, April 1, 2003 — September 30, 2003*, page 8.

²⁶ OIG, *Semiannual Report to Congress, April 1, 2003 — September 30, 2003*, page 8. Non-SSA programs consist of programs such as Medicaid and workers' compensation.

²⁷ Section 1129A of the Social Security Act, as amended (42 U.S.C. § 1320a-8a). Section 1129A also applies to monthly insurance benefits under Title II.

²⁸ OIG, *Controls Over Supplemental Security Income Replacement Checks* (A-05-03-13010), September 2003. In addition, in GAO's September 2002 report, *Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue* (GAO-02-849), GAO found that administrative sanctions may be under-used. As of July 2002, SSA had imposed administrative sanctions on 60 SSI recipients.

In response to our audit report, SSA agreed with our recommendation to ensure administrative sanctions are imposed in an appropriate and consistent manner against individuals with multiple double check negotiations. The Agency issued instructions in October 2002 reminding staff to use the administrative sanction provisions whenever appropriate. In addition, the Agency is currently reviewing the administrative sanction process to ensure it is implemented consistently among regions.

SSA may also assess penalties when individuals fail to report events or changes that may affect SSI eligibility or payment amounts.²⁹ Penalty amounts are \$25 for the first failure, \$50 for the second failure, and \$100 for the third and subsequent failures.³⁰ According to SSA, “[p]enalties may help encourage recipients to comply with their reporting responsibilities, thereby reducing overpayments.”³¹ However, according to the General Accounting Office, administrative penalties remained under-used in the SSI program.³²

OVERPAYMENT IDENTIFICATION AND PREVENTION PILOTS

In addition to the current tools used by SSA, the Agency is also pursuing implementation of new tools to help identify and prevent SSI overpayments. Examples of some pilots (or testing) conducted by SSA are discussed below.

Proof of Identity In June 2003, SSA began a pilot which requires applicants filing for disability payments in certain field offices to present proof of identity.³³ According to SSA, “This process will strengthen the integrity of the disability claims process by helping to ensure that the individual presenting himself or herself for examination is the same individual who filed the original disability application.”³⁴ Generally, individuals filing for SSI payments in participating field offices must allow SSA to take their photographs and include them in the disability claims files. Failure to cooperate may result in denial of SSI disability payments. In addition to the initial claims process, the photographs would also be used to verify a claimant’s identity during redeterminations and CDRs.

²⁹ 20 CFR § 416.722.

³⁰ 20 CFR § 416.724.

³¹ SSA, Program Operations Manual System, section SI 02301.100.

³² GAO Testimony, *Supplemental Security Income: Status of Efforts to Improve Overpayment Detection and Recovery* (GAO-02-962T), July 25, 2002.

³³ Currently, SSA does require applicants to present proof of identity when applying for SSI payments.

³⁴ SSA, Policy Instruction EM-03053, section A, June 1, 2003.

Monthly Wage Reporting

In May 2003, SSA began a pilot to test the effectiveness of reporting wages by telephone. Approximately 4,000 individuals were selected to report their wages to SSA each month by dialing a toll-free number. According to SSA, a conservative estimate of full implementation of a mandatory monthly wage reporting system would yield at least \$80 million in overpayment preventions each year.³⁵

Accessing Financial Records

SSA is testing processes to access the records of financial institutions and credit bureaus to detect unreported income or resources of SSI applicants and recipients. In September 2003, the Agency revised its regulations to implement the authority granted by section 213 of the FCIA to access the records of financial institutions and had plans to begin testing the process.³⁶ In October 2003, SSA began a pilot to evaluate the use of reports obtained from credit bureaus.

Electronic Death Registration

In September 1999, SSA contracted with the National Association for Public Health Statistics and Information Systems, an association of State vital records directors and registrars, to develop standards and guidelines for a proposed nationwide system of electronic death registration. This system would enable SSA to receive death reports within 5 days of death and 24 hours of receipt in the State Bureau of Vital Statistics. As of October 2003, this project was still in the development stage, but it is one of several OMB e-Government initiatives.³⁷

Averaging Wages

Currently, SSA considers wages on a monthly basis when determining SSI eligibility and payment amounts. The Agency is analyzing the option of averaging the wages of SSI recipients over a calendar year. According to SSA, a previous simulation of this method found that most recipients who received continuous payments would experience little or no change in the annual amount of payments.³⁸

³⁵ SSA, *SSI Corrective Action Plan*, June 2002, page 16. According to SSA, an average of only 1,000 individuals reported their wages to the Agency each month during the pilot.

³⁶ Section 1631(e)(1)(B)(ii) of the Social Security Act, as amended (42 U.S.C. § 1383(e)(1)(B)(ii)). Final rules to assess the records of financial institutions were issued in the *Federal Register*, Vol. 68, No. 176 on September 11, 2003 and were effective October 14, 2003.

³⁷ In August 2001, OMB published *The President's Management Agenda* for FY 2002, which included a Governmentwide initiative for improving electronic Government (or e-Government). E-Government is expected to improve the use of the Internet to make it easier for citizens and businesses to interact with the Government.

³⁸ SSA, *SSI Corrective Action Plan*, June 2002, page 22.

