
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SUPPLEMENTAL SECURITY INCOME
OVERPAYMENTS TO RECIPIENTS
IN TITLE XIX INSTITUTIONS**

June 2006

A-08-06-16024

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: June 26, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions
(A-08-06-16024)

OBJECTIVE

Our objectives were to (1) determine the status of overpayments to Supplemental Security Income (SSI) recipients living in Title XIX¹ institutions and (2) assess the Social Security Administration's (SSA) efforts to prevent overpayments from occurring.

BACKGROUND

SSI payments are available under Title XVI of the *Social Security Act* to people who are aged, blind, or disabled and have limited income and resources.² Residence in a Title XIX institution³ can affect an SSI recipient's eligibility and/or payment amount. In cases where SSI recipients are expected to be permanent residents for a full calendar month in these institutions and Medicaid pays over 50 percent of the costs of that care, the maximum SSI Federal payment is limited to \$30 per month. The payment reduction is applicable beginning with the first full month of permanent residence.⁴

SSA attempts to prevent overpayments to SSI recipients in Title XIX institutions by relying on recipient and representative payee self-reporting.⁵ In addition, SSA requires that its field offices work with institutions in their service areas to facilitate the flow of information regarding SSI recipients.⁶ *The Social Security Domestic Employment*

¹ Social Security Act, Title XIX, 42 U.S.C. § 1396 et seq.

² Social Security Act § 1611 (a)(1).

³ These include hospitals, nursing homes, psychiatric institutions, and intermediate care facilities.

⁴ 20 Code of Federal Regulations (C.F.R.) § 416.414.

⁵ SSA Program Operations Manual System (POMS), section SI 02301.005.

⁶ POMS, section SI 00520.730.

Reform Act of 1994 requires that nursing homes and other long-term care facilities report admissions of SSI recipients to SSA within 2 weeks of their admission.⁷ When SSA does not receive timely notification of an SSI recipient's admission, it may continue to issue payments for months after the month of admission. To detect and stop payments that have occurred, SSA conducts a monthly match with the Centers for Medicare and Medicaid Services to identify SSI recipients' admissions to nursing homes. This match produces diary alerts, which SSA sends to field offices for processing.⁸

To accomplish our objectives, we reviewed SSA policies and procedures for SSI recipients who entered Title XIX institutions. To gain an understanding of the diary alert process and SSA's relationship with Title XIX institutions, we visited six field offices. We also visited 6 nursing homes and contacted 18 other Title XIX institutions to learn about their relationship with SSA. In addition, we identified a population of 33,309 recipients whom SSA overpaid \$200 or more because they were admitted to a Title XIX institution in Calendar Year (CY) 2004. From our population, we randomly selected 275 SSI recipients to determine the type of institution. Further, we identified a population of 115,988 diary alerts SSA sent to field offices from August 2, 2004 through August 1, 2005.⁹ From our population, we randomly selected 275 alerts to determine whether an overpayment occurred, and, if so, how much was overpaid because SSA did not promptly process the diary alert. Appendix B contains a detailed discussion of our scope and methodology.

RESULTS OF REVIEW

SSA continues to overpay recipients in Title XIX institutions millions of dollars each year. For example, over the past 5 years, SSA has detected over \$164 million in overpayments to these recipients. Based on our analysis of a sample of overpayments in CY 2004, individuals in nursing homes accounted for most of the overpayments. Our analysis also showed that SSA overpaid recipients in Title XIX institutions an average of over \$1,300. We found that, in about 64 percent of the cases, SSA overpaid recipients for 3 months or less, and the Agency overpaid about 13 percent of the recipients for 7 months or longer. SSA had not collected about 68 percent of these overpayments.

⁷ Pub. L. No. 103-387. (1994).

⁸ POMS, section SI 02310.064.

