

*Audit Report*

Effectiveness of the Social Security  
Administration's Medicare  
Non-utilization Project

*A-08-17-50261 / September 2018*

**MEMORANDUM**

**Date:** September 19, 2018 **Refer To:**  
**To:** The Commissioner  
**From:** Acting Inspector General  
**Subject:** Effectiveness of the Social Security Administration's Medicare Non-utilization Project  
(A-08-17-50261)

The attached final report presents the results of the Office of Audit's review. Our objective was to assess the effectiveness of the Social Security Administration's Medicare Non-utilization Project.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gale Stallworth Stone

Attachment

# Effectiveness of the Social Security Administration's Medicare Non-utilization Project

## A-08-17-50261



September 2018

Office of Audit Report Summary

### Objective

To assess the effectiveness of the Social Security Administration's (SSA) Medicare Non-utilization Project (MNUP).

### Background

Based on a recommendation in our August 2012 review, *Using Medicare Claim Data to Identify Deceased Beneficiaries* (A-08-09-19105), SSA implemented MNUP in September 2013. SSA and the Centers for Medicare & Medicaid Services (CMS) exchange data, and CMS identifies Old-Age, Survivors and Disability Insurance beneficiaries who are Medicare enrollees age 90 or older, are in current payment status, have a domestic address, and have not used Medicare Parts A or B for 3 years or longer.

SSA's preferred method is to conduct telephone interviews to determine whether MNUP beneficiaries are alive. SSA does not include beneficiaries it determines are alive in future MNUP reviews.

We reviewed a sample of 46 beneficiaries SSA interviewed via telephone during its 2013 MNUP. All beneficiaries were in current payment status as of November 2017. These beneficiaries did not subscribe to a health maintenance organization in 2013 or 2017 per SSA's records and had no Medicare use 3 years after SSA's 2013 MNUP.

### Findings

During its 2013 MNUP, SSA incorrectly concluded via a telephone interview that 5 (11 percent) of our 46 sample beneficiaries were alive when, in fact, these beneficiaries were deceased at the time of its interviews. On average, the beneficiaries had died 12 years before SSA's 2013 MNUP, but Agency personnel concluded they were alive. As such, we estimated SSA overpaid 73 deceased beneficiaries about \$16.5 million, which included over \$5 million SSA paid after it incorrectly concluded these beneficiaries were alive. We also estimated that SSA would pay over \$1 million in additional overpayments to deceased MNUP beneficiaries over the next 12 months if it does not suspend or terminate their benefits.

Based on the number of MNUP beneficiaries we determined were deceased, we believe SSA has opportunities to strengthen its MNUP and reduce overpayments. For example, we believe SSA should revise its MNUP guidance to include additional online searches that will aid technicians in identifying potential deceased beneficiaries. In addition, SSA should conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive. Furthermore, SSA should conduct periodic follow-up interviews to reduce the risk of improper payments to deceased beneficiaries.

### Recommendations

We made three recommendations to improve the effectiveness of SSA's MNUP. SSA agreed with two recommendations and disagreed with one.

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## **ABBREVIATIONS**

AM	Administrative Message
CMS	Centers for Medicare & Medicaid Services
EDR	Electronic Death Registration
MNUP	Medicare Non-utilization Project
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code
VA	Department of Veterans Affairs

## OBJECTIVE

Our objective was to assess the effectiveness of the Social Security Administration's (SSA) Medicare Non-utilization Project (MNUP).

## BACKGROUND

Based on a recommendation in our August 2012 review, *Using Medicare Claim Data to Identify Deceased Beneficiaries* (A-08-09-19105), SSA implemented MNUP in September 2013. SSA and the Centers for Medicare & Medicaid Services (CMS) exchange data, and CMS identifies Old-Age, Survivors and Disability Insurance<sup>1</sup> (OASDI) beneficiaries who are Medicare enrollees age 90 or older, are in current payment status, have a domestic address, and have not used Medicare Parts A or B in 3 years or longer.<sup>2</sup> According to SSA, as of September 2018, its MNUP had identified about \$207 million in erroneous payments to deceased beneficiaries.