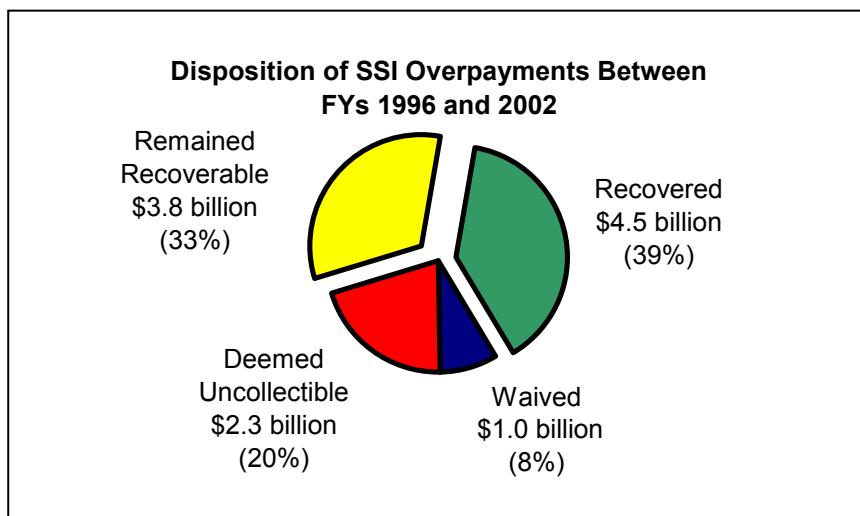
Legislative Proposals

Program requirements for initial and continuing SSI eligibility are complex, and as a result, contribute to SSI overpayments. SSA has been developing several proposals to simplify the SSI program. Specifically, the President's budget for FY 2004 contained several legislative proposals in relation to income for purposes of determining SSI eligibility and payment amounts.³⁹ The Agency also expects to develop legislative proposals to make reporting requirements less burdensome to recipients and less costly for SSA to administer. Simplifying the SSI program should improve the accuracy of SSI payments.

OVERPAYMENT RECOVERY ACTIVITIES

SSA has made significant efforts over the past several years to recover SSI overpayments. Specifically, the Agency implemented several new collection tools and expects to implement additional tools in the future.

Between FYs 1996 and 2002, \$11.6 billion in SSI overpayments was subject to recovery efforts.⁴⁰ The disposition of these overpayments at the end of FY 2002 is depicted in the chart below.



SSA acknowledges its stewardship responsibilities to improve debt management and recover SSI overpayments.⁴¹ The Agency could realize additional savings to the SSI program if SSA were to decrease the amount of overpayments that are waived or

³⁹ The President's budget for FY 2005 also includes similar provisions to simplify the SSI program.

⁴⁰ The \$11.6 billion represents \$9.8 billion in SSI overpayments identified between FYs 1996 and 2002 (net of reestablished debt and adjustments), plus FY 1995 SSI overpayments totaling \$1.8 billion brought forward to FY 1996.

⁴¹ SSA, *Performance and Accountability Report Fiscal Year 2003*, page 44.

deemed uncollectible.⁴² For example, if the Agency had waived 10 percent fewer overpayments between FYs 1996 and 2002, SSA might have been able to recover approximately \$100 million. In addition, SSA could save approximately \$230 million if the Agency were to recover 10 percent of the \$2.3 billion it deemed uncollectible between FYs 1996 and 2002.⁴³

OVERPAYMENT RECOVERY FROM CURRENT RECIPIENTS

When overpayments are established, SSA notifies the overpaid individuals and advises them of their repayment obligations and appeal rights. If refunds are not received, SSA may withhold a portion of the recipients' current SSI payments until the overpayments are fully recovered.⁴⁴

In July 1999, SSA implemented a systems improvement to automatically identify outstanding overpayments from prior SSI eligibility periods to pursue recovery from current SSI payments. In a previous audit, however, we found that the Agency did not initiate recovery of all prior SSI overpayments.⁴⁵ Specifically, we estimated that SSA did not initiate recovery of approximately \$93.5 million in SSI overpayments to about 35,138 recipients as of February 2000. In response to our report, SSA agreed with our recommendations to ensure that recovery of prior overpayments is pursued.

OVERPAYMENT RECOVERY FROM FORMER RECIPIENTS

To strengthen SSA's ability to recover SSI overpayments owed by former recipients, additional collection tools have been authorized through legislation. These additional tools are discussed below.

⁴² Not all SSI overpayments are subject to SSA's recovery tools. Generally, SSA may relieve recipients from their obligations to repay SSI overpayments if the individuals were not at fault in causing the overpayments and certain criteria are met. (SSA, Program Operations Manual System, section SI 02260.001 A1.) Between FYs 1996 and 2002, SSA waived approximately \$1.0 billion in SSI overpayments. The OIG expects to issue an audit report in FY 2004—*The Social Security Administration's Controls Over the Title XVI Waiver Process* (A-06-03-13077)—to evaluate the Agency's controls over the SSI waiver process and to assess the appropriateness of overpayment waiver decisions.

⁴³ To improve the recovery of SSI overpayments, SSA has an initiative in place to identify individuals whose SSI overpayments were deemed uncollectible and who are currently receiving SSI payments or Old-Age, Survivors and Disability Insurance benefits. Once identified, action will be taken to recover the overpayments (SSA, *Performance and Accountability Report Fiscal Year 2003*, page 22).