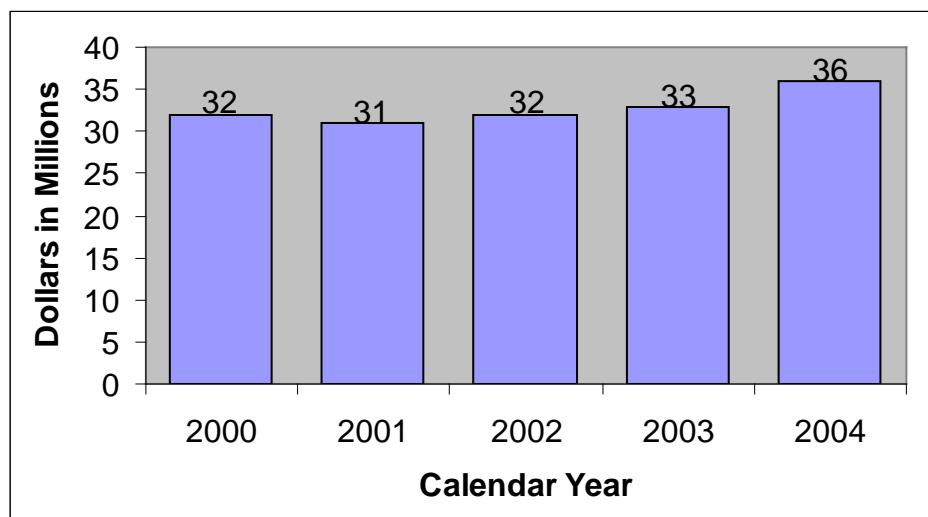
⁹ This population represents the only diary alert data available at the time of our review.

Despite efforts to prevent overpayments to SSI recipients in Title XIX institutions, significant obstacles remain. SSA's ability to prevent these overpayments is diminished because some recipients or representative payees do not report changes in living arrangements, and Title XIX institutions do not routinely report SSI recipients' admissions. Furthermore, field office personnel do not always promptly process diary alerts that identify SSI recipients' admissions to nursing homes.

SSA CONTINUED TO OVERPAY MILLIONS TO SSI RECIPIENTS LIVING IN TITLE XIX INSTITUTIONS

Each year, SSA overpays millions of dollars to SSI recipients who reside in Title XIX institutions. Over the past 5 years, SSA has detected over \$164 million in overpayments to these recipients. While overpayments have not increased significantly during this time, as shown in Figure 1, we believe SSA will continue to overpay millions of dollars each year if it does not take additional steps to prevent them from occurring.

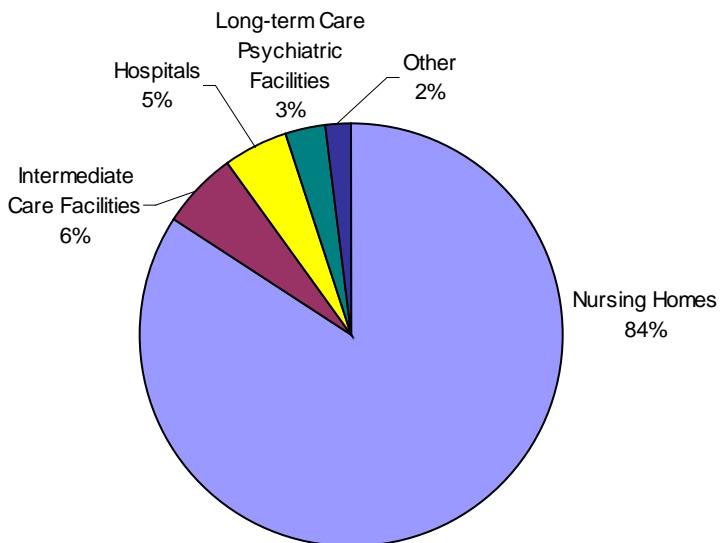
Figure 1: Overpayments to SSI Recipients in Title XIX Institutions¹⁰



¹⁰ Provided by SSA as of December 12, 2005.

Based on our analysis of a sample of overpayments in CY 2004, individuals in nursing homes accounted for 84 percent of overpayments, as shown in Figure 2.

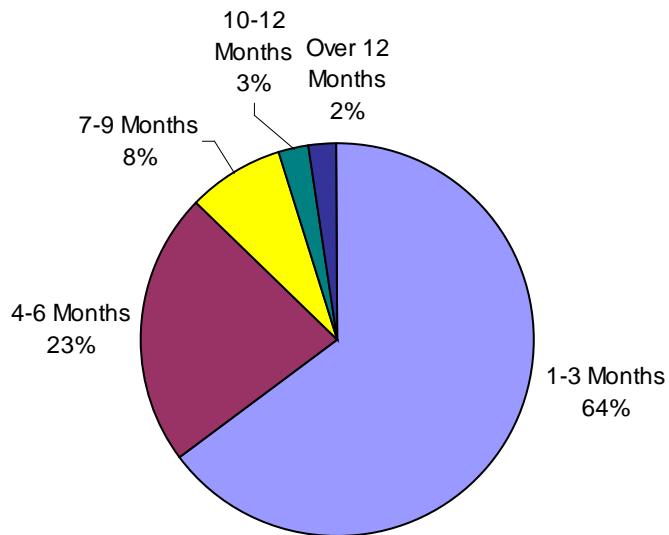
Figure 2: Nursing Homes Accounted for Most of the Overpayments in CY 2004¹¹



Our sample results showed that SSA overpaid recipients in Title XIX institutions an average of over \$1,300. We found that, in about 64 percent of the cases, SSA overpaid recipients for 3 months or less, and the Agency overpaid about 13 percent of the recipients for 7 months or longer, as shown in Figure 3. For one case in our sample, SSA overpaid an individual for 27 months, resulting in a \$14,122 overpayment, which the Agency waived. In another case, SSA overpaid an individual for 19 months, resulting in a \$4,825 overpayment that has not been collected.