SSA's preferred method is to conduct telephone interviews to determine whether MNUP beneficiaries are alive.<sup>3</sup> To schedule the telephone interview, SSA sends the beneficiary (and representative payee, if applicable) an appointment letter. If a beneficiary fails to keep an appointment, SSA attempts to reschedule the appointment twice. Then, SSA sends a final appointment notice stating it may suspend benefits until it can speak with the beneficiary.<sup>4</sup> SSA does not include beneficiaries it determines are alive in future MNUP reviews.<sup>5</sup>

We obtained SSA's 2013 MNUP database, which included 13,243 beneficiaries. From this population, SSA determined 10,608 were alive. SSA conducted telephone interviews with 8,853 (83 percent) beneficiaries and face-to-face interviews with 1,752 (17 percent).<sup>6</sup> We limited our review to beneficiaries SSA determined alive via telephone and refined this population to 3,923 beneficiaries who remained in current payment status as of October 2017 and had an address in the United States. We further refined our population to beneficiaries who

- had no Medicare use 3 years after SSA's 2013 MNUP,

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<sup>1</sup> The OASDI program provides monthly benefits to retired and disabled workers, including their dependents and survivors. *Social Security Act*, 42 U.S.C. § 401 *et seq.* (2016).

<sup>2</sup> SSA, *POMS*, GN 02602.600, A (April 23, 2015).

<sup>3</sup> SSA, *POMS*, GN 02602.610, A (March 27, 2018).

<sup>4</sup> SSA, *POMS*, GN 02602.610, B (March 27, 2018).

<sup>5</sup> SSA, *AM-14051, Implementation of the 2014 Medicare Non-utilization Project (MNUP)*, sec. C (September 5, 2014).

<sup>6</sup> According to SSA's MNUP database, it coded three records as not initiated/not applicable for an interview.

- did not subscribe to a health maintenance organization in 2013 or 2017 per SSA's records,<sup>7</sup> and
- were in current payment status and had an address within 50 miles of an Office of Audit (OA) field office<sup>8</sup> as of November 2017.

From a population of 188 beneficiaries who met these criteria, we randomly selected 46 and attempted to conduct face-to-face interviews to determine whether they were alive. See Appendix A for additional information regarding our scope and methodology.

## RESULTS OF REVIEW

During its 2013 MNUP, SSA incorrectly concluded via a telephone interview that 5 (11 percent) of our 46 sample beneficiaries were alive when, in fact, they were deceased at the time of its interviews. On average, the beneficiaries had died 12 years before SSA's 2013 MNUP, but Agency personnel concluded they were alive. As such, we estimated SSA overpaid 73 deceased beneficiaries about \$16.5 million,<sup>9</sup> which included over \$5 million SSA paid after it incorrectly concluded these beneficiaries were alive.<sup>10</sup> We also estimated that SSA would pay over \$1 million in additional overpayments to deceased MNUP beneficiaries over the next 12 months if it does not suspend or terminate their benefits.<sup>11</sup> Table 1 summarizes our results as of September 2018.

**Table 1: Status of Sample MNUP Beneficiaries as of September 2018**

Status of Beneficiaries	Totals	Percent of Total
Living	35	76
Deceased Before SSA's 2013 MNUP	5	11
Died During Audit (Living During SSA's 2013 MNUP)	6	13
<b>Totals</b>	<b>46</b>	<b>100</b>

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<sup>7</sup> The data SSA received from CMS for its 2013 MNUP did not account for health maintenance organizations. Therefore, we excluded beneficiaries with health maintenance organizations from our population.

<sup>8</sup> To enhance our ability to conduct timely interviews, we selected beneficiaries with addresses near the Arlington, Virginia; Atlanta, Georgia; Baltimore, Maryland; Birmingham, Alabama; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; New York, New York; Philadelphia, Pennsylvania; and Richmond, California, OA offices. We had no reason to believe these beneficiaries were more or less likely to be deceased than those who were not residing near an OA office.