⁴⁴ SSA, Program Operations Manual System, section SI 02220.001.

⁴⁵ OIG, *Controls Over Recording Supplemental Security Income Overpayments* (A-01-00-10005), May 2001.

Tax Refund Offset

SSA began recovering delinquent SSI overpayments from former recipients by offsetting their Federal tax refunds in January 1998.⁴⁶ SSA reported that this initiative yielded \$217.6 million in additional overpayment recoveries between 1998 and 2001. This included \$145.4 million in actual tax refund offsets and another \$72.2 million from individuals who voluntarily repaid their overpayments to avoid the offset.⁴⁷

Administrative Offset and Referral of Overpayments to Credit Bureaus

In February 2002, SSA began: 1) recovering delinquent SSI overpayments from former recipients by reducing non-tax Federal payments due them; and 2) referring delinquent SSI overpayments to credit bureaus.

Recovery from Representative Payees

Section 201 of the FCIA made representative payees liable for repayment of SSI overpayments caused by payments to recipients after their deaths.⁴⁸ SSA is evaluating a project to establish overpayments on the Agency's records to account for and collect representative payee overpayments. Currently, these types of overpayments are controlled manually and are not subject to SSA's overpayment recovery tools.

Cross-Program Recovery

The Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998 gave SSA the authority to recover delinquent SSI overpayments from former recipients by withholding a portion of their Old-Age, Survivors and Disability Insurance (OASDI) benefits without first obtaining their consent.⁴⁹ SSA implemented this tool—referred to as mandatory cross-program recovery—in February 2002 and reported over \$78 million in overpayment recoveries since its inception. (For a list of legislation impacting SSI overpayment recovery, see Appendix F.)

⁴⁶ The Agency was given the authority to implement this tool through Division B, Title VI, Section 2653 of the Deficit Reduction Act of 1984 (Public Law No. 98-369), enacted July 18, 1984.

⁴⁷ SSA, *SSI Corrective Action Plan*, June 2002, page 10.

⁴⁸ A representative payee is an individual or organization who manages a recipient's SSI payments. SSA appoints representative payees when individuals are incapable of managing their own payments.

⁴⁹ Section 8 of Public Law No. 105-306, enacted October 28, 1998. Prior to enactment of this law, an individual's consent was required to recover delinquent SSI overpayments from OASDI benefits.

OVERPAYMENT RECOVERY TOOLS SSA IS CONSIDERING OR DEVELOPING

For FY 2003, SSA created a new performance indicator to measure the amount of SSI overpayments in collection arrangements, and began developing a scoring system that prioritizes unresolved debts.⁵⁰

In addition, the Agency is evaluating the use of new collection tools to improve the recovery of overpayments owed by former recipients. According to SSA, the Agency will focus on implementing tools that will yield the highest recovery rates or that can be implemented rather quickly. Also, SSA will consider how easily the tools can be integrated into its current debt collection program.⁵¹ These additional recovery tools—granted through section 203 of the FCIA—are discussed below.

Federal Salary Offset

Federal salary offset is the direct collection of delinquent overpayments owed by Federal workers from their salaries. According to SSA, the Agency is currently drafting regulations to implement this collection tool. The number of Federal employees subject to Federal salary offset is expected to be very small (less than 5,000) according to SSA.⁵²

Private Collection Agencies

The FCIA authorized private collection agencies to pursue recovery of delinquent overpayments on behalf of SSA. The Agency intends to use the Department of the Treasury's cross-servicing program to act as a debt collector for SSA. In June 2000, SSA testified before Congress that the Agency had been working with the Department of the Treasury on the program.⁵³ According to SSA, the Department of the Treasury is developing software for the cross-servicing program and expects to implement the software in FY 2005.

In a prior audit, we identified 48 fugitives who were unable or unwilling to repay \$281,922 in SSI overpayments as of May 2003.⁵⁴ Projecting these results to the population, we estimate that SSA was unsuccessful in recovering approximately

⁵⁰ SSA, *Performance and Accountability Report Fiscal Year 2003*, pages 22 and 45.

⁵¹ SSA's Key Initiative Plan and Schedule dated January 22, 2002, page 91.

⁵² SSA's Key Initiative Plan and Schedule dated January 22, 2002, page 100.

⁵³ On June 8, 2000, the Deputy Commissioner for Finance, Assessment and Management testified before Congress, House Committee on Government Reform, Subcommittee on Government Management, Information and Technology on implementation of the Debt Collection Improvement Act of 1996.

⁵⁴ OIG, *Assessment of the Supplemental Security Income Fugitive Felon Project* (A-01-03-23070), September 2003. The OIG is also currently conducting a review—*The Social Security Administration's Controls over Suspending Collection Efforts on Title XVI Overpayments* (A-04-04-24029)—to evaluate SSA's controls over suspending collection efforts on SSI overpayments because recipients are unable or unwilling to pay, cannot be located, or are out of the country. We expect to issue this report in FY 2004.

\$71.5 million in overpayments to about 12,251 fugitives. According to SSA, overpaid individuals may perceive the Agency as being unable to enforce repayment.⁵⁵ The Department of the Treasury's cross-servicing program may encourage individuals—including these fugitives—to repay their overpayments to SSA.

