

Audit Report

Overpayments in the Social Security
Administration's Disability
Programs—A 10-Year Study

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: June 4, 2015 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Overpayments in the Social Security Administration's Disability Programs—A 10-Year Study (A-01-14-24114)

The attached final report presents the results of our audit. Our objective was to study 1,532 beneficiaries who received disability benefits in October 2003 to determine the amount of overpayments in the Social Security Administration's disability programs between October 2003 and February 2014 (just over a 10-year period).

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.



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Attachment

Overpayments in the Social Security Administration's Disability Programs—A 10-Year Study

A-01-14-24114



June 2015

Office of Audit Report Summary

Objective

To study 1,532 beneficiaries who received disability benefits in October 2003 to determine the amount of overpayments in the Social Security Administration's (SSA) disability programs between October 2003 and February 2014 (just over a 10-year period).

Background

We selected for review a sample of 1,532 beneficiaries from a file of 8.9 million beneficiaries who were receiving disability payments in October 2003.

We originally reviewed these 1,532 cases for an April 2006 audit.

Conclusions

Our review of 1,532 beneficiaries in current pay status as of October 2003 found that over a 10-year period (from October 2003 through February 2014), SSA assessed overpayments for 44.5 percent of sampled beneficiaries. Based on the sample, we estimated

- SSA assessed overpayments totaling about \$16.8 billion between October 2003 and February 2014 for approximately 4 million beneficiaries who were in current payment status in October 2003;
- SSA recovered about \$8.1 billion of the \$16.8 billion in overpayments it assessed; and
- SSA prevented about \$8 billion in overpayments between October 2003 and February 2014 to approximately 1 million beneficiaries in current pay status in October 2003 by suspending monthly payments.

Additionally, the overpayment rate in Fiscal Year 2004 was 3.1 percent of all benefits paid that year.

SSA reviewed the draft report and provided technical comments regarding unavoidable overpayments related to medical improvement, which we incorporated into the body of this report.

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ABBREVIATIONS

CDR	Continuing Disability Review
C.F.R.	Code of Federal Regulations
CY	Calendar Year
DI	Disability Insurance
DMF	Death Master File
FY	Fiscal Year
MADCAP	Manual Adjustment, Credit and Award Process
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
SSITWR	SSI Telephone Wage Reporting
SSR	Supplemental Security Record
U.S.C.	United States Code

OBJECTIVE

Our objective was to study 1,532 beneficiaries who received disability benefits in October 2003 to determine the amount of overpayments in the Social Security Administration's (SSA) disability programs between October 2003 and February 2014 (just over a 10-year period).¹

BACKGROUND

In April 2006, we issued a report to address a request from Senator Grassley that we determine the improper payment rate for SSA's disability programs.² To conduct that review, we selected a sample of 1,532 beneficiaries from a population of 8.9 million Disability Insurance (DI) and Supplemental Security Income (SSI) disability beneficiaries in October 2003.³

For our current audit, we reviewed the same 1,532 beneficiaries to study the amount of overpayments SSA staff assessed between October 2003 and February 2014 (just over a 10-year period). See Appendix A for our scope, methodology, and sample results.

Status of Sampled Beneficiaries as of February 2014

Although the 1,532 sampled beneficiaries received disability benefits in October 2003, as of February 2014 (over 10 years later) 655 (43 percent) no longer received disability benefits (see Table 1).

¹ SSA provides DI benefits—as part of the Old-Age, Survivors and Disability Insurance (OASDI) program—and SSI payments to eligible individuals under Titles II and XVI of the *Social Security Act*, respectively. *Social Security Act* §§ 201 *et seq.* and 1601 *et seq.*, 42 U.S.C. §§ 401 *et seq.* and 1381 *et seq.* Throughout this report, we use the term “beneficiaries” to refer to individuals receiving either DI or SSI.

² SSA OIG, Congressional Response Report: *Overpayments in the Social Security Administration's Disability Programs* (A-01-04-24065), April 2006.

³ Of the 1,532 sampled beneficiaries, we randomly selected 832 from the 4.8 million beneficiaries who had 1 of 4 specific diagnosis codes (mental disorders; musculoskeletal system disorders; endocrine, nutritional, and metabolic diseases; and injuries). We randomly selected the remaining 700 from the 4.1 million beneficiaries who had a diagnosis code other than these 4 specific diagnosis codes.

Table 1: Status of 1,532 Sampled Beneficiaries as of February 2014

	Number of Beneficiaries	
Benefits terminated—deceased	267	17.4%
Receiving Social Security retirement benefits or SSI aged payments ⁴	258	16.8%
Benefits terminated—medical condition improved ⁵	69	4.5%
Benefits terminated—no longer met eligibility requirements (mostly non-medical reasons) ⁶	61	4.0%
Subtotal	655	42.7%
Receiving disability benefits	877	57.3%
Total	1,532	100%

RESULTS OF REVIEW

Our review of 1,532 beneficiaries in current pay status as of October 2003 found that over a 10-year period (from October 2003 through February 2014), SSA assessed overpayments for 44.5 percent of sampled beneficiaries.⁷ Based on the sample, we estimated SSA

- assessed overpayments totaling about \$16.8 billion between October 2003 and February 2014 for approximately 4 million beneficiaries who were in current payment status in October 2003;
- recovered about \$8.1 billion of the \$16.8 billion in overpayments it assessed; and

⁴ Of the 258 individuals, 216 received retirement benefits under the OASDI program. These beneficiaries were an average 50-years-old (ranging from 21- to 60-years-old) when they began receiving disability benefits.

Additionally, 42 received SSI aged payments. These 42 beneficiaries were an average 48-years-old (ranging from 26- to 59-years-old) when they began receiving SSI disability payments. At full retirement age, DI beneficiaries switch to retirement benefits under *Social Security Act* § 202(a)(3), 42 U.S.C. § 402(a)(3). Similarly, SSI disabled or blind recipients can qualify for aged payments beginning at age 65. *Social Security Act*, §§ 1601 and 1611(a), 42 U.S.C. §§ 1381 and 1382(a).

⁵ Once an individual begins receiving disability benefits, SSA conducts continuing disability reviews (CDR) to determine whether the beneficiary continues to be disabled. The Agency initiates a *medical* CDR based on the likelihood of medical improvement and a *work* CDR if the beneficiary returns to work. See 20 C.F.R §§ 404.1590(d), 404.1588, 416.988 and 416.990(d).

⁶ Benefits were terminated for 17 beneficiaries because of excess income; 9 because of imprisonment or fugitive status; 11 for working and earning above the levels for continuing to receive DI benefits; 8 for failing to cooperate with SSA; 4 for excess resources; 3 for being outside the United States; 3 because SSA could not locate them; 2 because of voluntarily termination; 1 because he was never entitled; 1 for being a resident of a public institution; 1 for getting married; and 1 because he did not apply for other benefits for which he was entitled.

⁷ Some individuals were eligible to receive both DI benefits and SSI disability payments. See Appendix A for the sample results and statistical projections for each program.

- prevented about \$8 billion in overpayments between October 2003 and February 2014 to approximately 1 million beneficiaries in current pay status in October 2003 by suspending monthly payments.

Additionally, the overpayment rate in Fiscal Year (FY) 2004 was 3.1 percent of all benefits paid that year.⁸

Overpayments to Sampled Beneficiaries

Between October 2003 and February 2014, SSA assessed \$2.9 million in overpayments for 681 (44.5 percent) of the 1,532 sampled beneficiaries (see Table 2).⁹ This consisted of \$1.5 million in DI benefits and \$1.4 million in SSI disability payments. These 681 beneficiaries were overpaid for 14 months, on average.

Table 2: Overpayment Amounts by Reason¹⁰

Overpayment Reason	Overpayments	
Work activity or change in income	\$1,099,755	37.9%
Medical improvement ¹¹	691,033	23.8%
Multiple-reason combined overpayment ¹²	249,868	8.6%
Imprisonment or fugitive status	216,070	7.5%
Payment issued after death	209,643	7.2%
Reason not specified on the beneficiaries' payment records	99,531	3.5%
Improperly entitled to benefits ¹³	96,953	3.4%

⁸ We calculated the overpayment rate for FY 2004 because we sampled from beneficiaries in current payment status as of October 2003 (the start of FY 2004). For more information on the overpayment rate, see page 11.

⁹ Of the 681 overpaid beneficiaries, 226 were overpaid for more than one reason. The dollars associated with these 226 beneficiaries are included in the various categories in this table.

¹⁰ SSA requires that beneficiaries, or their representative payees, report any information that could affect benefit eligibility or payment amount. SSA, POMS, SI 00601.060 D.2.a and F.1.k (September 24, 2014), SI 02301.005 (October 25, 2013), and DI 11005.001 B.1 and B.3 (July 10, 2014). Also, see SSA Publication 05-11011, *What You Need to Know When You Get SSI* (May 2013), SSA Publication 05-10153, *What You Need to Know When You Get Social Security Disability Benefits* (April 2011), and SSA Publication 05-10097, *When A Representative Payee Manages Your Money* (November 2012).

¹¹ SSA was not able to avoid the overpayments related to medical improvement because the Agency was required under the *Social Security Act* to issue these benefits during the appeals process. See *Social Security Act §§ 223(f) and (g), 1614(a)(4), and 1631(a)(7)*, 42 U.S.C. §§ 423(f) and (g), 1382c(a)(4), and 1383(a)(7).

¹² SSA coded these cases as multiple-reason overpayments.

¹³ SSA overpaid three beneficiaries because they had not stopped working when SSA approved them for DI benefits and one auxiliary beneficiary whose parent was not entitled to benefits, making our sampled beneficiary ineligible as well.

Overpayment Reason	Overpayments	
Incorrect payment computation	53,357	1.8%
Financial resources exceeded the SSI resource limit	50,675	1.8%
Duplicate check negotiations for the same month	50,478	1.7%
Change in living arrangements ¹⁴	50,347	1.7%
Other ¹⁵	32,272	1.1%
Total	\$2,899,982	100%

For example, SSA assessed overpayments for one SSI recipient several times between October 2003 and February 2014 for the following reasons:

- \$4,779 from December 2003 through April 2005 because of changes in income;
- \$1,779 from February through April 2007 because of a change in living arrangements;
- \$561 in June 2007 for reasons not specified in the individual's payment record;
- \$637 in September 2008 because of imprisonment;
- \$4,419 from April 2009 through February 2010 because of changes in income;
- \$224 in September 2011 because of changes in income; and
- \$1,209 from March 2012 through February 2013 because of changes in income.

SSA discovered three of the overpayments through scheduled SSI reviews of non-medical factors and two overpayments from third parties. We were unable to determine how SSA identified the events that led to the remaining two overpayments. As of October 2014, SSA had recovered \$8,759 of the \$13,608 overpaid—leaving a balance of \$4,849, which the Agency was collecting at a rate of \$72 from the \$488 monthly SSI payment.

See Appendix C for detailed information about why SSA assessed overpayments. Based on the results from our sample, we estimated that SSA assessed about \$16.8 billion in overpayments from October 2003 through February 2014 for disabled beneficiaries on the rolls as of October 2003.