¹¹ The “other” category includes individuals who lived in multiple types of Title XIX institutions or in facilities that we could not determine.

Figure 3: Months SSI Recipients in Title XIX Institutions Were Overpaid



Furthermore, our sample results showed that SSA had not collected about 68 percent of the overpayments, as shown in Figure 4.

Figure 4: Overpayment Recovery Activities

Overpayment Recovery Activities	Overpayment Amounts	Percent
Not Collected		
Continue to Pursue Recovery	\$159,062	43.9
Waived	31,927	8.8
Deemed Uncollectible	31,151	8.6
No Action Taken	23,455	6.5
Total Not Collected	\$245,595	67.8
Total Collected	\$116,389	32.2
Total	\$361,984	100.0

OBSTACLES HINDERED SSA FROM PREVENTING OVERPAYMENTS

Despite efforts to prevent overpayments to SSI recipients in Title XIX institutions, significant obstacles remained. SSA's ability to prevent these overpayments is hampered because some recipients or representative payees do not report changes in living arrangements, and Title XIX institutions do not routinely report SSI recipients' admissions. Furthermore, field office personnel do not always promptly process diary alerts that identify SSI recipients' admissions to nursing homes.

Recipients and Representative Payees Did Not Report Changes in Living Arrangements

Although POMS¹² requires that recipients and representative payees report admissions to Title XIX institutions, field office personnel told us individuals rarely report such changes in living arrangements. This information would allow SSA to make prompt adjustments to benefit payments and avoid overpayments. Field office personnel told us that some individuals do not report because SSA may reduce recipients' payments if they enter a Title XIX institution. Other field office personnel told us that some recipients and representative payees do not fully understand their responsibility to report changes in living arrangements.

Title XIX Institutions Did Not Routinely Report Admissions

Field office personnel told us Title XIX institutions did not routinely report SSI recipients' admissions to SSA, as required by law.¹³ Field office personnel stated that institutions do not routinely report such admissions because it is not a priority, and they have no incentive to report. Also, SSA has no legal authority to levy fines and penalties for not reporting.

Personnel at 14 (58 percent) of the 24 Title XIX institutions we contacted told us they were not aware of the legal requirement to report to SSA SSI recipients' admissions. Several institution representatives stated they believed recipients, representative payees, or Medicaid should report admissions to SSA. Two institution representatives told us they only notify SSA of SSI recipients' admissions when their facility applies to become a recipient's representative payee.

To facilitate the flow of SSI recipients' admissions, POMS¹⁴ instructs field offices to work closely with Title XIX institutions. However, only one of the six field offices we visited had a liaison responsible for coordinating with institutions in its service area. Two field office representatives told us they once had a liaison, but promotions or

¹² POMS, section SI 02301.005.

¹³ Pub. L. No. 103-387 requires nursing homes, intermediate care facilities, and long-term care facilities to report admissions to SSA.

¹⁴ POMS, section SI 00520.730.

retirements had eliminated the position. Furthermore, personnel at 22 (92 percent) of the 24 Title XIX institutions we contacted told us that field office representatives did not routinely contact them about SSI recipients' admissions. Some institution and field office representatives agreed that a liaison would facilitate the flow of SSI recipients' admissions and help prevent overpayments.

Field Office Personnel Did Not Always Process Alerts Promptly

Based on our analysis of a sample of alerts from August 2, 2004 through August 1, 2005, field office personnel did not always promptly process diary alerts that identified SSI recipients in nursing homes. To determine whether SSA processed diary alerts promptly, we added 30 days to the date the field office received the alert. We calculated overpayments beginning with the subsequent month.¹⁵ We estimate that SSA did not promptly process 7,592 alerts, resulting in almost \$5 million in overpayments.¹⁶ Our sample results showed that, on average, field office personnel did not process alerts for about 2 months (not including the 30-day grace period), resulting in an average overpayment of about \$653. For one case, staff did not process an alert for 10 months, resulting in a \$2,265 overpayment. In another case, staff did not process an alert for 3 months, resulting in a \$2,286 overpayment.