Charging Interest Under an interest charging program, the Agency would charge interest on delinquent SSI overpayments. SSA expects interest charging will result in voluntary repayments by overpaid individuals to avoid the interest. SSA has long-range plans to evaluate an interest charging program. Original evaluation of the program had been scheduled for 2002, but as of October 2003, no specific implementation date had been set.

In addition to the tools authorized under the FCIA, section 31001(o) of the Debt Collection Improvement Act of 1996⁵⁶ authorized SSA to collect delinquent overpayments by garnishing the wages of State, local, public, and private sector employees. SSA established new regulations to recover delinquent SSI overpayments by administrative wage garnishment in December 2003. These regulations, effective January 22, 2004, allow SSA to garnish up to 15 percent of employees' wages until overpayments are fully recovered.

⁵⁵ SSA's Key Initiative Plan and Schedule dated January 22, 2002, page 90.

⁵⁶ Public Law No. 104-134; see also 31 U.S.C. 3720D.

Conclusion and Recommendation

Overall, SSA has made significant efforts to identify, prevent, and recover SSI overpayments over the past several years. In addition, the Agency is considering or developing collection tools that were authorized through legislation but have not yet been implemented. These additional collection tools may assist SSA in reducing overpayments in the SSI program—such as the \$71.5 million we estimated SSA was unsuccessful in recovering from fugitives based on our September 2003 audit.

To assist SSA in achieving its strategic objective of improving debt management, we recommend that SSA continue to evaluate the recovery tools that have not yet been implemented, but which were authorized through legislation (such as Federal salary offset, charging interest, and using private collection agencies).

AGENCY COMMENTS

SSA agreed with our recommendation. Specifically, SSA informed us the Agency would continue to evaluate and prioritize the implementation schedule in the most cost-effective manner for recovery tools not yet implemented.

Appendices

Scope, Methodology and Sampling Results

AUDIT SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Researched the Social Security Act and the Social Security Administration's (SSA) regulations, policies and procedures related to Supplemental Security Income (SSI) overpayments.
- Obtained, from SSA, SSI overpayment statistics for Fiscal Years 1996 through 2002.
- Identified issues that occurred between 1996 and 2002 that could have caused increases or decreases in the number and amount of overpayments.
- Researched prior recommendations made by the Office of the Inspector General (OIG) and the General Accounting Office related to SSI overpayments to determine whether they had been implemented.
- Researched the different tools and techniques available to SSA to identify, prevent, and recover SSI overpayments.
- Researched the different causes of overpayments, including those inherent to the design of the SSI program that cannot be changed without legislation.

We conducted our audit between July and December 2003 in Boston, Massachusetts. We relied on overpayment statistical data obtained from SSA to meet our audit objective. We did not independently test or verify this information. Accordingly, we do not express an opinion or any other degree of assurance as to its validity. The principal entities audited were the Office of Income Security Programs under the Deputy Commissioner for Disability and Income Security Programs and SSA field offices under the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

SAMPLING METHODOLOGY

In a prior audit issued in September 2003, *Assessment of the Supplemental Security Income Fugitive Felon Project* (A-01-03-23070), we identified 48 fugitives in our sample who were unable or unwilling to repay \$281,923 in SSI overpayments as of May 2003. For purposes of our current audit, we estimated: 1) the number of fugitives who were unable or unwilling to repay their overpayments; and 2) the amount of SSI funds the Agency was unsuccessful in recovering. (The sampling methodology used for our fugitive audit is discussed below.)

We obtained an extract from the OIG, Office of Investigations' Allegation and Case Investigative System of 88,208 fugitives with Social Security numbers that verified through SSA's Enumeration Verification System. These 88,208 fugitives were identified through January 28, 2003.

From SSA, we obtained Supplemental Security Record data for these 88,208 individuals to determine whether SSI ineligibility occurred because of the outstanding warrants. We separated the results into 2 groups, sampling 150 cases from each (for a total sample size of 300 cases).

- Stratum A consisted of 51,456 individuals whose records did not reflect fugitive ineligibility (code N25), despite their warrants.
- Stratum B consisted of 36,752 individuals whose records reflected SSI ineligibility because of their outstanding warrants.

SAMPLING RESULTS

The following tables reflect our sample results and projections based on our prior audit.

Table 1 – Population and Sample Size

	Stratum A	Stratum B	Total
Population size	51,456	36,752	88,208
Sample size	150	150	300

Table 2 – SSI Overpayments to Fugitives SSA Was Unsuccessful In Recovering

	Attribute	Dollars
Stratum A Sample Results	5	\$ 25,051
Stratum B Sample Results	43	\$256,871
Total Sample Results	48	\$281,922
Point Estimate	12,251	\$71,530,423
Projection lower limit	9,694	\$51,810,454
Projection upper limit	14,808	\$91,250,392

Note: All projections are at the 90-percent confident level.