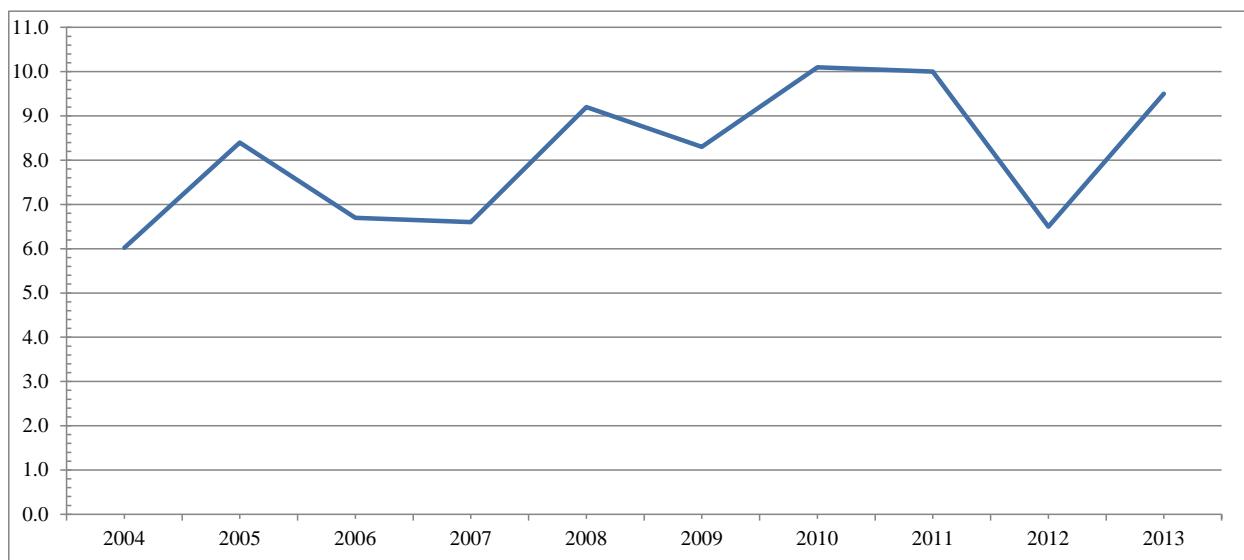
¹⁴ Eligibility for and the amount of SSI payments can be affected by changes in the individual's living arrangement, which may include living outside the United States or residence in a public institution.

¹⁵ The *Other* category consists of \$21,087 for multiple benefits; \$5,770 for two beneficiaries not reporting marriage information to SSA; \$3,356 for payments issued during appointment of a representative payee; \$1,269 for overpayments because of the beneficiary not cooperating; and \$790 paid after a beneficiary voluntarily terminated benefits.

Timeline to Identify Overpayments

For Calendar Years 2004 through 2013, SSA took an average of 8.1 months to identify the overpayments in our sample cases¹⁶ (see Figure 1.) Also, 352 of the 681 overpaid beneficiaries had overpayments identified in a different year than when the overpayments occurred. For example, during a regularly scheduled review of a beneficiary's non-medical eligibility in March 2011, SSA identified a \$10,636 overpayment because of excess resources for the period September 2008 through December 2009.

Figure 1: Average Number of Months it Took SSA to Identify Overpayments in Each Calendar Year 2004 Through 2013



The Agency generally identified some types of overpayments sooner than other types. On average, SSA identified overpayments because of

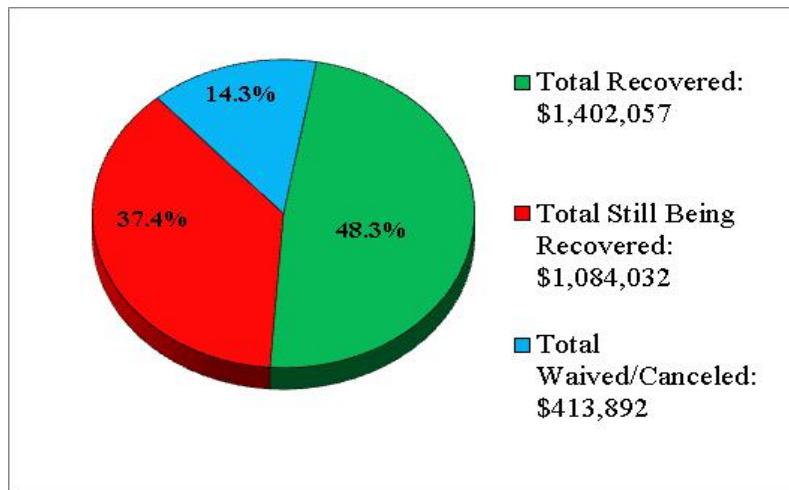
- death within 1 month,
- imprisonment or fugitive status within 3 months,
- income or work activity within 9 months, and
- multiple reasons within 12 months.

¹⁶ The average time to identify overpayments was based on our analysis of the date each overpayment period began and the date SSA assessed the overpayment.

Overpayments Recovered

Of the \$2.9 million in overpayments SSA assessed from October 2003 through February 2014 for our sampled beneficiaries, SSA had recovered \$1.4 million (48.3 percent) as of February 2014. However, SSA was still attempting to recover \$1.1 million (37.4 percent); and the Agency had waived or canceled \$0.4 million (14.3 percent). See Figure 2.

Figure 2: Overpayment Status for the Sampled Beneficiaries as of February 2014



Based on the sample results, we estimated that, of the \$16.8 billion in overpayments SSA assessed from October 2003 to February 2014 for beneficiaries who were on the disability rolls as of October 2003, SSA

- recovered about \$8.1 billion in overpayments,
- was still attempting to recover about \$6.3 billion in overpayments,¹⁷ and
- waived or canceled about \$2.4 billion in overpayments (see Table 3).¹⁸

¹⁷ The \$6.3 billion is the estimate of total overpayments (\$16.8 billion) less the amounts recovered (\$8.1 billion) and waived or canceled (\$2.4 billion). In September 2014, we started a review of *Title II Overpayments Pending Collection* (A-02-15-35001).

¹⁸ Generally, SSA policy allows personnel to waive recovery of an OASDI overpayment if (a) the person is without fault, and (b) recovery would either defeat the purpose of the OASDI program or would be against equity and good conscience. *See* 20 C.F.R. § 404.506 and SSA, POMS, GN 02250.001 (October 4, 2005), GN 02250.100 (December 23, 1996), and GN 02250.150 (January 25, 2012). SSA policy also allows it to waive recovery of an SSI overpayment if (a) the liable individual is without fault in causing the overpayment and (b) such recovery would defeat the purpose of the SSI program, be against equity and good conscience, or impede effective or efficient administration of the SSI program because of the small amount involved. *See* 20 C.F.R. § 416.550 and SSA, POMS, SI 02260.001 (September 4, 2014). As part of our review, we did not determine whether the waivers were in accordance with SSA policy; however, prior audit work was completed on this issue and these reports are described in Appendix F, Table F-2.

Table 3: Total Overpayment Amounts Waived or Canceled

Total Amount Waived or Canceled	Beneficiaries with Waived or Canceled Overpayments ¹⁹
\$20,000 or more	7
\$10,000-\$19,999	3
\$5,000-\$9,999	6
\$2,500-\$4,999	17
\$1,000-\$2,499	22
\$500-\$999	25
Less than \$500	98
Total	178

Table 4 shows that it can take SSA years to recover an overpayment once the Agency identifies it. For example, 26 percent of overpayments assessed in Calendar Year 2004 was still outstanding as of February 2014. However, 53 percent of overpayments assessed in Calendar Year 2012 was still outstanding as of February 2014.

Table 4: Overpayment Recoveries by Year—October 2003 Through February 2014²⁰

Year Identified	Total Overpayment by Year Identified	Recovered as of February 2014	Waived or Canceled as of February 2014	Balance as of February 2014
2003	\$23,285	\$19,718	85%	\$3,563 15% \$4 0%
2004	\$215,635	\$114,550	53%	\$45,506 21% \$55,579 26%
2005	\$443,362	\$241,395	54%	\$82,750 19% \$119,217 27%
2006	\$220,320	\$169,972	77%	\$15,462 7% \$34,886 16%
2007	\$223,377	\$148,737	67%	\$24,054 11% \$50,586 22%
2008	\$377,183	\$173,225	46%	\$101,939 27% \$102,019 27%
2009	\$281,147	\$128,732	46%	\$38,439 14% \$113,976 40%
2010	\$281,131	\$119,376	42%	\$32,775 12% \$128,980 46%
2011	\$402,102	\$127,320	32%	\$57,584 14% \$217,198 54%
2012	\$144,961	\$66,989	46%	\$609 1% \$77,363 53%
2013	\$256,431	\$89,437	35%	\$6,348 2% \$160,646 63%
2014	\$31,048	\$2,608	8%	\$4,865 16% \$23,575 76%

¹⁹ SSA waived or canceled the overpayments for various reasons, such as the (a) Agency did not process a report of earnings timely; (b) Agency applied the *Martinez* class action lawsuit settlement agreement, which changed how SSA handled overpayments related to fugitive felon status; or (c) beneficiaries misunderstood their reporting responsibilities.

²⁰ See Appendix A for a bar chart of this information. In some instances, we rounded down so the numbers would total across the table.

SSA missed the opportunity to recover some of one beneficiary's overpayment. The beneficiary received benefits on his father's Social Security record because of arthropathies.²¹ Thereafter, he worked and concealed the work activity from SSA. As a result of our fraud investigation, SSA stopped his benefits in March 2005. The court sentenced him to 4 months' home detention and 3 years' probation and ordered him to repay \$17,763 of the benefits he received while concealing his work activity.

The individual continued working and became insured for disability benefits under his own Social Security number. In April 2013, SSA approved a new disability claim but did not move the overpayment balance from his father's record to his own record. Therefore, SSA did not reduce his new \$857 monthly benefit payment to collect any of his overpayment balance. As of February 2014, he had only repaid \$550 (3.1 percent) of the \$17,763 he owed SSA—even though SSA paid him over \$9,000 in disability benefits between May 2013 and February 2014. We provided this case to SSA in June 2014 for necessary action, and, as of March 2015, SSA was still reviewing it.

Overpayment Prevention

As shown in Table 2, the largest category of overpayments was work activity or income. This is similar to what SSA reports as the major cause of overpayments in its DI and SSI programs.²²

SSA conducts SSI redeterminations, which are reviews of a recipient or couple's non-medical eligibility factors (that is, income, resources, and living arrangements) to determine whether the individual or couple is still eligible for and receiving the correct SSI payment.²³ SSA also conducts CDRs for disabled beneficiaries to determine whether they remain medically eligible for disability payments.²⁴ According to SSA, the Agency completed over 2.6 million redeterminations of SSI eligibility and over 525,000 full medical CDRs in FY 2014.

The President's Fiscal Year 2016 Budget includes a proposal that would allow SSA to conduct matching operations with commercial entities and electronically receive wage information timely enough to adjust benefits before any overpayments. Additionally, SSA informed us that, in FY 2015, the Agency plans to implement a procedure that will electronically verify ownership of non-home real property by SSI applicants and recipients.²⁵

²¹ Under the OASDI program, children with a disability generally can receive benefits on the record of a parent who is retired, disabled, or deceased. If the child still has a disability at age 18, the benefits can continue into adulthood.

²² SSA, *FY 2013 Agency Financial Report*, December 2013, pgs. 145 and 152.