Although SSA procedures require clearance of diary alerts, POMS does not specify a time frame for personnel to process them.¹⁷ While some field office managers told us that staff should clear alerts within 30 days, most field offices we visited did not have procedures in place to ensure staff did so. Field office personnel acknowledged that diary alerts are helpful because they serve as the primary means for learning about SSI recipients' admissions to nursing homes.¹⁸ However, if field office personnel do not process diary alerts promptly, SSA will continue to contribute to overpayments. Should the situation remain unchanged, we estimate that, over the next year, SSA will not process about 7,500 alerts promptly, resulting in almost \$5 million in additional overpayments.¹⁹

¹⁵ Additionally, if SSA did not process the diary alert by the recurring cutoff date each month, we did not consider the next payment an overpayment.

¹⁶ We identified 18 (7 percent) alerts (resulting in \$11,757 in overpayments) that SSA did not process promptly from our review of 275 sample cases.

¹⁷ POMS, section SI 02310.064.

¹⁸ According to a 2001 SSA report, *Causes of Supplemental Security Income Overpayments Fiscal Years 1996-1999*, Office of Quality Assurance and Performance Assessment, Office of Assistance and Insurance Program Quality, overpayments to recipients in Title XIX institutions decreased from \$44.7 million in Fiscal Year 1996 to \$31.8 million in Fiscal Year 1999 because of the nursing home match.

¹⁹ We based this estimate on the projected number of alerts and amount of overpayments due to SSA not promptly processing diary alerts during our audit period.

CONCLUSION AND RECOMMENDATIONS

Overpayments to SSI recipients in Title XIX institutions continue to be a significant problem. SSA continues to overpay millions of dollars each year and does not collect most of the overpayments. These overpayments are debts owed the Government and, if not collected, result in taxpayers financing unwarranted program expenses. If SSA does not take additional steps to identify recipients in Title XIX institutions and promptly adjust their monthly payments, the Agency will continue to overpay millions of dollars. As such, we recommend that SSA.

1. Reemphasize to SSI recipients and representative payees the importance of reporting admissions to Title XIX institutions. For example, we believe the Agency could develop a targeted outreach effort to inform selected recipients and representative payees of their responsibility to report admissions to Title XIX institutions.
2. Remind field office personnel of their responsibility to (1) maintain ongoing contact with Title XIX institutions in their service area, (2) use regular visits to encourage cooperation, and (3) establish procedures for institutions to report promptly on events that affect eligibility and payment determination.
3. Establish methods by which field office personnel should promptly resolve diary alerts resulting from recipients' admissions to Title XIX institutions and monitor compliance with these procedures.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.



Patrick P. O'Carroll, Jr.

Appendices

[**APPENDIX A**](#) – Acronyms

[**APPENDIX B**](#) – Scope and Methodology

[**APPENDIX C**](#) – Agency Comments

[**APPENDIX D**](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

CY	Calendar Year
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income

Scope and Methodology

To accomplish our objectives, we performed the following steps.

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures as well as other relevant Federal laws and regulations.
- Reviewed prior audit reports.
- Visited two field offices in each of the following States—Illinois, California, and Florida. During our site visits, we interviewed staff to determine their procedures for processing diary alerts that identify Supplemental Security Income (SSI) recipients' admissions to nursing homes. We also determined whether field offices had a liaison responsible for coordinating with institutions in their service area.
- Visited 6 nursing homes and contacted 18 other Title XIX institutions to obtain an understanding of their procedures for reporting SSI recipients' admissions and to determine whether field offices had established a liaison responsible for coordinating with them. We also determined whether the institutions were aware of their reporting responsibilities.

Also, to accomplish our objectives, we reviewed two separate samples.

Sample of SSI Overpayments to Recipients in Title XIX Institutions

- Randomly selected a sample of 275 SSI recipients who were overpaid \$200 or more because of admission to a Title XIX institution. We selected the sample from 33,309 SSI recipients who were overpaid \$200 or more because of admission to a Title XIX institution during Calendar Year 2004.
- We used SSA's Modernized Supplemental Security Income Claims System, the Centers for Medicare and Medicaid Services' Nursing Home Compare website and other Internet websites to determine the type of institution. When necessary, we also reviewed case folders and contacted field offices or Title XIX institutions to determine the type of institution.