Prior Reports Related to SSI Overpayments

The Office of the Inspector General (OIG) and the General Accounting Office (GAO) have issued several reports related to overpayments in the Supplemental Security Income (SSI) program. Some of these reports included recommendations with which the Social Security Administration (SSA) either fully or partially agreed and took steps to implement. These reports are presented in the table below.¹

Report Title	Fully Agreed/No Recommendations	Partially Agreed
OIG, <i>Assessment of the Supplemental Security Income Fugitive Felon Project</i> (A-01-03-23370), September 2003	✓	
OIG, <i>Issue Paper: Detecting, Preventing, and Eliminating Unidentified Overpayments in the Social Security Administration's Disability Programs</i> (Limited Distribution) (A-09-02-22067), September 2003	✓	
OIG, <i>Controls Over Supplemental Security Income Replacement Checks</i> (A-05-03-13010), September 2003		✓
OIG, <i>Follow-up on Prior Office of the Inspector General Prisoner Audits</i> (A-01-02-12018), July 2003	✓	
GAO, <i>Supplemental Security Income: SSA Could Enhance Its Ability to Detect Residency Violations</i> (GAO-03-724), July 2003	✓	
OIG, <i>Old-Age, Survivors and Disability Insurance and Supplemental Security Income Payments to Deceased Beneficiaries and Recipients</i> (A-06-02-12012), October 2002	✓	
GAO, <i>Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue</i> (GAO-02-849), September 2002	✓	
OIG, <i>Controls to Prevent Supplemental Security Income Payments to Recipients Living in Foreign Countries</i> (A-01-02-12013), September 2002		✓

¹ Copies of these reports can be found on our website at <http://www.ssa.gov/oig> and GAO's website at <http://www.gao.gov>.

Report Title	Fully Agreed/No Recommendations	Partially Agreed
<i>OIG, Review of Internal Controls for the Supplemental Security Income Immediate Payment Process (A-05-00-10045), September 2002</i>		✓
<i>GAO, SSA Disability: Enhanced Procedures and Guidance Could Improve Service and Reduce Overpayments to Concurrent Beneficiaries (GAO-02-802), September 2002</i>	✓	
<i>OIG, Congressional Response Report: Integrity of the Supplemental Security Income Program (A-01-02-22095), August 2002</i>	✓	
<i>GAO Testimony – Supplemental Security Income: Status of Efforts to Improve Overpayment Detection and Recovery (GAO-02-962T), July 25, 2002</i>	✓	
<i>OIG, Follow-up Review of SSA's Implementation of Drug Addiction and Alcoholism Provisions of Public Law 104-121 (A-01-01-11029), December 2001</i>	✓	
<i>OIG, Unresolved Death Alerts Over 120 Days Old (A-09-00-10001), August 2001</i>		✓
<i>OIG, Controls Over Recording Supplemental Security Income Overpayments (A-01-00-10005), May 2001</i>	✓	
<i>OIG, Review of the Social Security Administration's Office of Child Support Enforcement Pilot Evaluation (A-01-00-20006), May 2001</i>		✓
<i>OIG, Review of Controls Over Processing Income Alerts Which Impact Supplemental Security Income Payments (A-05-98-21002), September 2000</i>		✓
<i>OIG, Identification of Fugitives Receiving Supplemental Security Income Payments (A-01-98-61013), August 2000</i>	✓	
<i>OIG, Implementation of Drug Addiction and Alcoholism Provisions of Public Law 104-121 (A-01-98-61014), May 2000</i>	✓	
<i>GAO, Supplemental Security Income: Incentive Payments Have Reduced Benefit Payments to Prisoners (GAO/HEHS-00-2), November 1999</i>	✓	
<i>GAO Testimony – Supplemental Security Income: Long-Standing Issues Require More Active Management and Program Oversight (GAO/T-HEHS-99-51), February 3, 1999</i>	✓	

Report Title	Fully Agreed/No Recommendations	Partially Agreed
GAO, <i>Supplemental Security Income: Action Needed on Long-Standing Problems Affecting Program Integrity</i> (GAO/HEHS-98-158), September 1998		✓
GAO, <i>Supplemental Security Income: Opportunities Exist for Improving Payment Accuracy</i> (GAO/HEHS-98-75), March 1998	✓	
OIG, <i>Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments</i> (A-01-96-61083), June 1997 ²	✓	
GAO, <i>Supplemental Security Income: Timely Data Could Prevent Millions in Overpayments to Nursing Home Residents</i> (GAO/HEHS-97-62), June 1997		✓
GAO, <i>Supplemental Security Income: Administrative and Program Savings Possible by Directly Accessing State Data</i> (GAO/HEHS-96-163), August 1996		✓
TOTAL	17	9

² We reported in July 2003, *Follow-up on Prior Office of the Inspector General Prisoner Audits* (A-01-02-12018), that SSA effectively implemented the recommendations in our June 1997 report.

Classification of Overpayments and Payment Accuracy

In August 2003, the Office of Management and Budget (OMB) responded to a request from the Social Security Administration (SSA) and the Office of the Inspector General to provide additional guidance on the definition of erroneous payments. OMB classified the payments into two groups—avoidable and unavoidable.

- (1) Avoidable: Payments that could be reduced through changes in administrative action. These payments should be reflected in SSA's erroneous payment estimate.
- (2) Unavoidable: Payments resulting from legal or policy requirements. According to OMB, these payments should not be considered erroneous.

AVOIDABLE OVERPAYMENTS

SSA defines an overpayment as "...the total amount an individual received for any period which exceeds the total amount which should have been paid for that period."¹ Certain overpayments in the Supplemental Security Income (SSI) program are avoidable and may be reduced by the Agency.

