

Audit Report

Concurrent Beneficiaries Who Did
Not Have Supplemental Income Data
on Their Master Beneficiary Records

A-06-14-14097 / May 2015

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 29, 2015 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Concurrent Beneficiaries Who Did Not Have Supplemental Income Data on Their Master Beneficiary Records (A-06-14-14097)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration correctly paid concurrent beneficiaries whose Master Beneficiary Records did not include Supplemental Income Data.

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

Concurrent Beneficiaries Who Did Not Have Supplemental Income Data on Their Master Beneficiary Records

A-06-14-14097



May 2015

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) correctly paid concurrent beneficiaries whose Master Beneficiary Records (MBR) did not include Supplemental Income Data (SID).

Background

The Supplemental Security Income (SSI) program provides payments to financially needy individuals who are aged, blind, or disabled. Individuals eligible for SSI payments may also qualify for Old-Age, Survivors and Disability Insurance (OASDI) benefits (concurrent entitlement). SSA reduces SSI payments by the recipient's countable income, which includes OASDI benefits. Concurrently entitled individuals continue receiving SSI payments as long as their countable income does not exceed the Federal Benefit Rate plus a \$20 allowance.

SSA electronically links a concurrent beneficiary's payment records by establishing SID information on their OASDI payment record, also referred to as the MBR. SSA then uses the OASDI benefit amount in computing the proper SSI payment amount. If the SID is missing, SSA could incorrectly calculate the SSI payment amount and overpay the beneficiary.

Findings

We identified 1,713 concurrent beneficiaries who received SSA payments in February 2014 but did not have SID information on their MBRs. This is a very small number of errors relative to the 2.8 million concurrent beneficiaries who received SSA payments in February 2014. Based on our review of 100 randomly selected cases, we estimate the following.

- SSA issued combined payments to 428 beneficiaries that exceeded Federal limits, resulting in approximately \$509,000 in improper SSI payments. If the Agency does not correct these errors, we estimate SSA will issue approximately \$222,000 in additional improper SSI payments over the next 12 months.
- SSA issued combined payments to 617 beneficiaries that were within Federal limits. However, if SSA does not take corrective action to update the SID line on these beneficiaries' MBRs, the beneficiaries' future SSI payments may exceed Federal limits.
- As of April 2014, SSA had updated the remaining 668 beneficiaries' payment records to include SID information on the MBRs.

SSA systems staff reviewed 11 error cases and determined that, in 9, differences between beneficiary names or other identification information input on the MBR and SSI payment record likely prevented SSA's systems from establishing the SID line on the MBR. Systems staff could not explain the other two errors.

At SSA Operations' request, we reviewed SSA payment records on October 29, 2014 and determined that 909 of the 1,713 beneficiaries still did not have the SID line on their MBRs. On November 3, 2014, we provided SSA Operations a data file identifying the 909 beneficiaries. At SSA Operations' request, we reviewed SSA payment records again on March 4, 2015 and determined that 592 of the 1,713 beneficiaries' MBRs still did not have the SID line. On March 6, 2015, we provided SSA Operations a data file identifying the 592 beneficiaries.

Recommendation

We recommend that SSA establish the SID line on the 592 beneficiaries' MBRs. SSA agreed with the recommendation.

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ABBREVIATIONS

FBR	Federal Benefit Rate
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SID	Supplemental Income Data
SSA	Social Security Administration
SSI	Supplemental Security Income

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) correctly paid concurrent beneficiaries whose Master Beneficiary Records (MBR) did not include Supplemental Income Data (SID).

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) program under Title II of the *Social Security Act*. The OASDI program provides monthly benefits to retired and disabled workers, including their dependents and survivors.¹ The Supplemental Security Income (SSI) program provides payments to financially needy individuals who are aged, blind, or disabled.² In February 2014, approximately 2.8 million individuals received both OASDI benefits and SSI payments (concurrent beneficiaries).³

Under the SSI program, each eligible individual who is living in his/her own household and has no other countable income is provided a \$733 maximum monthly Federal cash payment.⁴ SSA reduces SSI payments by the amount of a recipient's countable income,⁵ less certain exclusions.⁶

For example, a concurrent beneficiary receives a \$650 monthly OASDI payment and has no other countable income. Because the beneficiary's OASDI payment is less than the FBR plus the \$20 unearned income exclusion, the SSI payable to the individual is \$103 (see computation below).

Unearned Income (OASDI Benefits)	\$650
Less: Unearned Income Exclusion	<u>(\$20)</u>
Equals: Countable Income	\$630
2015 FBR	\$733
Less: Countable Income	<u>(\$630)</u>
SSI Federal Benefit Payable	\$103



¹ *Social Security Act*, § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

² *Social Security Act* § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

³ SSA's Monthly Statistical Snapshot, February 2014, Table 1, *Number of People Receiving Social Security, Supplemental Security Income (SSI), or both, February 2014*.