Sample of Diary Alerts that Identify SSI Recipients' Admissions to Nursing Homes

- Randomly selected 275 diary alerts that identify SSI recipients' admissions to nursing homes. We selected the sample from 115,988 alerts SSA sent to field offices from August 2, 2004 through August 1, 2005.
- For each of the 275 diary alerts, we reviewed SSA's Supplemental Security Record and Modernized Supplemental Security Income Claims System to determine whether an overpayment occurred and if so, how much resulted from SSA not processing the diary alert promptly.
- To determine whether SSA processed diary alerts promptly, we added 30 days to the date the field office received the alert. Additionally, if SSA did not process the diary alert by the recurring cutoff date each month, we did not consider the next payment an overpayment. We calculated overpayments beginning with the subsequent month.

The following table shows our sample size, results, and appraisal.

Table 1: Sample Results and Projection on Diary Alerts

SAMPLE ATTRIBUTE AND VARIABLE APPRAISAL	
Total Population of Diary Alerts Sent to Field Offices From August 2, 2004 through August 1, 2005	115,988
Sample Size	275
Attribute Projections	
Number of Alerts in Sample SSA Did Not Process Promptly	18
Estimate of Alerts in Population SSA Did Not Process Promptly	7,592
Projection—Lower Limit	4,958
Projection—Upper Limit	11,076
Variable Projections	
Overpayment Amounts in Sample Resulting from SSA Not Processing Alerts Promptly	\$11,757
Estimate of Overpayment Amounts in Population Resulting from SSA Not Processing Alerts Promptly	\$4,958,930
Projection—Lower Limit	\$2,331,878
Projection—Upper Limit	\$7,585,982
<i>Projections made at the 90-percent confidence level.</i>	

The SSA entities audited were the Offices of the Deputy Commissioners for Disability and Income Security Programs and Operations. We relied primarily on the Supplemental Security Record to complete our review and determined that the data were sufficiently reliable to satisfy our audit objectives. We did not verify the completeness or test the accuracy of information submitted on the diary alerts. We limited our review of internal controls to the steps identified above. We conducted our work from July 2005 through February 2006 in accordance with generally accepted government auditing standards.

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: June 15, 2006

Refer To: S1J-3

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

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

Subject: Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Overpayments to Recipients in Title XIX Institutions" (A-08-06-16024)--INFORMATION

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

Please let me know if you have any questions. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO RECIPIENTS IN TITLE XIX INSTITUTIONS" (A-08-06-16024)

Thank you for the opportunity to review and provide comments on this draft report. We recognize the importance of being informed of all living arrangement changes in a timely manner, including those which involve moves into Title XIX institutions, whenever a Supplemental Security Income (SSI) recipient is involved. It has always been the Agency's intention and goal to ensure that recipients receive the correct amount of benefits and that the Agency avoid any type of overpayment.

Recommendation 1

Reemphasize to SSI recipients and representative payees the importance of reporting admissions to Title XIX institutions. For example, we believe the Agency could develop a targeted outreach effort to inform selected recipients and representative payees of their responsibility to report admissions to Title XIX institutions.

Comment

We agree in part. We will review the existing instructions to our field offices to determine if they should be revised to more clearly emphasize our responsibility in communicating to SSI recipients, and/or their representative payees, the importance of reporting admissions to Title XIX institutions. In the meantime, we have already issued an Administrative Message (AM-06128, on June 6, 2006) reminding our employees to focus on these reporting responsibilities during their interviews with SSI recipients and/or their payees.

We will need to investigate further the feasibility of a targeted outreach effort. The Centers for Disease Control and Prevention (CDC) reports that the average age at admission to a nursing home is 82.6 years and nearly two-thirds of those admitted have some form of cognitive or mental disorder. Thus, the recommended effort would be targeting the segment of the SSI population least able to understand or remember to report their admission. Further, SSA records indicate that fewer than 8 percent of SSI recipients over age 65 have a representative payee.

Recommendation 2

Remind field office personnel of their responsibility to: 1) maintain ongoing contact with Title XIX institutions in their service area; 2) use regular visits to encourage cooperation; and 3) establish procedures for institutions to report promptly on events that affect eligibility and payment determination.

Comment

We agree. As mentioned in our response to recommendation 1, AM-06128, issued on June 6, 2006, reminded employees of their responsibilities. To further assist in communicating the requirement to report changes in living arrangements, SSA has also pursued ongoing outreach efforts with those agencies that assist senior citizens and disabled individuals.

Recommendation 3

Establish methods by which field office personnel should promptly resolve diary alerts resulting from recipients' admissions to Title XIX institutions and monitor compliance with these procedures.

Comment

We agree. We have released AM-06128 that included a reminder to field offices to monitor diary workloads through the SSI Diary Workload web site on Chinet to ensure these diaries are worked in a timely manner.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director, 205-801-1605

Jeff Pounds, Audit Manager, 205-801-1606

Acknowledgments

In addition to those named above:

Neha Smith, Senior Auditor

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