²³ *Social Security Act §§ 1611(c)(1) and 1619(b)(2)(A), 42 U.S.C. §§ 1382(c)(1) and 1382h(b)(2)(A); 20 C.F.R. §§ 416.204; SSA, POMS, SI 02305.001 (August 29, 2014).*

²⁴ 20 C.F.R. §§ 404.1588, 404.1590, 416.988 and 416.990.

²⁵ SSA OIG, *SSI Recipients with Unreported Real Property* (A-02-09-29025), June 2011.

Our prior audits showed that the Agency could do more to prevent the most common overpayments. For example, we noted that SSA should continue allocating resources to timely perform work-related CDRs and assess all overpayments resulting from work activity. In our May 2014 report,²⁶ we estimated about 119,500 disabled beneficiaries were overpaid approximately \$1.02 billion because of work activity. SSA identified approximately \$872.6 million of these overpayments to about 107,500 beneficiaries; however, we estimated SSA did not detect approximately \$146.4 million in overpayments to about 13,900 beneficiaries. Although SSA improved the work-CDR process, overpayments still occur. The average overpayment was \$8,114 for 9 months (whereas the average overpayment was \$18,331 for 19 months in our 2009 audit).²⁷

In another audit,²⁸ we determined SSA's SSI Telephone Wage Reporting (SSITWR) initiative effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the Supplemental Security Record and the Modernized SSI Claims System. Although SSA had reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process. We recommended SSA (1) adopt a process to identify and report unique SSITWR classifications (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period and (2) add language to overpayment notices due to wages to inform SSI recipients, their representative payees, and deemors²⁹ of the methods available to report wages. SSA agreed with Recommendation 1 but disagreed with Recommendation 2.

See Appendix F for prior Office of the Inspector General (OIG) reports on improper payments.

Unavoidable Overpayments Related to Medical Improvement

As shown in Table 2, the second largest category of overpayments was medical improvement. SSA periodically reviews beneficiaries with disabilities to ensure they are still disabled. Under the *Social Security Act*, an individual's disability continues unless the (1) disabling condition has improved since the last favorable disability determination and (2) individual can currently

²⁶ SSA OIG, *Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings* (A-01-12-12142), May 2014.

²⁷ SSA OIG, *Follow-up on Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File* (A-01-08-28075), April 2009, and *Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings* (A-01-12-12142), May 2014.

²⁸ SSA OIG, *Supplemental Security Income Telephone Wage Reporting* (A-15-12-11233), February 2014.

²⁹ A deemor is a person whose income and resources are considered to be available to meet an SSI recipient's basic needs of food and shelter. Examples of deemors include the ineligible spouse of an SSI recipient, the ineligible parent(s) of a child, and the sponsor of an alien. 20 C.F.R. § 416.1160.

engage in SGA.³⁰ If SSA determines the individual is no longer disabled, he/she may appeal and continue to receive benefits during the appeal process. If the appeal affirms the disability ceased, SSA assesses an overpayment for the amount of benefits paid during the appeal process.³¹

SSA could not avoid the overpayments related to medical improvement because the Agency was required under the *Social Security Act* to issue these benefits during the appeals process.³²

Benefit Suspensions

Between October 2003 and February 2014, SSA prevented overpayments by suspending \$1.4 million in benefits (\$795,772 in DI benefits and \$581,435 in SSI payments) for 174 of the 1,532 sampled beneficiaries.³³ See Appendix D for additional information on why SSA suspended payments for our sampled beneficiaries.

For example, SSA conducted a routine review of the non-disability factors of one California beneficiary's SSI eligibility in January 2013. The Agency reminded him of his responsibility to report changes that might affect his benefits, and the payments continued. In March 2013, he received an inheritance and reported it to SSA. Because of the amount of the inheritance, the beneficiary's financial resources—his bank account balance—exceeded the SSI eligibility limit, and the Agency suspended his payments.³⁴ After 1 year, SSA terminated the SSI record. Because the beneficiary notified SSA timely, the Agency was able to take action to suspend payment and prevent more than \$10,000 from being paid that was not due.

Based on the sample results, we estimated SSA prevented about \$8 billion in overpayments to about 1 million beneficiaries by suspending monthly payments.

³⁰ The *Social Security Act* provides exceptions to SSA's medical improvement review standard. These exceptions allow SSA to find disability ceased in limited situations without showing medical improvement occurred, but where the evidence clearly shows the person should no longer be, or never should have been, considered to have a disability. See *Social Security Act* §§ 223(f) and 1614(a)(4), 42 U.S.C. §§ 423(f) and 1382c(a)(4).

³¹ *Social Security Act*, §§ 223(g) and 1631(a)(7), 42 U.S.C. §§ 423(g) and 1383(a)(7).

³² In our December 2006 report, *Impact of Statutory Benefit Continuation on Disability Insurance Benefits Payments Made During the Appeals Process* (A-07-05-15094), we concluded that the overpayments were increased because SSA's process for deciding medical cessation appeals was not financially efficient. We noted that medical cessation appeals should not be processed in the same manner as cases not receiving payments. Therefore, to the extent possible, appeals that involve benefit payments should be processed separately from those that do not involve payments to avoid or minimize overpayments. We recommended, and SSA agreed, to enhance its business process to allow more timely decisions on medical cessation appeals.

³³ Of these 174 beneficiaries, 110 had overpayments assessed immediately prior to the suspension months for the same reason as the suspension.

³⁴ In 2013, the SSI financial resource limit was \$2,000 for an individual and \$3,000 for a married individual living with his/her spouse.

2004 Overpayment Rate

In our 2006 report, we estimated the overpayment rate for FY 2004 was between 3.2 and 3.6 percent. As part of our current review, we revisited the overpayment rate for FY 2004 and refined our estimate to 3.1 percent, as shown in Table 5.³⁵

Table 5: FY 2004 Overpayment Rate for Sampled Beneficiaries

Payment Type	Benefits Paid	Benefits Overpaid	Overpayment Rate
DI	\$10,196,846	\$248,101	2.4%
SSI	\$3,912,356	\$185,783	4.8%
Overall	\$14,109,202	\$433,884	3.1%

CONCLUSIONS

From our review of 1,532 beneficiaries over a 10-year period, we found that SSA assessed overpayments for 44.5 percent—resulting in an estimated \$16.8 billion in benefits that should not have been paid between October 2003 and February 2014 for beneficiaries who were in current pay status as of October 2003. We also estimated SSA prevented about \$8 billion in overpayments to about 1 million beneficiaries by suspending monthly payments. Additionally, we determined the overpayment rate for FY 2004 was 3.1 percent of all benefits paid that year.

OTHER MATTERS

During our review of the 1,532 sampled beneficiaries, we identified 2 who seemed underpaid. We notified SSA, and, as of March 2015, the Agency continued to review them. One beneficiary appeared to be eligible for both DI and SSI payments, but received DI benefits only. For another beneficiary, SSA suspended benefits because of a worker's compensation benefit offset.³⁶ It appeared the worker's compensation benefits ended, but the suspension remained.

For additional analysis of the 1,532 sampled beneficiaries, including information on prior benefit terminations and post-entitlement reviews, see Appendix E.

³⁵ We calculated the rate for only FY 2004 because we selected our sample from beneficiaries in current payment status as of October 2003 (the start of FY 2004). Additionally, many beneficiaries had overpayments spanning more than one FY. For example, in March 2011, SSA identified a \$10,636 overpayment for the period September 2008 through December 2009. SSA reported the overpayment rate as 0.5 percent for all OASDI benefits, and 6.4 percent for all SSI disability payments for FY 2004. SSA, *Fiscal Year 2005 Performance and Accountability Report*, pgs. 87 and 89 (November 9, 2005).

³⁶ Generally, worker's compensation benefits reduce the amount of DI payable.

AGENCY COMMENTS

SSA reviewed the draft report and provided technical comments regarding unavoidable overpayments related to medical improvement, which we incorporated into the body of this report. The Agency's comments are included in Appendix G.

APPENDICES

Appendix A – SCOPE, METHODOLOGY, AND SAMPLE RESULTS

In a prior audit, we obtained a file of 11.1 million beneficiaries who were receiving disability benefits as of October 2003.¹ At the time of the prior audit, we tested the data and concluded they were reliable. From the file of 11.1 million individuals, we excluded

- 342,969 beneficiaries with blank diagnosis codes² because we were stratifying the sample by diagnosis code,³
- 103,591 beneficiaries receiving more than 1 benefit and where the records had different diagnosis codes that would cause the case to fall into both strata, and
- 1,768,331 beneficiaries age 62 and older because some individuals in the population were coded as receiving disability benefits but were actually receiving—or would have been entitled to—benefits based on age without considering disability.

We stratified the remaining population of 8,896,497 beneficiaries—about 80 percent of all 11.1 million disabled beneficiaries—into 2 groups.

- Stratum A comprised 4,830,214 beneficiaries (54 percent) whose diagnosis codes fell into 1 of the 4 diagnosis groups mentioned in Senator Grassley's September 4, 2003 letter to the Inspector General: (1) mental disorders other than mental retardation; (2) diseases of musculoskeletal system; (3) endocrine, nutritional, and metabolic diseases; and (4) injuries.
- Stratum B comprised 4,066,283 beneficiaries (46 percent) whose diagnosis codes did not fall into 1 of these 4 diagnosis groups.⁴

From the population of 8.9 million beneficiaries, we selected 1,532 individuals using proportional allocation methodology—Stratum A included 832 individuals (54 percent) and Stratum B included 700 individuals (46 percent). See Figure A-1.

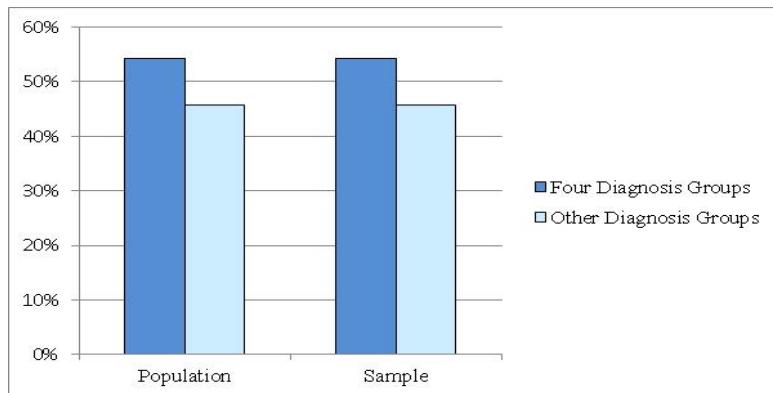
¹ SSA OIG, *Overpayments in the Social Security Administration's Disability Programs* (A-01-04-24065), April 2006.

² Before 1985, SSA coded diagnoses for disability claims in accordance with the *International Classification of Diseases: 9th revision, Clinical Modification, 4th ed.*, using 4-digit ICD-9 codes. In 1985, SSA implemented a revised method to determine and enter impairment codes in administrative records. This revised approach generally uses 3 digits (followed by a zero), loosely based on the ICD-9 codes. SSA, *SSI Annual Statistical Report, 2013*, Glossary, September 2014.

³ SSA OIG, *Reliability of Diagnosis Codes Contained in the Social Security Administration's Data Bases* (A-01-99-61001), March 2000.