According to SSA, the majority of SSI overpayments result from recipients' failure to report changes in income (such as wages) and resources (such as bank accounts).² To detect and verify unreported (or underreported) income and resources, SSA conducts several computer data matches with Federal and State agencies. In 1998, SSA began quarterly matches against wage data maintained by the Office of Child Support Enforcement's National Directory of New Hires (NDNH)—a comprehensive source of unemployment insurance, wage, and new hire data.

In addition to the quarterly matches, SSA implemented online access to the NDNH database for use in its field offices in calendar year 2001 to assist in verifying applicant eligibility in the initial claims process. SSA estimated that use of the NDNH database will result in approximately \$200 million in overpayment preventions and recoveries per year.³

¹ SSA, Program Operations Manual System, section GN 02201.001.

² SSA, *Performance Plan for Fiscal Year 2004 and Revised Final Performance Plan for Fiscal Year 2003*, page 38.

³ GAO, *Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue* (GAO-02-849), September 2002.

UNAVOIDABLE OVERPAYMENTS

Certain overpayments in the SSI program are unavoidable due to the design of the program or existing legislation. For example, SSI payments are made on the first of the month based on the expectation that recipients will remain eligible for those payments throughout the entire month. However, changes may occur during the month causing the recipients' eligibility or payment amount to increase or decrease.

Presented below is a list of SSI overpayments classified as unavoidable according to OMB.

1. Payments issued after a recipient's death.⁴
2. Payments made based on existing legislation that are later determined to be overpayments. The following are two examples.
 - Individuals found to be no longer disabled may appeal such a determination under the provisions of statutory benefit continuation. Under these provisions, individuals may elect for continuation of payments during the appeal.⁵
 - Individuals found to be no longer eligible for reasons other than disability (for example, excess resources) are protected under the Goldberg-Kelly due process United States Supreme Court decision.⁶ Under these provisions, SSI payments may continue automatically if an appeal is filed within 10 days of receiving SSA's written notice of the proposed action to reduce, suspend, or terminate SSI payments.
3. Payments made incorrectly due to the design of the SSI program. For example, the law requires SSI payments to be made on the first day of the month based on a recipient's expected income for the month. Increases or decreases in the recipient's income may occur during the month, causing the recipient's eligibility or payment amount to change.
4. Payments despite medical ineligibility. For example, payments for which a recipient would not have been eligible had the law permitted retroactive ineligibility.

⁴ Classified as unavoidable, except for fraud or misuse.

⁵ Section 1631(a)(7)(A) of the Social Security Act, as amended (42 U.S.C. § 1383(a)(7)(A)).

⁶ *Goldberg v. Kelly*, 397 U.S. 254 (1970).

5. Payments made in error, but not identified by SSA.⁷
6. Payments made to a recipient who alleges nonreceipt of a payment, but who then cashes both the original and replacement check.⁸

SSI PAYMENT ACCURACY RATE

Each year, SSA reports a payment accuracy rate for the SSI program. To calculate this payment accuracy rate, the Agency selects a sample of cases and reviews the nonmedical factors affecting SSI eligibility. SSA's payment accuracy rates reported for the SSI program between Fiscal Years 1998 and 2002 are presented in the table below.⁹

Fiscal Year	SSI Payment Accuracy Rate (Excluding Unavoidable Overpayments) ¹⁰
1998	94.1 %
1999	94.9 %
2000	94.7 %
2001	93.3 %
2002	93.4 %

⁷ We are currently conducting a review to quantify the amount of undetected overpayments in SSA's disability programs, *Undetected Overpayments in the Social Security Administration's Disability Programs* (A-01-04-24065). We expect to issue this report in Fiscal Year 2005.

⁸ Classified as unavoidable, except for fraud or misuse.

⁹ SSA, *Supplemental Security Income Payment Accuracy (Stewardship) Reports* for Fiscal Years 1998 to 2002.

¹⁰ This accuracy rate represents the percent of SSI payments free of errors that were the fault of recipients and/or SSA.

Legislation Impacting SSI Eligibility

The Supplemental Security Income (SSI) program provides a minimum level of income to financially needy individuals who are aged, blind or disabled. Program requirements for SSI eligibility are complex and have been revised several times through legislation. The table below presents several laws that have been passed since 1996 that impacted SSI eligibility rules.

Legislation	Description
Senior Citizens' Right to Work Act of 1996 (Public Law No. 104-121, enacted March 29, 1996)	Considers individuals not to be disabled for SSI purposes if drug addiction or alcoholism are contributing factors material to the finding of disability (42 U.S.C. § 1382c(a)(3)).
Personal Responsibility and Work Opportunity Act of 1996 (Public Law No. 104-193, enacted August 22, 1996)	Prohibits SSI payments to individuals for any month during which they are fugitive felons, fleeing prosecution, or parole/probation violators (42 U.S.C. § 1382(e)).
	Revises the definition of disability for individuals under age 18. Specifically, children will be considered disabled if they have medically determinable impairments that result in "marked and severe functional limitations" (42 U.S.C. § 1382c(a)(3)).
	Prohibits SSI eligibility for individuals who are not United States citizens or nationals unless they are certain qualified aliens (8 U.S.C. § 1612).
	Limits the amount of SSI payments to institutionalized children under age 18 whose private health insurance companies are making payments to the institutions (42 U.S.C. § 1382(e)(1)(B)).
	Requires the Social Security Administration (SSA) to conduct continuing disability reviews: 1) every 3 years for SSI recipients under age 18 with the potential for medical improvement, and 2) within 1 year of birth for recipients whose low birth weight is a contributing factor to the determination of disability (42 U.S.C. § 1382c(a)(3)(H)).
	Requires SSA to conduct redeterminations under adult medical standards for SSI recipients turning age 18 (42 U.S.C. § 1382c(a)(3)(H)).
	Changes the effective date of an SSI application to the first day of the month following the date on which the application was filed or on which the individual becomes eligible (whichever is later) (42 U.S.C. § 1382(c)(7)).
Omnibus Consolidated Appropriations Act of 1997 (Public Law No. 104-208, enacted September 30, 1996)	Modifies the list of aliens who may qualify for payments (8 U.S.C. § 1641).