<sup>9</sup> See Appendix B (Table B-3) for specific information regarding our estimation.

<sup>10</sup> See Appendix B (Table B-4).

<sup>11</sup> See Appendix B (Table B-5).

Based on the number of MNUP beneficiaries we determined were deceased, we believe SSA has opportunities to strengthen its MNUP and reduce overpayments. For example, we believe SSA should revise its MNUP guidance to include additional online searches that will aid technicians in identifying potential deceased beneficiaries. In addition, SSA should conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive. Furthermore, SSA should conduct periodic follow-up interviews to reduce the risk of improper payments to deceased beneficiaries.

## Living MNUP Beneficiaries

We determined 35 (76 percent) of our 46 sampled beneficiaries were alive during our audit.<sup>12</sup> Of the 35, we determined 26 (74 percent) did not use Medicare but had medical coverage through other sources. Specifically, 19 beneficiaries had medical coverage through the Department of Veterans Affairs (VA) or other military health plans, and 7 told us they had other health insurance. We plan to conduct an audit to determine whether SSA can refine its MNUP population to screen out beneficiaries who received their medical care through VA or other health insurance. We believe this would allow SSA to focus its time and resources on identifying beneficiaries who are more likely to be deceased.

## MNUP Beneficiaries Who Died Before SSA's 2013 MNUP

We determined that 5 (11 percent) of our 46 sample beneficiaries were deceased before SSA's 2013 MNUP and overpaid over \$1.1 million. In fact, these beneficiaries had been deceased, on average, 12 years before SSA conducted its telephone interviews. Based on our findings, we estimated SSA overpaid 73 beneficiaries about \$16.5 million,<sup>13</sup> which included over \$5 million<sup>14</sup> SSA paid after it incorrectly concluded these beneficiaries were alive.<sup>15</sup> Further, we estimated that, over the next 12 months, SSA would pay deceased beneficiaries over \$1 million<sup>16</sup> in additional overpayments if it does not suspend or terminate their benefits.

The following four cases illustrate overpayments SSA made to deceased beneficiaries.

- One beneficiary had been deceased for about 27 years and was overpaid about \$276,000. Had the beneficiary been alive when we attempted to contact her, she would have been 104-years-old. In January 2014, SSA noted on her Master Beneficiary Record that she was a non-responder, and it should not reinstate her benefits without referring the case to the SSA employee. SSA later noted it had confirmed information on the Master Beneficiary Record during a February 2014 telephone interview. However, an anonymous individual returned

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<sup>12</sup> We confirmed 33 beneficiaries were living in the United States, 1 beneficiary was living in Canada, and 1 beneficiary was living in Mexico.

<sup>13</sup> See Appendix B (Table B-3).

<sup>14</sup> See Appendix B (Table B-4).

<sup>15</sup> As of September 2018, SSA had recovered \$133,148 of the benefits paid after death.

<sup>16</sup> See Appendix B (Table B-5).

our January 2018 contact letter with “deceased” written on both the letter and envelope. We obtained a 1991 death certificate from the applicable State vital statistics office.

- One beneficiary had been deceased for 19 years and was overpaid about \$196,000. When SSA conducted its telephone interview, it recorded in its database that the beneficiary provided information but required assistance when speaking. The alleged beneficiary told SSA that her nephew paid for her medical care. As such, SSA concluded the beneficiary was alive. However, we obtained the date of death through a LexisNexis search and a 1999 death certificate from the applicable State vital statistics office.
- One beneficiary had been deceased for 14 years and was overpaid more than \$325,000. According to SSA’s 2013 MNUP remarks, the beneficiary was enrolled in another health insurance plan and therefore had not used Medicare. An anonymous individual returned our letter and provided the beneficiary’s residence address and telephone number. Then, someone who stated she was the beneficiary contacted us by telephone. However, the purported beneficiary stated she was sick and could not talk when we attempted to schedule two interviews. We believe the individual to whom we spoke was posing as the beneficiary because we obtained a 2004 death certificate from the applicable State vital statistics office.
- One beneficiary had been deceased 12 years and was overpaid about \$175,000. According to SSA’s MNUP remarks, during a telephone interview, staff confirmed the beneficiary’s name, date of birth, address, and Social Security number. SSA noted that “all is well.” However, we obtained an obituary through Internet searches and a 2006 death certificate from the applicable State vital statistics office.