⁴ The other diagnosis groups fall within the following body systems: Special Senses and Speech, Respiratory System, Cardiovascular System, Genito-Urinary System, Hematological Disorders, Skin Disorders, Multiple Body Systems, Neurological, Mental Retardation, Malignant Neoplastic Diseases, Immune System, Growth Impairment, and Special/Other.

Figure A–1: Population Compared to Sample



The sampling projections were made at a 95-percent confidence level with a precision of +/- 1.5 percent and an expected error rate of 10 percent or less.

We tested the sample at the time of the prior audit and concluded it represented the population. Specifically, we found that the average Disability Insurance (DI) and Supplemental Security Income (SSI) payments in the original sample—\$784 and \$442, respectively—were reasonably similar to the average amounts the Social Security Administration (SSA) reported for all DI and SSI payments—\$841 and \$433, respectively. Additionally, we found that the number of DI, SSI, and concurrent beneficiaries in the sample was reasonably similar to the population—as shown in Table A–1.

Table A–1: Population and Sample by SSA Program

SSA Program	Sample	Population
DI Beneficiaries	785 (51%)	4.6 million (51%)
SSI Disabled Recipients	547 (36%)	3.4 million (39%)
Concurrent Beneficiaries (receiving both DI and SSI)	200 (13%)	0.9 million (10%)

Time on Rolls

We reviewed the 1,532 sampled beneficiaries who received a disability benefit in October 2003 to determine how long they had received disability benefits as of February 2014 (just over a 10-year period).⁵ See Table A–2. For those beneficiaries who no longer received disability benefits as of February 2014, we calculated the time from October 2003 through the first month in which the person did not receive a disability benefit because of—

⁵ We did not determine how long the beneficiaries had received disability benefits prior to October 2003.

- death,
- converting to SSA's retirement program at full retirement age or switching to SSI aged payments at age 65, or
- being terminated for no longer meeting the medical or non-medical eligibility criteria.

Table A–2: Average Number of Months on Disability Rolls from October 2003 through February 2014

Calendar Year of First Month Not Receiving Disability Benefits	Number of Beneficiaries	Average Number of Months SSA Paid Disability Benefits after October 2003
2003 (Oct. – Dec.)	9	2
2004	67	8
2005	54	20
2006	33	32
2007	53	46
2008	86	56
2009	69	69
2010	71	80
2011	71	92
2012	69	105
2013	65	117
2014 (Jan. – Feb.)	8	123
Received a disability benefits in February 2014	877	125
Total	1,532	99

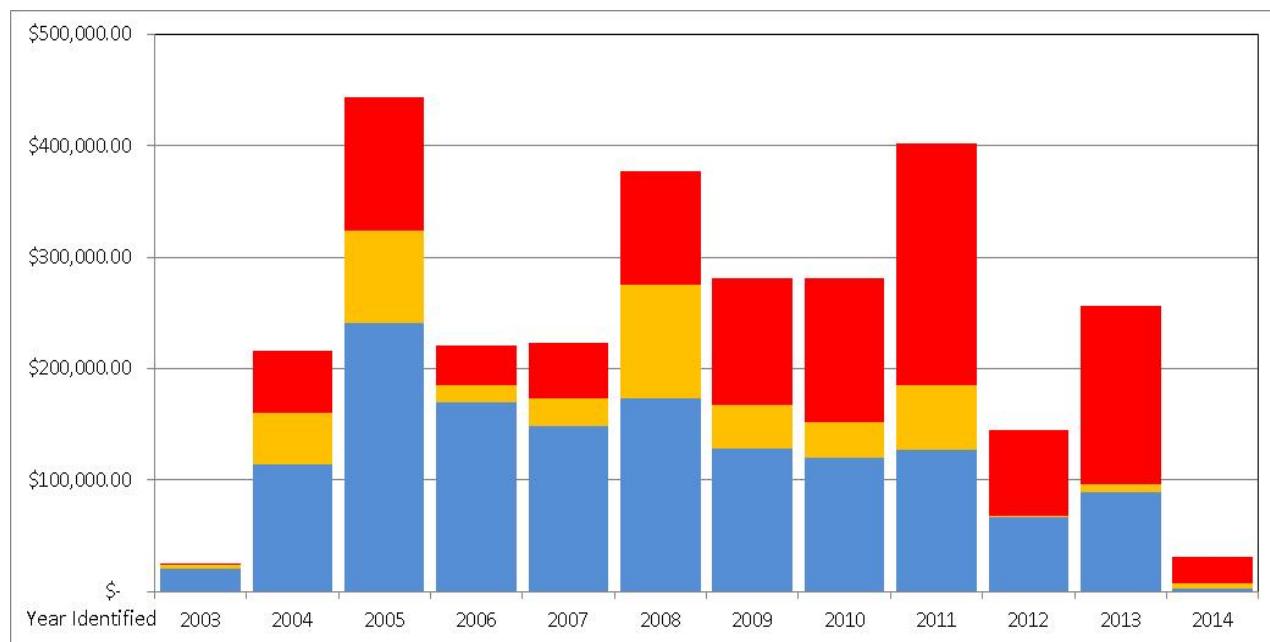
Overpayment Review Methodology

To determine overpayment activity for the 1,532 sampled beneficiaries from October 2003 to February 2014, we

- obtained and analyzed Master Beneficiary Records, Supplemental Security Records, Payment History Update System information, electronic disability folder records, earnings records, and Prisoner Update Processing System information;
- obtained information from our Office of Investigations;
- quantified the overpayment amounts SSA prevented by suspending benefits to sampled beneficiaries who were no longer eligible for benefits; and

- quantified the amount of, and reasons for, overpayments SSA identified, recovered, waived or canceled⁶ (see Figure 2).

Figure A–2: Overpayments by Year Identified for the Sampled Beneficiaries and Current Amounts Recovered (blue), Waived/Canceled (yellow), and Still Outstanding (red) as of February 2014⁷



Overpayment Rate Methodology

To determine the Fiscal Year (FY) 2004 overpayment rate for the 1,532 sampled beneficiaries who received disability benefits in October 2003, we divided the amount of (a) overpayments assessed for the period October 1, 2003 through September 30, 2004 by (b) DI benefits and SSI payments paid for the same period.⁸

⁶ For the purposes of this review, we considered an overpayment canceled if SSA ceased its attempts to collect it.

⁷ The actual dollars amounts for this figure are shown in Table 4. In total, SSA assessed \$2.9 million in overpayments from October 2003 through February 2014 for our sampled beneficiaries. Of these overpayments, SSA recovered \$1.4 million (48.3 percent) as of February 2014. However, SSA was still attempting to recover \$1.1 million (37.4 percent); and the Agency had waived or canceled \$0.4 million (14.3 percent).

⁸ We calculated the rate for only FY 2004 because we selected our sample from beneficiaries in current payment status as of October 2003 (the start of FY 2004). Additionally, many beneficiaries had overpayments spanning more than one FY.

Sample Results

Table A–3: Population and Sample Size

	Stratum A	Stratum B	Total
Population	4,830,214	4,066,283	8,896,497
Sample Size	832	700	1,532

All estimates in Table A–4 through Table A–15 are based on activity from October 2003 through February 2014 and projected to our population of 8,896,497 beneficiaries who were on the disability rolls in October 2003.

Table A–4: All Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with Overpayments			
Sample Results	337	344	681
Point Estimate ⁹	1,956,469	1,998,288	3,954,757
Projection Lower Limit			3,734,092
Projection Upper Limit			4,175,421
Amount of Overpayments			
Sample Results	\$1,597,535	\$1,302,447	\$2,899,982
Point Estimate	\$9,274,560,665	\$7,565,884,038	\$16,840,444,703
Projection Lower Limit			\$14,304,258,507
Projection Upper Limit			\$19,376,630,899

Note: Projections are at the 95-percent confidence level.

⁹ In each table in this Appendix, the sample results and point estimates for Strata A and B may not equal the total shown because of rounding.

Table A–5: DI Overpayments¹⁰

	Stratum A	Stratum B	Total
Number of Beneficiaries with DI Overpayments			
Sample Results	133	126	259 ¹¹
Point Estimate	772,138	731,931	1,504,069
Projection Lower Limit			1,337,059
Projection Upper Limit			1,671,078
Amount of DI Overpayments			
Sample Results	\$890,733	\$584,685	\$1,475,418
Point Estimate	\$5,171,191,811	\$3,396,420,210	\$8,567,612,021
Projection Lower Limit			\$6,312,593,738
Projection Upper Limit			\$10,822,630,304

Note: Projections are at the 95-percent confidence level.

Table A–6: SSI Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with SSI Overpayments			
Sample Results	238	246	484 ¹²
Point Estimate	1,381,720	1,429,008	2,810,728
Projection Lower Limit			2,604,014
Projection Upper Limit			3,017,441
Amount of SSI Overpayments			
Sample Results	\$706,802	\$717,762	\$1,424,564
Point Estimate	\$4,103,368,854	\$4,169,463,827	\$8,272,832,682
Projection Lower Limit			\$7,063,245,432
Projection Upper Limit			\$9,482,419,931

Note: Projections are at the 95-percent confidence level.

¹⁰ The DI overpayments included those for any auxiliary beneficiaries (who received benefits on our sampled beneficiaries' records) if the sampled beneficiary was overpaid for the same period and reason.

¹¹ Of these 259 beneficiaries, 62 also had SSI overpayments shown in Table A–6.

¹² Of these 484 beneficiaries, 62 also had DI overpayments shown in Table A–5.

Table A–7: All Recovered Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with Recovered Overpayments			
Sample Results	295	313	608
Point Estimate	1,712,636	1,818,209	3,530,845
Projection Lower Limit			3,313,735
Projection Upper Limit			3,747,956
Amount of Recovered Overpayments			
Sample Results	\$723,514	\$678,544	\$1,402,057
Point Estimate	\$4,200,391,889	\$3,941,643,177	\$8,142,035,066
Projection Lower Limit			\$6,990,536,968
Projection Upper Limit			\$9,293,533,163

Note: Projections are at the 95-percent confidence level.

Table A–8: DI Recovered Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with DI Recovered Overpayments			
Sample Results	116	116	232 ¹³
Point Estimate	673,443	673,841	1,347,284
Projection Lower Limit			1,187,600
Projection Upper Limit			1,506,969
Amount of DI Recovered Overpayments			
Sample Results	\$358,338	\$273,429	\$631,767
Point Estimate	\$2,080,345,884	\$1,588,341,085	\$3,668,686,968
Projection Lower Limit			\$2,694,547,254
Projection Upper Limit			\$4,642,826,682

Note: Projections are at the 95-percent confidence level.

¹³ Of these 232 beneficiaries, 52 also had SSI overpayments recovered shown in Table A–9.

Table A–9: SSI Recovered Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with SSI Recovered Overpayments			
Sample Results	207	221	428 ¹⁴
Point Estimate	1,201,748	1,283,784	2,485,532
Projection Lower Limit			2,286,078
Projection Upper Limit			2,684,985
Amount of SSI Recovered Overpayments			
Sample Results	\$365,176	\$405,115	\$770,291
Point Estimate	\$2,120,046,005	\$2,353,302,093	\$4,473,348,098
Projection Lower Limit			\$3,835,287,106
Projection Upper Limit			\$5,111,409,089

Note: Projections are at the 95-percent confidence level.