Legislation	Description
Depository Institutions Disaster Relief Act of 1997 (Public Law No. 105-18, enacted June 12, 1997)	Extends eligibility for aliens receiving SSI payments as of August 22, 1996 until September 30, 1997 for those found ineligible under the new alien standards of Public Law No. 104-193 (8 U.S.C. § 1612(a)(2)(D)(i)).
Balanced Budget Act of 1997 (Public Law No. 105-33, enacted August 5, 1997)	Further modifies the list of aliens who may qualify for SSI payments. In addition, extends eligibility for nonqualified aliens receiving SSI payments as of August 22, 1996, until September 30, 1998 (8 U.S.C. § 1612(a)(2)(A) and 8 U.S.C. § 1612(a)(2)(D)(i), respectively).
	Modifies provision of Public Law No. 104-193 to permit SSA to schedule continuing disability reviews for low birth weight children after 1 year of birth if medical improvement is not expected (42 U.S.C. § 1382c(a)(3)(H)(iv)).
	Modifies provision of Public Law No. 104-193 to provide SSA the authority to conduct redeterminations of disabled SSI recipients turning age 18 more than 1 year after the recipient turns age 18 (42 U.S.C. § 1382c(a)(3)(H)(iii)).
	Amends Public Law No. 104-108 to add an additional exception to sponsor-to-alien deeming rules (42 U.S.C. § 608).
Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998 (Public Law No. 105-306, enacted October 28, 1998)	Extends permanent eligibility to individuals who are not qualified aliens but who were receiving SSI payments on August 22, 1996 (8 U.S.C. § 1611(b)).
Foster Care Independence Act of 1999 (Public Law No. 106-169, enacted December 14, 1999)	Authorizes SSA to impose administrative sanctions—nonpayment of SSI funds for 6, 12, or 24 months—for individuals who make false or misleading statements or misrepresent material facts for use in determining eligibility for payments (42 U.S.C. § 1320a-8a).
	Provides a penalty under the SSI program for the disposal of resources at less than fair market value. The penalty is loss of SSI payments for a maximum period of 36 months (42 U.S.C. § 1382b(c)).
	Considers assets held in trusts as countable resources for SSI purposes (42 U.S.C. § 1382b).
Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law No. 106-170, enacted December 17, 1999)	Establishes a Ticket to Work and Self-Sufficiency program to provide disabled SSI recipients the opportunity to obtain vocational rehabilitation services, employment services, or other support services from an employment network (42 U.S.C. § 1320b-19).
	Prohibits the initiation of a continuing disability review while an SSI recipient is using a “ticket” under the Ticket to Work program (42 U.S.C. § 1320b-19(i)).
Victims of Trafficking and Violence Protection Act of 2000 (Public Law No. 106-386, enacted October 28, 2000)	Further modifies the list of aliens who may qualify for SSI payments (22 U.S.C. § 7105).
Social Security Protection Act of	Modifies SSI fugitive felon provisions (42 U.S.C. 1382(e)).

Legislation	Description
2004 (Public Law No. 108-203, enacted March 2, 2004)	Excludes interest and dividend income earned on countable resources from the determination of an individual's income. In addition, modifies the calculation of infrequent and irregular income from a monthly basis to a quarterly basis (42 U.S.C. 1382a(b)(3)).

Data Matches to Identify and Prevent Overpayments

The Supplemental Security Income (SSI) program provides a minimum level of income to financially needy individuals who are aged, blind or disabled. Since individuals' income, resources and living arrangements may change often, the Social Security Administration (SSA) is required to frequently reassess and verify recipients' eligibility and payment amounts. The table below presents some of the computer matches the Agency performs to identify and prevent overpayments in the SSI program.

Source	Description of Match
Federal, State and Local Correctional Institutions	Identifies and suspends SSI payments to individuals who are in public institutions throughout a full calendar month.
Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement	Allows SSA to verify initial or continuing eligibility for SSI payments through a comprehensive source of unemployment insurance, wage, and new hire data.
State and Federal Agencies	Detects unreported deaths by matching State and Federal agency death records against SSI records.
Department of Defense, Defense Manpower Data Center	Enables SSA to verify military retirement or survivor payments to determine SSI eligibility and correct payment amounts.
Office of Personnel Management	Identifies SSI recipients with unreported income from Civil Service pensions.
Railroad Retirement Board	Allows SSA to determine whether SSI payments are being paid correctly based on Combined Health Insurance Check Writing data.
Veterans Administration	Allows SSA to determine correct SSI payments based on amount of Veterans benefits.
Department of Treasury, Internal Revenue Service	Enables SSA to obtain current mailing addresses for prior SSI recipients with outstanding overpayments. Also, detects unreported resources and income (other than wages) of SSI recipients.
Department of Labor	Detects unearned income of SSI recipients.