⁴ SSA, POMS, SI 02001.020C.8 (October 29, 2014). For Calendar Year 2014, the maximum amount payable to an eligible individual, also referred to as the Federal Benefit Rate (FBR), was \$721. For Calendar Year 2015, annual cost-of-living adjustments that applied to Social Security benefits increased the FBR to \$733.

⁵ Per SSA, POMS, SI 00810.300B (October 19, 2011), countable income includes both countable earned and unearned income.

⁶ SSI recipients can have \$20 per month in unearned income without it affecting their SSI payment. SSA considers OASDI benefits as countable unearned income. Monthly unearned income in excess of \$20 results in a dollar-for-dollar reduction in SSI payments.

SSA electronically links concurrent beneficiaries' payment records and establishes the SID line on their MBRs. SSA then uses the OASDI benefit amount in computing the proper SSI payment amount. In a January 2014 audit of a similar issue,⁷ we identified 249 instances where SSA did not accurately offset OASDI payments against concurrent beneficiaries' SSI payments because their MBRs did not contain the SID line. If the SID line is missing, benefits may not offset properly, which could cause SSA to overpay the individual.

In February 2014, we obtained data from SSA's payment records that identified concurrent beneficiaries whose MBRs did not contain the SID line. Our review focused on payments to these beneficiaries. See Appendix A for additional information on our scope and methodology.

RESULTS OF REVIEW

We identified 1,713 concurrent beneficiaries who received SSA payments in February 2014 but did not have SID information on their MBRs. This is a very small number of errors relative to the 2.8 million concurrent beneficiaries who received SSA payments in February 2014. We reviewed 100 randomly selected cases. The results of those reviews follow.

- In 25 cases, SSA issued concurrent beneficiaries excessive SSI payments.
 - ✓ In November 2010, an SSI recipient began receiving \$217 in monthly OASDI benefits. This income should have resulted in corresponding reductions to the beneficiary's SSI payments. However, SSA did not establish the SID line on the numberholder's MBR or offset the OASDI benefits against the numberholder's SSI payment. Because of this error, as of December 2014, SSA had improperly issued the numberholder \$5,779 in SSI payments.
 - ✓ In October 2011, an SSI recipient began receiving \$338 in monthly workers' compensation payments. In January 2013, the recipient also began receiving \$374 in monthly OASDI benefits. This income should have resulted in corresponding reductions in the beneficiary's SSI payment. However, SSA did not establish the SID line on the numberholder's MBR or offset the workers' compensation or OASDI benefits against the numberholder's SSI payment. Because of these errors, as of December 2014, SSA had improperly issued the numberholder \$20,624 in SSI payments.
- In 36 cases, SSA did not issue beneficiaries excessive SSI payments. However, our prior audit work indicated that missing SID information on these payment records could prevent SSA from incorporating changes to OASDI benefit amounts into the SSI payment computation, resulting in overpayments.

⁷ SSA OIG, *Concurrent Beneficiaries Improperly Receiving Payments in Excess of Federal Limits* (A-06-12-22131), January 14, 2014.

- In 39 cases, SSA had updated the concurrent beneficiaries' payment records to include current SID information.

SSA systems staff reviewed 11 error cases and determined that, in 9 instances, differences between beneficiary names or other identification information input on the MBR and SSI payment record likely prevented SSA's systems from establishing the SID line on the MBR. Systems staff could not explain the other two errors.

Based on our sample results, we estimate that SSA issued 428 concurrent beneficiaries approximately \$509,000 in improper SSI payments and will issue approximately \$222,000 in additional improper SSI payments over the next 12 months if these discrepancies are not corrected.

We also estimate that SSA issued combined payments to 617 beneficiaries that were within Federal limits; however, if SSA does not update the SID information on these beneficiaries' MBRs, SSA could issue future payments in excess of Federal limits. See Appendix B for more information regarding our sampling methodology.

CONCLUSION

We identified 1,713 concurrent beneficiaries who received SSA payments in February 2014 but whose MBRs did not have the SID line. Based on our sample results, we estimate that SSA issued 428 concurrent beneficiaries approximately \$509,000 in improper SSI payments and will issue approximately \$222,000 in additional improper SSI payments over the next 12 months if these discrepancies are not corrected.

We also estimate that SSA issued combined payments to 617 beneficiaries that were within Federal limits; however, if SSA does not update the SID information on these beneficiaries' MBRs, SSA could issue future payments in excess of Federal limits.

At SSA Operations' request, we reviewed SSA payment records on October 29, 2014 and determined that 909 of the 1,713 beneficiaries' MBRs still did not have the SID line. In 470 cases, it appeared that SSA issued incorrect SSI payments because the beneficiaries' payment computations incorporated different OASDI benefit amounts than were actually paid. In the other 439 cases, SSA did not issue excess SSI payments; however, unless SSA updates the SID information on these records, future changes to OASDI benefit amounts may not be incorporated into the SSI payment computation. On November 3, 2014, we provided SSA Operations a data file identifying the 909 beneficiaries.