Table A–10: All Waived or Canceled Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with Waived or Canceled Overpayments			
Sample Results	93	85	178
Point Estimate	539,916	493,763	1,033,679
Projection Lower Limit			890,855
Projection Upper Limit			1,176,503
Amount of Waived or Canceled Overpayments			
Sample Results	\$297,463	\$116,429	\$413,892
Point Estimate	\$1,726,934,800	\$676,335,034	\$2,403,269,835
Projection Lower Limit			\$1,398,184,123
Projection Upper Limit			\$3,408,355,547

Note: Projections are at the 95-percent confidence level.

¹⁴ Of these 428 beneficiaries, 52 also had DI overpayments recovered shown in Table A–8.

Table A–11: DI Waived or Canceled Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with DI Waived or Canceled Overpayments			
Sample Results	25	13	38 ¹⁵
Point Estimate	145,139	75,517	220,655
Projection Lower Limit			151,382
Projection Upper Limit			289,928
Amount of DI Waived or Canceled Overpayments			
Sample Results	\$235,337	\$54,804	\$290,141
Point Estimate	\$1,366,258,657	\$318,356,615	\$1,684,615,272
Projection Lower Limit			\$726,815,931
Projection Upper Limit			\$2,642,414,614

Note: Projections are at the 95-percent confidence level.

Table A–12: SSI Waived or Canceled Overpayments

	Stratum A	Stratum B	Total
Number of Beneficiaries with SSI Waived or Canceled Overpayments			
Sample Results	70	72	142 ¹⁶
Point Estimate	406,388	418,246	824,634
Projection Lower Limit			695,433
Projection Upper Limit			953,835
Amount of SSI Waived or Canceled Overpayments			
Sample Results	\$62,126	\$61,625	\$123,751
Point Estimate	\$360,676,143	\$357,978,419	\$718,654,562
Projection Lower Limit			\$404,697,569
Projection Upper Limit			\$1,032,611,555

Note: Projections are at the 95-percent confidence level.

¹⁵ Of these 38 beneficiaries, 2 also had SSI overpayments waived or canceled as shown in Table A–12.

¹⁶ Of these 142 beneficiaries, 2 also had DI overpayments waived or canceled, as shown in Table A–11.

Table A–13: All Payment Suspensions

	Stratum A	Stratum B	Total
Number of Beneficiaries with Suspensions			
Sample Results	97	77	174
Point Estimate	563,138	447,291	1,010,429
Projection Lower Limit			869,005
Projection Upper Limit			1,151,853
Amount of Suspensions			
Sample Results	\$804,801	\$572,406	\$1,377,207
Point Estimate	\$4,672,306,873	\$3,325,094,528	\$7,997,401,401
Projection Lower Limit			\$5,571,778,923
Projection Upper Limit			\$10,423,023,879

Note: Projections are at the 95-percent confidence level.

Table A–14: DI Payment Suspensions

	Stratum A	Stratum B	Total
Number of Beneficiaries with DI Suspensions			
Sample Results	25	13	38 ¹⁷
Point Estimate	145,139	75,517	220,655
Projection Lower Limit			151,382
Projection Upper Limit			289,928
Amount of DI Suspensions			
Sample Results	\$521,951	\$273,822	\$795,772
Point Estimate	\$3,030,209,208	\$1,590,622,444	\$4,620,831,652
Projection Lower Limit			\$2,345,162,077
Projection Upper Limit			\$6,896,501,228

Note: Projections are at the 95-percent confidence level.

¹⁷ Of these 38 beneficiaries, 7 also had SSI suspensions, as shown in Table A–15.

Table A–15: SSI Payment Suspensions

	Stratum A	Stratum B	Total
Number of Beneficiaries with SSI Suspensions			
Sample Results	77	66	143 ¹⁸
Point Estimate	447,027	383,392	830,419
Projection Lower Limit			700,748
Projection Upper Limit			960,091
Amount of SSI Suspensions			
Sample Results	\$282,850	\$298,585	\$581,435
Point Estimate	\$1,642,097,665	\$1,734,472,084	\$3,376,569,749
Projection Lower Limit			\$2,549,185,074
Projection Upper Limit			\$4,203,954,424

Note: Projections are at the 95-percent confidence level.

We conducted our review between March 2014 and January 2015 in Boston, Massachusetts. The principal entities audited were SSA's field offices and program service centers under the Office of the Deputy Commissioner for Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁸ Of these 143 beneficiaries, 7 also had DI suspensions, as shown in Table A–14.

Appendix B – SSA’S INITIATIVES TO ADDRESS IMPROPER PAYMENTS

The Social Security Administration (SSA) has implemented a number of initiatives to prevent, identify, and recover improper payments. These initiatives include the following.

- Supplemental Security Income (SSI) Telephone Wage Reporting: Recipients who work can report their wages to SSA monthly for automated posting to the SSI record and calculation of the payment amount.¹
- Access to Financial Institutions: An electronic process to verify bank account balances that assist SSA in determining eligibility for SSI and to detect undisclosed accounts.²
- Predictive modeling: SSA uses a computer program to prioritize work-related continuing disability reviews (CDR) based on such factors as historical earnings, prior work-related CDRs, previous benefit increases based on earnings, overpayments, amount of monthly benefits, length of entitlement to disability benefits, and type of impairment.³
- Enhancements to medical CDR profile: SSA employs a profiling system that uses data from SSA’s records to determine the likelihood of medical improvement for disabled beneficiaries. SSA selects beneficiaries’ records profiled as having a high likelihood of medical improvement for a full medical review by disability determination services. SSA mails questionnaires to beneficiaries identified as having a medium or low likelihood of medical improvement. If the completed questionnaire indicates medical improvement, SSA will conduct a full medical review.
- Enhanced use of existing overpayment recovery tools, such as cross-program recovery, Treasury Offset Program, and the non-entitled debtors program.⁴

¹ SSA OIG, *Supplemental Security Income Telephone Wage Reporting* (A-15-12-11233), February 2014.

² SSA OIG, *The Social Security Administration’s Access to Financial Institutions Program* (A-01-13-13069), December 2014 (Limited Distribution).

³ SSA OIG, *Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings* (A-01-12-12142), May 2014.

⁴ SSA OIG, *Non-Entitled Debtors Program* (A-03-14-24024); discussion draft issued March 19, 2015.

Appendix C – OVERPAYMENT REASONS

Of our 1,532 sampled beneficiaries, 681 were overpaid \$2.9 million between October 2003 and February 2014. Table C-1 shows why the Social Security Administration (SSA) overpaid the beneficiaries. In this Table, each sampled beneficiary is counted once as (1) overpaid for one listed reason, (2) overpaid for more than one reason (combination of the above reasons), or (3) not overpaid. Table C-2 and Table C-3 show the overpayment amounts by program—Disability Insurance (DI) and Supplemental Security Income (SSI). Because these two Tables are based on overpayments, a beneficiary could be counted in more than one category within each table or between the two tables.

For example, 1 beneficiary had 11 SSI overpayments because of income. He appears once in Table C-1 and once in Table C-3 in the “Work activity or income” category. Another beneficiary had a DI overpayment because of work activity and an SSI overpayment because of excess resources. She appears once in Table C-1 in the “Combination of the above reasons” category, once in Table C-2 in the “Work activity or income” category, and once in Table C-3 in the “Financial resources exceeded the SSI resource limit” category.

Table C-1: Overpayment Reasons by Beneficiary

Reason for Overpayment	Beneficiaries	Percent
Work activity or income	157	10.25%
Payment issued after death	155	10.12%
Imprisonment or fugitive status	30	1.96%
Medical improvement	28	1.83%
Duplicate benefit payment	25	1.63%
Change in living arrangements	25	1.63%
Reasons not specified in the beneficiaries' payment records	14	0.91%
Financial resources exceeded the allowable Supplemental Security Income (SSI) limits	10	0.65%
Incorrect payment computations	5	0.33%
Improperly entitled to benefits	2	0.13%
Not cooperative	1	0.07%
Married	1	0.07%
Appointment of a representative payee	1	0.07%
Voluntarily terminated eligibility	1	0.07%
Combination of the above reasons	226	14.75%
Beneficiaries Overpaid	681	44.45%
Beneficiaries Not overpaid	851	55.55%
Total	1,532	100.00%

Table C–2: DI Overpayment Amounts by Reason

Overpayment Reason	Number of Beneficiaries ¹	Overpayment Amount ²
Work activity or income	32	\$460,701
Medical improvement	38	535,978
Multiple-reason combined overpayment	2	18,162
Imprisonment or fugitive status	25	103,111
Payment issued after death	131	159,412
Improperly entitled to benefits	4	96,953
Incorrect payment computation	18	53,357
Duplicate check negotiations for the same month	31	26,747
Receiving multiple benefits	3	11,873
Appointment of a representative payee	1	3,356
Marriage	2	5,770
Total	287	\$1,475,420

Table C–3: SSI Overpayment Amounts by Reason

Overpayment Reason	Number of Recipients	Overpayment Amount ²
Work activity or income	293	\$639,054
Medical improvement	17	155,055
Multiple-reason combined overpayment	87	231,706
Imprisonment or fugitive status	46	112,959
Payment issued after death	67	50,231
Reason not specified on the beneficiaries' payment records	86	99,531
Financial resources exceeded the SSI resource limit	24	50,675
Duplicate check negotiations for the same month	36	23,731
Change in living arrangements	59	50,347
Receiving multiple benefits	2	9,214
Not cooperative	3	1,269
Voluntary terminated eligibility	1	790
Total	721	\$1,424,562

¹ Some beneficiaries had both DI and SSI overpayments or had overpayments for multiple reasons; therefore, they appear in both Table C–2 and Table C–3 or more than once in the same table for different reasons. The overpayment dollars are distinct for each program and for each reason.

² The total dollars in Table C–2 and Table C–3 are off slightly from the amounts in Table A–5 and Table A–6 due to rounding.

Below are descriptions of reasons for overpayments to beneficiaries in our sample.

- **Work activity or income:** Changes in income (both unearned income, such as other types of benefits, and earned income) can result in a lower SSI payment amount or ineligibility. Work activity can result in the cessation of disability benefits if the Agency determines the work activity constitutes substantial gainful activity (SGA).³
- **Payment issued after death:** An individual's benefits stop when he/she dies.⁴
- **Imprisonment or fugitive status:** The *Social Security Act* prohibits the payment of (1) Disability Insurance (DI) benefits to beneficiaries who have been convicted and incarcerated for a period of more than 30 days in a jail, prison, or other penal or correctional facility; (2) SSI payments to recipients confined in a public institution throughout a month; and (3) DI benefits and SSI payments to beneficiaries having certain unsatisfied warrants.⁵
- **Medical improvement:** SSA periodically reviews beneficiaries with disabilities to ensure they are still disabled. Under the *Social Security Act*, an individual's disability continues unless the (1) disabling condition has improved since the last favorable disability determination and (2) individual can currently engage in SGA.⁶ If SSA determines the individual is no longer disabled, he/she may appeal and continue to receive benefits during the appeal process. If the appeal affirms the disability ceased, SSA assesses an overpayment for the amount of benefits paid during the appeal process.⁷

³ Beneficiaries with disabilities cannot perform SGA for a sustained period of time. SGA means the performance of significant physical or mental activities in work for pay or profit, or in work of a type generally performed for pay or profit, regardless of the legality of the work. SGA in 2014 was \$1,070 per month for non-blind individuals and \$1,800 per month for blind individuals. Additionally, unearned income can affect the amount of SSI payments due. SSA, POMS, DI 10501.001 (January 5, 2007), DI 10501.015 (October 24, 2014), and SI 00501.001 (January 18 2005). See also *Social Security Act*, §§ 223(d)(4)(A) and 1611(a)(1)(A), 42 U.S.C. §§423(d)(4)(A) and 1382 (a)(1)(A); 20 C.F.R. §§ 416.202, 416.420, 416.988, 404.1572 , and 404.1588.