Source	Description of Match
Department of Treasury and Bureau of Public Debt	Enables SSA to verify eligibility for SSI payments based on unreported savings bonds.
Centers for Medicare and Medicaid Services	Identifies SSI recipients who enter or are discharged from skilled nursing home facilities.
State Health and Income Maintenance Agencies	Discloses State Medicaid data on accounts with no activity for 1 year or more to SSA to determine continuing SSI eligibility.
Individual Law Enforcement Agencies	Identifies fugitive felons and parole or probation violators receiving SSI payments.
Employers	Identifies SSI recipients with earned income by comparing annual earnings as reported by recipients' employers to the amount recorded on the Supplemental Security Record.

Legislation Impacting SSI Overpayments

Several laws have been passed authorizing the Social Security Administration (SSA) to use new overpayment collection tools to improve the recovery of Supplemental Security Income (SSI) overpayments. The following table describes these collection tools as well as the time period between the year the Agency was authorized to use the tool and the year the tool was actually implemented.

SSI Overpayment Collection Activities			
Legislation	Collection Tool	Effective	Implemented
Deficit Reduction Act of 1984 (Public Law No. 98-369, enacted July 18, 1984)	Tax Refund Offset (31 U.S.C. § 3720A)	July 1984	January 1998
Debt Collection Improvement Act of 1996 (Public Law No. 104-134, enacted April 26, 1996)	Administrative Wage Garnishment (31 U.S.C. § 3720D)	April 1996	Planned ¹
Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998 (Public Law No.105-306, enacted October 28, 1998)	Cross-Program Recovery (42 U.S.C. § 1320b-17)	October 1998	February 2002
Foster Care Independence Act of 1999 (Public Law No. 106-169, enacted December 14, 1999)	Administrative Offset (31 U.S.C. § 3716)	December 1999	February 2002
	Report Delinquent Overpayments to Credit Bureaus (31 U.S.C. § 3711(e))	December 1999	February 2002
	Levy Interest (31 U.S.C. § 3717)	December 1999	Not in use ²

¹ SSA issued final rules on December 23, 2003 in the *Federal Register* establishing new regulations to collect delinquent SSI overpayments by garnishing the wages of public and private sector employees. These regulations, effective January 22, 2004, will allow SSA to garnish up to 15 percent of employees' wages until overpayments are fully recovered.

² Although this collection tool is currently not in use, SSA plans to evaluate and possibly implement this tool in the future.

SSI Overpayment Collection Activities			
Legislation	Collection Tool	Effective	Implemented
Foster Care Independence Act of 1999 (Public Law No. 106-169, enacted December 14, 1999) (continued)	Private Collection Agencies (Treasury's Cross Servicing Program) (31 U.S.C. § 3718)	December 1999	Not in Use ³
	Federal Salary Offset (5 U.S.C. § 5514)	December 1999	Not in Use ³
	Lump-Sum Recovery (42 U.S.C. § 1383(b)(1)(B)(ii))	December 2000	December 2000
	Representative Payee Liability (42 U.S.C. § 1383(b)(2))	December 2000	December 2000

³ Id.

Appendix G

Agency Comments



SOCIAL SECURITY

MEMORANDUM

33189-24-1108

Date: April 05, 2004 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Acting Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Overpayments"
(A-01-04-24022)--INFORMATION

We appreciate the OIG's efforts in conducting this review. Our comments on the report content and recommendations are attached.

Please let us know if we can be of further assistance. You may contact Candace Skurnik, Director of the Audit Management and Liaison Staff at extension 54636. Staff questions may be referred to Trudy Williams at extension 50380.

Attachment:
SSA Response

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE
OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT,
“SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS” (A-01-04-24022)**

Thank you for the opportunity to review and comment on the subject draft report. We appreciate the report's acknowledgment of the strides SSA has made over "the past several years." SSA has been fully engaged in implementing numerous debt collection and cash management improvements since the implementation of tax refund offset in 1992. The Agency has developed and implemented 11 separate improvements to its debt management and cash management program since 1992. Currently, SSA is developing functional requirements for administrative wage garnishment (AWG) and draft regulations for Federal salary offset. We certainly agree with the recommendation to continue in our efforts. As our past performance demonstrates, and as we have stated many times in response to Congressional hearings and in other forums, we fully intend to implement all debt collection authorities. We have also noted some additional comments.

Recommendation

To assist SSA in achieving its strategic objective of improving debt management, OIG recommends that SSA continue to evaluate the recovery tools that have not yet been implemented, but which were authorized through legislation (such as Federal salary offset, charging interest, and using private collection agencies).

SSA Comment

We agree. We will continue to work to evaluate and prioritize the implementation schedule in the most cost-effective manner.

[In addition to the items listed above, SSA also provided technical comments which have been addressed, where appropriate, in this report.]

Appendix H

OIG Contact and Staff Acknowledgments

OIG Contact

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The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

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The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.