At the time of our review, our Office of Investigations was reviewing these cases.

Additionally, another beneficiary had been deceased for about 14 years and was overpaid about \$133,000. According to SSA’s MNUP remarks, staff confirmed the beneficiary’s name, date of birth, Social Security number, mother’s maiden name, and address as well as how the beneficiary received benefits. However, we obtained an obituary through Internet searches and a 2004 death certificate from the applicable State vital statistics office. We referred this case to SSA for reclamation as the bank indicated the overpayment amount was in the beneficiary’s bank account. SSA recovered the overpayment.

## MNUP Beneficiaries Who Died During Our Audit

We determined 6 (13 percent) additional beneficiaries were alive at the time of SSA’s 2013 MNUP but died during our audit. These six beneficiaries resided in States that used electronic death registration (EDR).<sup>17</sup> SSA received either an EDR notification or information from the

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<sup>17</sup> EDR is a State-sponsored initiative to improve the accuracy and timeliness of death information. Under EDR, States verify Social Security numbers and other identifying information with SSA at the beginning of the death registration process. This allows SSA to terminate benefits upon receipt of a death report. SSA, OIG, *State Use of Electronic Death Registration Reporting*, A-09-15-50023, p. 2 (July 2017). SSA, POMS, GN 00304.005 A (March 6, 2012), GN 00304.100 A (January 8, 2016) and GN 02602.050 B (October 30, 2017).

State on five of these six beneficiaries. A family member informed us of the sixth beneficiary's death, and the State verified the date of death. We notified SSA when we noticed it had not recorded the death and benefits continued. SSA overpaid this beneficiary \$3,351 but recovered the overpayment.

While SSA relies on EDR notifications (preferred source of death verification), our findings showed that SSA did not receive an EDR notification in one of the six cases we identified.

## Opportunities for SSA to Strengthen MNUP

SSA has opportunities to strengthen its MNUP and reduce overpayments. For example, although SSA suggests the Find a Grave Website may be beneficial in determining whether a beneficiary is deceased,<sup>18</sup> we believe it would be prudent for SSA to revise its MNUP guidance to include additional online searches (for example, LexisNexis and Google) that will aid technicians in identifying potential deceased beneficiaries before they send an appointment letter.<sup>19</sup> In fact, we identified three (60 percent) of the five deceased beneficiaries through these searches.<sup>20</sup> While SSA encourages its employees to use LexisNexis to search for an updated mailing address when they cannot contact a beneficiary,<sup>21</sup> SSA's policy requires that employees send up to three appointment letters before it sends a suspension notice.<sup>22</sup> In addition to using limited resources more efficiently, SSA could potentially stop overpayments sooner.

In addition, SSA can strengthen its policy for interviewing MNUP beneficiaries. For example, we believe SSA should conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive. By conducting face-to-face interviews, SSA could enhance its ability to ensure MNUP beneficiaries are alive and reduce its risk of individuals who falsely claim to be the legitimate beneficiary via telephone.

Given MNUP beneficiaries' advanced age, we believe it is important for SSA to conduct periodic follow-up interviews to reduce the risk of improper payments. SSA did not conduct follow-up interviews with aged beneficiaries once it concluded they were alive, even if they had no record of Medicare use in additional years.<sup>23</sup> For example, based on this policy, SSA would have continued overpaying the five deceased beneficiaries we identified who died before its 2013 MNUP telephone interviews.<sup>24</sup> Further, SSA would have continued paying the beneficiary

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<sup>18</sup> SSA, *AM-14051, Implementation of the 2014 Medicare Non-utilization Project (MNUP)*, sec. C (September 5, 2014).

<sup>19</sup> SSA, *POMS*, GN 02602.610, B (March 27, 2018).