⁴ 20 C.F.R. §§ 404.311, 404.316, and 416.1334.

⁵ *Social Security Act*, §§ 202(x)(1)(A)(i), (iv)-(v) and (B)(iii)-(iv); 1611(e)(1)(A) and 1611(e)(4); 42 U.S.C. §§ 402(x)(1)(A)(i), (iv)-(v) and (B)(iii)-(iv); 1382(e)(1)(A) and 1382(e)(4). See SSA OIG, *Implementation of Phase I of the Martinez Settlement Agreement* (A-01-10-10160), February 2011. Also, see *Martinez v. Astrue*, No. 08-CV-4735 CW, United States District Court for the Northern District of California, Oakland Div, August 11, 2009, available at <http://www.ssa.gov/martinezsettlement/StipulationSettlement.htm>.

⁶ The *Social Security Act* provides exceptions to SSA's medical improvement review standard. These exceptions allow SSA to find disability ceased in limited situations without showing medical improvement occurred, but where the evidence clearly shows the person should no longer be, or never should have been, considered to have a disability. See *Social Security Act* §§ 223(f) and 1614(a)(4), 42 U.S.C. §§ 423(f) and 1382c(a)(4).

⁷ *Social Security Act*, §§ 223(g) and 1631(a)(7), 42 U.S.C. §§ 423(g) and 1383(a)(7).

- **Duplicate benefit payment:** Payment issued more than once for the same month. For example, an individual receiving a replacement check after reporting not receiving the original check and then cashing both checks.⁸
- **Changes in living arrangements:** Living arrangements can affect the eligibility for, or the amount of, SSI payments. For example, living alone or with other people and sharing expenses can make a difference in the payment amount. Also, residence in an institution where Medicaid pays the expenses or residing outside the United States for an extended period of time can affect eligibility for or amount of payment.⁹
- **Reasons not specified in the beneficiaries' payment records:** SSI payment records for some recipients indicated the overpayment reason was not determined, and we did not locate notices addressing the overpayment in SSA's systems.
- **Financial resources exceeded the allowable SSI limits:** Generally, payment is not due for months a recipient's total financial resources exceed certain limits: \$2,000 for an individual and \$3,000 for an individual living with a spouse. Examples of financial resources include a bank account or a house (other than the personal residence in which the individual resides).¹⁰
- **Incorrect payment computations:** The payment amount was based on incorrect information.
- **Improperly entitled to benefits:** Under certain circumstances, SSA may reopen a prior allowance decision and change it to a denial, such as when a disability beneficiary returns to work and performs SGA within a few months from the date the disability began.
- **Not cooperative:** SSA may suspend an individual's payment if he/she does not give the Agency information it requests.¹¹

⁸ SSA, POMS, GN 02201.001.B.2.f (July 20, 2010).

⁹ *Social Security Act* § 1612(a)(2)(A), 42 U.S.C. § 1382a(a)(2)(A); 20 C.F.R. 416.1130. Generally, the payment of SSI to residents of public institutions is limited; *Social Security Act* §§ 1611(e)(1)(A)-(H), 42 U.S.C. §§ 1382(e)(1)(A)-(H); 20 C.F.R. §§ 416.211 and 416.414; SSA, POMS, SI 00520.001 (December 28, 2009).

¹⁰ *Social Security Act*, §§ 1611(a)(1)(B) and (a)(2), 42 U.S.C. § 1382(a)(1)(B) and (a)(2); 20 C.F.R. § 416.202; SSA, POMS, SI 00501.001 (January 18, 2005) and SI 01110.003 (December 8, 2010).

¹¹ SSA POMS, SI 02301.235 (February 5, 2010).

- **Married:** Entitlement to certain DI benefits depends on the beneficiary being unmarried. Marital status may also affect SSI payment amounts. For example, if both members of a couple receive SSI payments and live together, they receive a lower payment amount as a couple rather than what they would receive as two individuals.¹²
- **Receiving Multiple Benefits:** Dual entitlement exists when a beneficiary is entitled to more than one benefit at the same time. For example, a beneficiary may be entitled to retirement benefits on his or her own earnings record and to spouse's benefits on another person's earnings record. Although a beneficiary may be simultaneously entitled to more than one benefit, the total benefit may not be greater than the highest single benefit amount to which he or she is entitled. Generally, SSA calculates the amounts due and combines the benefits into one monthly payment.¹³
- **Needed a representative payee:** SSA assigns a representative payee to an individual when the Agency determines the individual is incapable of handling his/her own benefits. SSA may suspend payment while establishing or changing a representative payee, and an overpayment may occur to beneficiaries for the same month.¹⁴
- **Voluntarily terminated eligibility:** An SSI recipient may request SSA end his/her eligibility. Benefits after the effective date are overpaid.¹⁵

¹² The sampled beneficiary was entitled on a parent's record as a disabled adult child. Such entitlement depends, in part, on the beneficiary being unmarried. *Social Security Act*, §§ 202(d)(1)(B) and 1611 (a)(2), 42 U.S.C. §§ 402(d)(1)(B) and 1382(a)(2). See also, SSA POMS, SI 02001.020 (October 29, 2014).

¹³ Generally, SSA combines benefits into one monthly payment unless they are derived from different Trust Funds. SSA, POMS, GN 02401.025 (March 28, 2011).

¹⁴ *Social Security Act* §§ 205(j)(1)(A) and 1631(a)(2), 42 U.S.C. §§ 405(j)(1)(A) and 1383(a)(2).

¹⁵ SSA, POMS, SI 02301.230 (February 27, 2013).

Appendix D– BENEFIT SUSPENSIONS BY TITLE AND REASON

For our 1,532 sampled beneficiaries, the Social Security Administration stopped \$795,772 in Disability Insurance (DI) benefits and \$581,435 in Supplemental Security Income (SSI) payments—\$1.4 million in total—for 174 beneficiaries it determined no longer met all the eligibility requirements, or whose eligibility the Agency questioned.

Table D–1: Benefit Suspensions by Type of Benefit and Reason

Reason	DI		SSI	
	Beneficiaries	Amount	Recipients	Amount
Work activity or income	19	\$484,500	52	\$174,811
Prisoner or fugitive	13	271,661	25	119,413
Multiple reasons	5	38,679	26	132,798
Excess resources	0	0	13	34,676
Not cooperating	0	0	8	34,452
Residing in public institution	0	0	6	18,826
Unable to locate	0	0	4	9,122
Outside United States	0	0	3	20,411
No longer eligible alien	0	0	2	15,566
Address development	0	0	1	70
Representative payee development	0	0	1	14,472
Changes in living arrangements	0	0	1	5,986
Marriage	1	932	0	0
Returned check	0	0	1	832
Total¹	38	\$795,772	143	\$581,435

¹ SSA suspended both DI and SSI benefits for seven beneficiaries.

Appendix E – PRIOR BENEFIT TERMINATIONS AND POST-ENTITLEMENT REVIEWS

The Social Security Administration (SSA) needs to ensure only those individuals who remain disabled and eligible continue receiving benefits. Therefore, SSA conducts Supplemental Security Income (SSI) redeterminations, which are reviews of a recipient or a couple's non-medical eligibility factors (that is, income, resources, and living arrangements) to determine whether the individual or couple is still eligible for and receiving the correct SSI payment.¹ SSA also conducts continuing disability reviews (CDR) for disabled beneficiaries to determine whether they remain medically eligible for disability payments.²

We analyzed information on prior benefit terminations, SSI redeterminations, and CDRs for the 1,532 sampled beneficiaries. Of the 877 beneficiaries who were still receiving disability benefits as of February 2014,

- 28 had a prior termination of benefits since October 2003 but had not received benefits for 49 months, on average, before they filed new disability claims and SSA allowed them again;

Table E–1: Beneficiaries with Prior Terminations

Reason for Prior Termination	Number of Beneficiaries
Medical CDR ³	10
Work activity or changes in income	9
Imprisonment or fugitive status	4
Not cooperative	2
Financial resources exceeded the SSI allowable limits	1
Not entitled (had not stopped working when allowed)	1
Voluntary termination	1
Total	28

¹ Social Security Act §§ 1611(c)(1) and 1619(b)(2)(A), 42 U.S.C. §§ 1382(c)(1) and 1382h(b)(2)(A); 20 C.F.R. §§ 416.204; SSA, POMS, SI 02305.001 (August 29, 2014).

² 20 C.F.R. §§ 404.1588, 404.1590, 416.988 and 416.990.

³ SSA's records showed it ceased benefits to 10 beneficiaries because of a medical CDR, which could include medical improvement or failure to cooperate during the CDR. Of these 10 beneficiaries, 9 were put back on the disability rolls based on the same impairment— 4 had intellectual disabilities, 2 had arthritis, 1 had chronic renal failure, 1 had fracture of a lower limb, and 1 had affective disorders. The other beneficiary was put back on the disability rolls with a different impairment than he had on the previous record—changed from congenital heart disease to attention deficit disorder.

- 89 did not have a redetermination between October 2003 and February 2014 to determine whether they still met the SSI non-medical criteria for eligibility; and
- 69 did not have a CDR between October 2003 and February 2014. See Table E–2.

Table E–2: Beneficiaries with No Medical CDR Since October 2003⁴

	Number of Beneficiaries
Permanent impairment	50
Non-permanent impairment – over age 55	6
Non-permanent impairment – under age 55 (See Table E–3)	13
Total	69

Table E–3: Beneficiaries with No Medical CDR Since October 2003, Non-permanent Impairment, Under Age 55

Primary Impairment	Entitlement	Age as of February 2014	Original Allowance Date	Most Recent Medical CDR
Multiple Body Dysfunction	SSI	12	March 2003	None
Multiple Body Dysfunction	SSI	12	July 2003	None
Disorders of Muscle, Ligament and Fascia	SSI	13	December 2000	August 2003
Symptomatic Congenital Heart Disease	SSI	13	June 2000	None
Speech and Language Delays	SSI	14	December 1999	July 2002
Developmental and Emotional Disorders of Newborns and Younger Infants	SSI	16	February 2000	July 2002
Anxiety Related Disorders	SSI	35	August 2003	None
Borderline Intellectual Functioning	SSI	35	February 1994	April 2002
Personality Disorders	SSI	39	November 2002	None
Unknown	SSI	46	June 1977	None
Disorders of Back	SSI	49	May 2003	None

⁴ SSA generally considers certain impairments permanent because, based on data from prior CDRs, cessations for these conditions are infrequent. Additionally, the Agency generally considers beneficiaries with disabilities age 54 ½ and older as having the equivalent of a permanent impairment. SSA, POMS, DI 26525.045 B.2.b (December 30, 2014) and DI 26525.040 (January 16, 2015).