At SSA Operations' request, we reviewed SSA payment records again on March 4, 2015 and determined that 592 of the 1,713 beneficiaries' MBRs still did not have the SID line. For these cases, we did not review OASDI payment amounts used in the SSI payment computation. On March 6, 2015, we provided SSA Operations a data file identifying the 592 beneficiaries.

RECOMMENDATION AND AGENCY COMMENTS

We recommend that SSA establish the SID line on the 592 beneficiaries' MBRs. SSA agreed with our recommendation. The Agency's comments are included in Appendix C.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures.
- Reviewed relevant Office of the Inspector General reports.
- Obtained data identifying 2,764,552 concurrent beneficiaries in current payment status as of February 2014. We identified 1,713 concurrent beneficiaries whose Master Beneficiary Records (MBR) did not include Supplemental Income Data (SID).¹
- We randomly selected 100 of the 1,713 records for detailed review. For each sampled record, we determined whether SSA had established the SID line on the MBR as of April 2014. In cases where SID information did not appear on the beneficiary's MBR, we determined whether SSA paid the correct Supplemental Security Income amount. If not, we
 - ✓ calculated amounts that beneficiaries' past SSA payments improperly exceeded the Federal Benefit Rate as of December 2014 and
 - ✓ estimated future improper payments based on excess amounts paid in January 2015 multiplied by 12 months.

We conducted our audit from August to December 2014 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the field offices and program service centers under the Office of the Deputy Commissioner for Operations and the Offices of Retirement and Survivors Insurance Systems, Disability Systems, and Applications and Supplemental Security Income Systems under the Office of the Deputy Commissioner for Systems. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ We identified an additional 102 concurrent beneficiaries with no SID line on their MBR but had referred these cases to SSA for correction as part of our audit *Concurrent Beneficiaries Improperly Receiving Payments in Excess of Federal Limits* (A-06-12-22131), January 2014.

Appendix B – SAMPLE METHODOLOGY, RESULTS, AND ESTIMATES

In February 2014, we identified 1,713 concurrent beneficiaries who did not have Supplemental Income Data (SID) on their Master Beneficiary Records (MBR). We randomly selected 100 of the 1,713 records for review. We determined that, as of April 2014, SSA had updated 39 of the 100 records to include the SID line. There was no SID line on 61 of the 100 records. SSA correctly paid 36 of the 61 beneficiaries but overpaid 25 of the 61 beneficiaries.

Table B–1: Population Estimates Based on Sample Results

Status as of April 2014	Sample	Population Estimate	Projection Lower Limit	Projection Upper Limit
SSA Updated MBR to Include SID	39	668	532	812
MBR Did Not Include SID, but SSA Paid Correct Supplemental Security Income (SSI) Amount	36	617	484	760
MBR Did Not Include SID, and SSA Paid Incorrect SSI Amount	25	428	312	563
Total	100	1,713		

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

Table B–2: Sample Results-MBR did not Include SID and SSA Paid Incorrect SSI Amount

	Results
Sample Size	100
Sample Records with Past Payment Errors	25
Past Payment Error Amounts Through December 2014	\$29,692 ¹
Sample Records with Ongoing Payment Errors as of January 2015	18
Erroneous Payment Amount in January 2015 (rounded)	\$1,081 ²
Future Erroneous Payments (January 2015 Amount * 12 Months)	\$12,967

¹ Amount based on 18 sample records with past payment errors because we excluded (1) 1 case where the past payment error totaled \$20,624 because this amount was a statistical outlier compared to the other errors and (2) 6 additional cases where past payment errors totaled less than \$100.

² Amount based on 16 sample records with ongoing payment errors because we excluded 2 cases where annualized erroneous payment amounts totaled less than \$100.

Projecting the results to our population, we estimate that SSA issued \$508,629 in improper payments. In addition, we estimate the Agency will issue approximately \$222,118 in additional improper payments over the next 12 months if it does not correct the errors.

Table B–3: Payment Error Estimates

	Past Payment Error Amount	Future Payment Error Amount
Point Estimate	\$508,629	\$222,118
Projection Lower Limit	\$213,218	\$86,349
Projection Upper Limit	\$804,041	\$357,886

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: April 30, 2015 Refer To: S1J-3

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

From: Frank Cristaudo /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Concurrent Beneficiaries Who Did Not Have Supplemental Income Data on Their Master Beneficiary Records" (A-06-14-14097)--
INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“CONCURRENT BENEFICIARIES WHO DID NOT HAVE SUPPLEMENTAL
INCOME DATA ON THEIR MASTER BENEFICIARY RECORDS” (A-06-14-14097)**

Recommendation

We recommend that the Social Security Administration establish the Supplemental Income Data line on the 592 beneficiaries' Master Beneficiary Records.

Response

We agree. We will take action on the identified cases by September 30, 2015.

Appendix D – MAJOR CONTRIBUTORS

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Wanda Renteria, Senior Auditor

Wilfred Wong, Audit Data Specialist

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