<sup>20</sup> For one case, we mailed a letter and attempted to contact the beneficiary by telephone but did not receive a reply. Our online search identified an obituary using one of the beneficiary's names from her NUMIDENT.

<sup>21</sup> SSA, *AM-14051, Implementation of the 2014 Medicare Non-utilization Project (MNUP)*, sec. E (September 5, 2014).

<sup>22</sup> SSA, *POMS*, GN 02602.610, B.4 (March 27, 2018).

<sup>23</sup> See Footnote 18.

<sup>24</sup> See Footnote 18.

who died during our audit if it did not conduct a follow-up interview. As such, if SSA does not strengthen its MNUP policy, it will continue paying deceased beneficiaries it incorrectly determined were alive via telephone interviews, as well as those who subsequently died without SSA's knowledge.

Once SSA refines its MNUP population to screen out beneficiaries who received their medical care through VA or other health insurance (and establishes a baseline through its face-to-face interviews), it should conduct periodic follow-up interviews with MNUP beneficiaries. For example, SSA could place a higher priority on conducting periodic face-to-face interviews of MNUP beneficiaries whom it determined were alive but continue to have no record of Medicare use.

## CONCLUSIONS

We commend SSA for identifying about \$207 million in improper payments to deceased MNUP beneficiaries since 2013. However, based on our sample review of SSA's 2013 MNUP, it would have identified more deceased beneficiaries had it conducted face-to-face interviews. In doing so, we estimated SSA could have prevented about \$16.5 million in improper payments. While we acknowledge SSA's customer service concern regarding face-to-face interviews, we believe SSA must balance its concern against the risk of improper payments to deceased beneficiaries.

## RECOMMENDATIONS

Accordingly, we recommend that SSA:

1. Revise its MNUP guidance to include additional online searches that will aid technicians in identifying potential deceased beneficiaries. We encourage SSA to conduct online searches first.
2. Conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive.
3. Conduct periodic follow-up interviews to reduce the risk of improper payments to deceased beneficiaries.

## AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with Recommendations 1 and 3 but disagreed with Recommendation 2. SSA stated it has opportunities to strengthen its MNUP process and will explore using additional data sources and modify its procedures to more effectively identify deceased beneficiaries. However, SSA did not agree to require face-to-face interviews for all MNUP beneficiaries. SSA stated there are several factors it must consider in each case, such as the ability of these aged 90 or older beneficiaries to visit a field office. SSA also stated it should carefully consider the safety of its employees in requiring that they conduct face-to-face interviews outside its secured facilities.

We continue to believe face-to-face interviews are necessary to effectively identify deceased beneficiaries. As explained in our report, we determined SSA incorrectly concluded via a telephone interview that 5 (11 percent) of our 46 sample beneficiaries were alive when, in fact, they had died 12 years, on average, before SSA's 2013 MNUP. Had SSA attempted to interview these beneficiaries in person, we estimate it would have prevented about \$16.5 million in overpayments.<sup>25</sup>

We agree that additional data sources will help SSA better identify deceased beneficiaries and decrease the number of MNUP interviews required. To alleviate the burden of requiring that aged beneficiaries visit a local SSA field office, we offered MNUP beneficiaries the option of an in-home or field office interview. In fact, 5 (11 percent) of our 46 sample beneficiaries requested a field office interview. Regarding SSA's concern about the safety of its employees, we suggest it consider conducting MNUP interviews in public locations, such as a local library or other government facility.

To improve the success of MNUP and prevent further overpayments, we encourage SSA to reconsider its response to Recommendation 2. The full text of SSA's comments is included in Appendix C.



Rona Lawson  
Assistant Inspector General for Audit

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<sup>25</sup> See Appendix B (Table B-3) for specific information regarding our estimation.