Primary Impairment	Entitlement	Age as of February 2014	Original Allowance Date	Most Recent Medical CDR
Diagnosis Established—No Predetermined List Code of Medical Nature Applicable	SSI	51	September 2002	None
Peptic Ulcer	SSI	54	April 1987	None

We previously reported on, and made recommendations to, SSA regarding the Agency not conducting all medical CDRs and age 18 reviews that are required by law.⁵

⁵ After an individual is determined to be disabled, SSA is required to conduct periodic CDRs to determine whether the beneficiary continues to be disabled; *see* 20 C.F.R. §§404.1589 and 416.989. Also, SSA is required to (1) perform CDRs at least every 3 years on all children under age 18 whose impairments are likely to improve (or, at the Commissioner's option, recipients whose impairments are unlikely to improve); and (2) review, within 1 year of the individual's 18th birthday, the eligibility of any individual who was eligible for SSI childhood payments in the month before attaining age 18, by applying the criteria used in determining initial eligibility for individuals who are age 18 or older (*Social Security Act* §§ 1614(a)(3)(H)(ii)(I) and 1614(a)(3)(H)(iii)(II), 42 U.S.C. §§ 1382c(a)(3)(H)(ii)(I) and 1382c(a)(3)(H)(iii)(II). Also, *see* SSA OIG, *Full Medical Continuing Disability Reviews* (A-07-09-29147), March 2010; and *Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations* (A-01-11-11118), September 2011.

Appendix F – OFFICE OF THE INSPECTOR GENERAL AUDIT REPORTS RELATED TO DISABILITY AND IMPROPER PAYMENTS

The following tables show some of the Office of the Inspector General (OIG) reports issued on improper payments and disability. All our reports are on our Website at <http://oig.ssa.gov>.

Table F–1 OIG Reports on Disability Insurance and Continuing Disability Review Issues

Table F–2 OIG Reports on Waiving or Canceling Overpayments

Table F–3 OIG Reports on Income and Work Activity

Table F–4 OIG reports on Supplemental Security Income Issues

Table F–5 OIG Reports on Payments after Death

Table F–6 OIG Reports on Prisoners

Table F-1: Reports on Disability Insurance and Continuing Disability Review Issues

Title	Findings and Recommendations
<i>Full Medical Continuing Disability Review Cessations Reversed at the Reconsideration Level of Appeal (A-07-13-23019), April 2014</i>	In general, we found that the reconsideration level of appeal served its purpose in reversing cessation determinations when needed. We made one recommendation and the Social Security Administration (SSA) agreed with it.
<i>Concurrent Beneficiaries Improperly Receiving Payments In Excess of Federal Limits (A-06-12-22131), January 2014</i>	SSA improperly issued approximately 2,747 concurrent beneficiaries combined SSA payments that exceeded Federal limits. We estimated that SSA overpaid these beneficiaries approximately \$3.4 million in Supplemental Security Income (SSI) payments because of these errors. We made two recommendations and SSA agreed with them, but did not agree with our overpayment estimates.
<i>Payments Resulting from Disability Insurance Actions Processed Via Manual Adjustment, Credit and Award Processes (A-04-11-01114), June 2013</i>	The error rate for the Disability Insurance (DI) Manual Adjustment, Credit and Award Processes (MADCAP) payment transactions we reviewed was 4 percent—an improvement of 50 percent over our previous report in which we identified an 8-percent error rate. We estimated approximately 18,980 MADCAP payments over \$1,000 issued from October 1, 2010 to September 30, 2011 had payment errors totaling \$56.7 million. The MADCAP payment errors we identified resulted from mistakes in processing various claims actions. We made three recommendations and SSA agreed with them.
<i>Termination of Disability Benefits Following a Continuing Disability Review Cessation Determination (A-07-12-11211), November 2012</i>	We found 30 percent of DI beneficiaries and 16 percent of SSI recipients in our sample improperly received benefit payments following a medical cessation determination. These improper payments occurred, in part, because SSA lacked adequate controls and did not have automated systems for processing medical cessation determinations. Since 2006, SSA made changes to ensure fewer individuals received improper payments following a medical cessation determination. Specifically, SSA automated the Continuing Disability Review (CDR) and payment termination processes to ensure benefits were terminated timely following medical cessation determinations. We made three recommendations and SSA agreed with them.
<i>Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations (A-01-11-11118), September 2011</i>	We determined that SSA had not completed all childhood CDRs and age 18 redeterminations in a timely manner. As a result, we estimated SSA paid about (a) \$1.4 billion in SSI payments to about 513,300 recipients under age 18 that it should not have paid and (b) \$5.7 million in SSI payments to about 5,100 recipients who did not have an age 18 redetermination completed by age 20. We recommended SSA conduct childhood CDRs and age 18 redeterminations within the specific timeframes provided for in the Social Security Act. SSA agreed to conduct childhood CDRs and age 18 redeterminations as its budget and other priority workloads would allow.

Title	Findings and Recommendations
<i>Full Medical Continuing Disability Reviews</i> (A-07-09-29147), March 2010	<p>The number of full medical CDRs SSA conducted between Fiscal Years (FY) 2004 and 2008 decreased, with a decline of approximately 65 percent. According to SSA, resource limitations and increases in its core workloads prevented it from conducting full medical CDRs. As a result, SSA estimated a backlog of over 1.5 million full medical CDRs would exist at the end of FY 2010.</p> <p>From Calendar Year (CY) 2005 through CY 2010, we estimated SSA would have made benefit payments of between \$1.3 and \$2.6 billion, which could have potentially been avoided if the full medical CDRs in the backlog had been conducted when they became due. Additionally, we estimated SSA would pay between \$556 million and \$1.1 billion during CY 2011, which could have potentially been avoided if the full medical CDRs in the backlog had been conducted when they became due.</p> <p>We recommended SSA continue to work with Congress to secure the funds necessary to eliminate the existing full medical CDR backlog and to conduct the CDRs that become due each year. To the extent the resources were not available to conduct the CDRs that become due each year, SSA should report the reasons and the associated impact on Federal benefit payments in its annual CDR Report to Congress.</p> <p>SSA partially agreed with our recommendation.</p>
<i>Overpayments in the Old-Age, Survivors and Disability Insurance Program</i> (A-01-04-24023), August 2004	<p>According to SSA, between FYs 1996 and 2002, \$14 billion in Old-Age, Survivors and Disability Insurance (OASDI) overpayments was subject to recovery efforts. SSA collected \$8.1 billion, deemed \$0.7 billion uncollectible, waived \$1.4 billion, and continued to pursue recovery of \$3.8 billion at the end of FY 2002. Additional tools were authorized through the <i>Social Security Domestic Employment Reform Act of 1994</i> and the <i>Debt Collection Improvement Act of 1996</i> that may have strengthened SSA's ability to recover overpayments. We recommended SSA continue to evaluate the recovery tools that had not yet been implemented, but which were authorized through legislation. SSA agreed.</p>

Table F-2: OIG Reports on Waiving or Canceling Overpayments

Title	Findings and Recommendations
<i>Follow-up: The Social Security Administration's Controls over the Old-Age, Survivors and Disability Insurance Overpayment Waiver Approval Process</i> (A-13-09-19040), July 2010	<p>We found many OASDI waiver approval decisions for overpayments exceeding \$500 were in accordance with SSA's policies and procedures. However, we found that SSA waived some overpayments in which documentation was not maintained or the required secondary peer review and sign off did not occur. Without adequate review or supporting documentation, SSA had no assurance that Agency staff complied with policies and procedures.</p> <p>We recommended SSA remind employees of the proper procedures to follow when processing waivers, including (1) properly documenting all waiver requests and approval decisions; and (2) obtaining the required secondary peer review and sign-off for waiver approvals greater than \$2,000. SSA agreed.</p>
<i>Follow-up: The Social Security Administration's Controls Over the Write-Off of Title XVI Overpayments</i> (A-04-09-19138), March 2010	<p>Although SSA took corrective actions on the recommendations in our prior report, this audit found similar conditions existed. We estimated that in FY 2008, SSA personnel did not fully comply with SSA policies and procedures for 56,448 overpayment write-offs totaling about \$70.6 million. Additionally, three of the four highest dollar overpayment write-off decisions, totaling \$167,318, did not fully comply with SSA's policies and procedures. We made five recommendations and SSA agreed with them.</p>
<i>Follow-up: The Social Security Administration's Controls over the Title XVI Overpayment Waiver Process</i> (A-06-08-18078), September 2009	<p>SSA established management controls over the SSI overpayment waiver process designed to prevent fraud, waste, abuse, and mismanagement. However, we found that waiver documentation was not always properly maintained or completed, and some waivers were approved contrary to SSA policy. Without adequate supporting documentation, there is no assurance that SSA complied with its management controls for overpayment waivers, weakening the integrity of the process, and making the waiver process susceptible to fraud, waste, abuse, and mismanagement.</p> <p>We recommended SSA consider providing refresher training for staff involved in the waiver decision process to include instructions on developing fault, approving waivers only when development is complete, and documenting waiver decisions in accordance with established policy. SSA agreed with our recommendation.</p>
<i>The Social Security Administration's Controls over the Old-Age, Survivors and Disability Insurance Waiver Approval Process</i> (A-13-05-15027), February 2006	<p>Generally, SSA complied with its administrative waiver approval policies and procedures for OASDI overpayments of \$500 or less. However, we determined that SSA did not always comply with its waiver approval policies and procedures for overpayments exceeding \$500. SSA needed to ensure adherence to its policies and procedures to prevent the improper waiver of OASDI overpayments.</p> <p>Noncompliance with Agency waiver approval policies and procedures may have resulted in SSA not being able to collect OASDI overpayments that should have been collected. We made four recommendations and SSA generally agreed with them.</p>

Title	Findings and Recommendations
<i>The Social Security Administration's Controls Over the Write-Off of Title XVI Overpayments (A-04-05-15041), January 2006</i>	SSA did not always follow established policies and procedures to ensure Title XVI write-off decisions were appropriate. Specifically, SSA staff did not always document their justification for classifying an overpayment as uncollectible. For cases that lacked evidence supporting the write-offs, we found situations where the debt may have been collectible. Many decisions developed by field office staff lacked evidence of a supervisory review. We made three recommendations and SSA agreed with them.

Table F-3: OIG Reports on Income and Work Activity

Title	Findings and Recommendations
<i>Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings (A-01-12-12142), May 2014</i>	We estimated that about 119,500 disabled beneficiaries were overpaid approximately \$1.02 billion because of work activity. SSA identified approximately \$872.58 million of these overpayments to about 107,500 beneficiaries; however, we estimated SSA did not detect approximately \$146.43 million in overpayments to about 13,900 beneficiaries. Despite the overpayments, SSA made improvements to the work-related CDR process. The average overpayment was \$8,114 for 9 months (whereas the average overpayment was \$18,331 for 19 months in our 2009 audit).
<i>Supplemental Security Income Telephone Wage Reporting (A-15-12-11233), February 2014</i>	We determined the SSI Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the Supplemental Security Record (SSR) and the Modernized SSI Claims System. Although SSA reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process. Additionally, we determined that SSA did not include language in the SSI overpayment notices, issued because of wages, to inform the individuals about the different methods available to report their wages. We recommended SSA (1) adopt a process to identify and report unique SSITWR classifications for a specified period; and (2) add language to overpayment notices due to wages to inform SSI recipients, their representative payees, and deemors of the methods available to report wages. SSA agreed with the first recommendation and disagreed with the second recommendation.
<i>Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients (A-03-13-13106), December 2013</i>	SSA's processing of Internal Revenue Service alerts needed improvement. SSA staff did not develop some cases for SSI recipients with significant income and resources, which made them ineligible for benefits. We estimated SSA may have overpaid 1,014 SSI recipients about \$12 million in benefits. Furthermore, SSA did not always develop these alerts timely to recover potential overpayments. We made four recommendations and SSA agreed with them.
<i>Individuals Hiding Self-Employment Income to Receive Disability Insurance Benefits (A-07-12-11268), January 2013</i>	We found that 5 (10 percent) of the 50 beneficiaries we reviewed were engaged in self-employment activities and concealed their income by reporting it under their spouses' Social Security numbers.

Title	Findings and Recommendations
<i>Follow-up on Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File</i> (A-01-08-28075), April 2009	We estimated approximately \$3.1 billion was overpaid to about 173,000 disabled beneficiaries because of work activity. Although SSA identified about 58 percent of these overpayments, we estimated the remaining 42 percent—approximately \$1.3 billion—went undetected by the Agency to about 49,000 disabled beneficiaries. We recommended SSA develop and implement a plan to allocate more resources to timely perform work-related CDRs—and assess overpayments resulting from work activity—for cases identified by SSA’s earnings enforcement process. SSA agreed.
<i>Disabled Supplemental Security Income Recipients with Earnings</i> (A-01-04-14085), April 2005	We estimated approximately \$12.4 million was overpaid to about 11,880 recipients because SSA did not previously consider all their earnings when calculating SSI payment amounts. We also estimated that, if the Agency resolved the earnings discrepancies within the administrative finality periods, an additional \$74.7 million in overpayments to about 61,380 recipients would have been recognized. Finally, we estimated about \$8.1 million in underpayments to about 11,880 SSI recipients was not paid because administrative finality was invoked and their SSI records were not revised. We made two recommendations and SSA agreed with them.

Table F-4: OIG reports on Supplemental Security Income Issues

Title	Findings and Recommendations
<i>Supplemental Security Income High-Error Profile Redeterminations</i> (A-07-12-11263), September 2013	We concluded that if SSA had received additional dedicated program integrity funding or used funding beyond the amount dedicated for program integrity, it could have completed more of the 201,000 Profile C redeterminations in FY 2011. (Recipients with the highest risk of likely overpayment are coded as Profile C.) If SSA completed all 201,000 Profile C redeterminations, we estimated it would have identified at least \$228.5 million in additional improper payments, both overpayments and underpayments. We recommended SSA continue increasing the number of Profile C redeterminations completed each year as resources allowed. SSA agreed.
<i>Supplemental Security Income Recipients with Unreported Real Property</i> (A-02-09-29025), June 2011	We estimated that about 541,580 recipients misreported real property ownership, and SSA improperly paid 320,940 of these recipients over \$2.2 billion. Comparing the costs of using LexisNexis to the benefits gained, we concluded that the use of LexisNexis was cost effective and would save about \$350 million annually. We made four recommendations and SSA agreed with them.

Title	Findings and Recommendations
<i>Follow-up: Controls over Recording Supplemental Security Income Overpayments</i> (A-01-09-19126), August 2009	We found a significant decrease in the number of cases with overpayments not forwarded to the recipient's current SSR, as compared to the number of cases found during our 2001 audit. We estimated that approximately \$9.4 million in overpayments should have been transferred to 3,075 recipients' current SSRs as of June 2009. On average, the SSI recipients in our sample had about \$3,050 in outstanding overpayments. We recommended SSA review the remaining cases we identified that met the criteria for being moved forward and ensure these outstanding overpayments were transferred to new SSRs. SSA agreed with the recommendation.
<i>Supplemental Security Income Recipients with Unreported Vehicles</i> (A-02-08-28038), July 2009	Our audit confirmed that SSA's records regarding SSI recipient vehicle ownership were not always accurate. We estimated approximately 468,140 recipients inaccurately reported their vehicle ownership to SSA. We also estimated about 75,720 recipients were improperly paid approximately \$551 million because of inaccuracies in SSA's records on the recipients' vehicle ownership. We made four recommendations and SSA agreed with them.
<i>Supplemental Security Income Recipient Marriages Not Reported to the Social Security Administration</i> (A-01-07-27109), May 2008	SSI recipients in our population received payments inappropriately by not reporting their marriages to OASDI beneficiaries. Based on our sample, we estimated about 2,088 recipients were overpaid approximately \$24.8 million. We recommended SSA review the remaining cases from our audit population that were most likely to result in overpayments due to unreported marriages. SSA agreed.
<i>Supplemental Security Income Overpayments</i> (A-01-04-24022), April 2004	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 billion, and continued to pursue recovery of \$3.8 billion at the end of FY 2002. To strengthen SSA's overpayment recovery efforts, additional collection tools were authorized through the <i>Foster Care Independence Act of 1999</i> . We recommended SSA continue to evaluate the recovery tools that it had not yet implemented, but which were authorized through legislation. SSA agreed.
<i>Controls Over Recording Supplemental Security Income Overpayments</i> (A-01-00-10005), May 2001	We estimated that, as of February 2000, \$93.54 million in overpayments should have been transferred to 35,138 recipients' current records. Further, SSA could have recovered \$42.87 million in overpayments from these recipients' current benefit payments if the overpayments had been transferred to the newly established SSRs when their payments resumed. Additionally, we estimated SSA could have recovered \$20.08 million in outstanding overpayments from recipients during a 12-month period. We made three recommendations and SSA agreed with them.

Table F–5: OIG Reports on Payments after Death

Title	Findings and Recommendations
<i>Payments to Individuals with Deaths Reported in California from 1980 to 1987</i> (A-06-14- 21416), August 2014	Our Office of Investigations and SSA confirmed that SSA issued approximately \$3 million in improper payments to 14 beneficiaries who died in California during the 1980s. SSA terminated payments in each of these cases and quantified improper payments issue after the number-holders' deaths. We made two recommendations and SSA agreed with the first recommendation but disagreed with the second recommendation.
<i>Match of Veterans Affairs' Historical Death File against the Social Security Administration's Benefit Rolls</i> (A-01-05-35086), June 2006	We estimated SSA paid approximately \$11.7 million in benefits after the deaths of about 228 beneficiaries. Although the Agency discovered some of the improper payments prior to our audit, we estimated about \$11.2 million went undetected. We recommended SSA review the remaining 1,167 cases in our audit population in which it appeared payments may have been issued after death. SSA agreed.
<i>Follow-up Review of Old-Age, Survivors and Disability Insurance Benefits Paid to Deceased Auxiliary Beneficiaries</i> (A-01-03-13037), June 2003	Generally, SSA implemented the recommendations from our prior audit. Specifically, SSA (1) initiated a quarterly match between the DMF and Master Beneficiary Record (MBR), (2) resolved 98 percent of the cases we asked the Agency to review, and (3) reminded staff to follow procedures when processing death alerts. However, three issues required further attention from SSA. The issues included (1) the quarterly match between the MBR and DMF not identifying 2,069 cases where auxiliary beneficiaries were receiving benefits with dates of death on their Numident records, (2) SSA not timely resolving all auxiliary beneficiary cases identified from its quarterly MBR-DMF matching operation, and (3) SSA not referring all instances of possible fraud to the OIG. We made three recommendations and SSA agreed with them.
<i>Old-Age, Survivors and Disability Insurance Benefits Paid to Deceased Auxiliary Beneficiaries</i> (A-01-00-20043), June 2001	SSA could have improved its death matching process to ensure that OASDI benefits are terminated when death notices are received for auxiliary beneficiaries. We estimated that 881 deceased auxiliary beneficiaries received \$31 million in OASDI benefits after their dates of death. Additionally, we estimated that 4,152 auxiliary beneficiaries receiving OASDI payments had a date of death recorded on SSA's Numident file even though the beneficiaries were actually alive. We made three recommendations and SSA agreed with them.

Table F–6: OIG Reports on Prisoners

Title	Findings and Recommendations
<i>Special Disability Workload Payments Made to Incarcerated Beneficiaries</i> (A-13-11-21188), October 2013	SSA issued improper DI benefit payments to beneficiaries for periods they were in correctional institutions. We estimated SSA overpaid approximately \$1 million to about 440 beneficiaries. We made two recommendations and SSA agreed with them.
<i>Beneficiaries Incorrectly Identified as Prisoners</i> (A-01-11-01120), October 2012	We found some beneficiaries had been adversely affected because SSA incorrectly identified them as prisoners. Specifically, of 6.4 million people with prisoner records, we identified 291 (0.0046 percent) beneficiaries who were adversely affected. Of these 291 beneficiaries, SSA owed \$38,271 to 20 beneficiaries, and 3 beneficiaries owed SSA \$21,435. We made one recommendation and SSA agreed.
<i>Concurrent Beneficiaries Released from Incarceration Whose Title II Benefits Have Not Been Reinstated</i> (A-01-11-21168), March 2012	SSA improperly paid some concurrent beneficiaries because of incarceration. We estimated SSA made improper payments of about \$14 million to 823 concurrent beneficiaries. Over 97 percent of this total amount represented payments that should have been made but were not made. The main cause of these errors was that SSA staff did not work on both parts of the concurrent cases. We made two recommendations and SSA agreed with them.
<i>Follow-up on Prior Office of the Inspector General Prisoner Audits</i> (A-01-02-12018), July 2003	Overall, SSA effectively implemented the recommendations from our two prior prisoner reports. Additionally, SSA's efforts to improve its handling of this workload contributed to the Agency's overall efforts to reduce improper payments.

Appendix G – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: May 15, 2015 Refer To: S1J-3

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

From: Frank Cristaudo /s/
Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Overpayments in the Social Security
Administration's Disability Programs – A 10-Year Study" (A-01-14-24114)--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,
“OVERPAYMENTS IN THE SOCIAL SECURITY ADMINISTRATION’S DISABILITY
PROGRAMS – A 10-YEAR STUDY” (A-01-14-24114)**

We appreciate OIG’s follow-up work from the previous review. While the report does not contain any recommendations, we suggest some further clarification of the text of the report. During our review of the preliminary findings, we suggested that the OIG clarify the characterization of payments made during the appeal of a medical continuing disability review (CDR) determination to cease benefits. We are required to continue payments for the duration of an appeal, and these payments are later deemed overpayments if we uphold the CDR cessation on appeal. These payments are clearly not "improper" as that statute requires that we make the payment. It is impossible to know at the time of the payment whether we will uphold or overturn the CDR determination on appeal. It would be more appropriate to identify the payments that we ultimately determine were paid during a period of ineligibility as "unavoidable overpayments," separate from overpayments made where we could potentially identify them as such at the time of payment. We recognize that OIG addressed this clarification on page 8 on April 17, 2015. However, we continue to suggest that OIG modify table 2 on page 3 to note that we are required to make these payments where medical improvement determinations are involved.

Appendix H– MAJOR CONTRIBUTORS

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