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration’s (SSA) policies and procedures, applicable laws, and regulations.
- Obtained and reviewed SSA’s 2013 Medicare Non-utilization Project (MNUP) database of 13,243 beneficiaries.
- Refined the 2013 MNUP file to those who SSA determined were alive via a telephone interview and who remained in current payment status with an address within 50 miles of an Office of Audit (OA) field office<sup>1</sup> as of November 2017. In addition, these beneficiaries did not subscribe to a health maintenance organization in 2013 or 2017 per SSA’s records.<sup>2</sup> Further, they did not use Medicare per SSA’s 2016 Medicare non-usage file obtained from the Centers for Medicare & Medicaid Services (CMS).<sup>3</sup> The result was 188 beneficiaries. From this population, we randomly selected four beneficiaries near each OA field office and selected all individuals if there were fewer than four for any given location.
- We attempted to conduct a face-to-face interview with the 46 sample beneficiaries to determine whether they were living or deceased.<sup>4</sup>
- Reviewed LexisNexis, contacted banks, and conducted online searches to locate contact information (and potential death information) on our sample beneficiaries.
- Reviewed the Master Beneficiary Record, Supplemental Security Record, and NUMIDENT for our sample beneficiaries.
- Reviewed the Claims File User Interface and the Paperless Read Only Query System for cases in which we needed additional information.
- Referred deceased cases where potential fraud was involved to our Office of Investigations and referred a deceased case where fraud was not involved (and the money was in the bank account) to SSA.

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<sup>1</sup> To enhance our ability to conduct timely interviews, we selected beneficiaries with addresses near the Arlington, Virginia; Atlanta, Georgia; Baltimore, Maryland; Birmingham, Alabama; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; New York, New York; Philadelphia, Pennsylvania; and Richmond, California, OA offices. We had no reason to believe these beneficiaries were more or less likely to be deceased than those who were not residing near an OA office.

<sup>2</sup> The data SSA received from CMS for its 2013 MNUP did not account for health maintenance organizations. Therefore, we excluded beneficiaries with health maintenance organizations from our population.

<sup>3</sup> These beneficiaries had no Medicare use 3 years after SSA’s original 2013 MNUP.

<sup>4</sup> As 2 OA offices only had 3 beneficiaries (and there are 12 OA offices), our sample size was 46 beneficiaries.

Our review of internal controls was limited to gaining an understanding of information on the Master Beneficiary Record, the NUMIDENT, and SSA's MNUP Website. We conducted our audit at the OA field office in Birmingham, Alabama. We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

The SSA entity audited was the Office of Public Services and Operations Support under the Office of the Deputy Commissioner for Operations. We conducted our review from May 2017 through September 2018. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **Appendix B – SAMPLING METHODOLOGY AND RESULTS**

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Using the Social Security Administration’s (SSA) 2013 Medicare Non-utilization Project (MNUP) population of 13,243 beneficiaries, we refined it to 3,923 beneficiaries SSA concluded to be alive via a telephone interview, remained in current payment status as of October 2017, and had an address in the United States. Of these, 1,076 MNUP beneficiaries lived within 50 miles of an Office of Audit (OA) field office<sup>1</sup> and 2,847 MNUP beneficiaries lived outside 50 miles of an OA field office as of October 2017 (see Table B–1).

**Table B–1: SSA’s 2013 MNUP Population Concluded Alive Via a Telephone Interview (as of October 2017)**

Beneficiary Residence	Number of Beneficiaries
Within 50 Miles of an OA Office	1,076
Outside 50 Miles of an OA Office	2,847
<b>Total</b>	<b>3,923</b>

For our review, we further refined the population of 1,076 MNUP beneficiaries within 50 miles of an OA field office to 188 beneficiaries who remained in current payment status as of November 2017 and did not have a health maintenance organization in 2013 or in 2017 per SSA’s records.<sup>2</sup> Further, they did not use Medicare per SSA’s 2016 Medicare non-usage file obtained from the Centers for Medicare & Medicaid Services (CMS).<sup>3</sup> From this population, we randomly selected four beneficiaries from each OA field office—and selected all individuals if there were fewer than four for any given office. As 2 OA offices only had 3 beneficiaries (and there are 12 OA offices), our sample size was 46 beneficiaries, which we randomly selected to determine whether they were deceased. Table B–2 shows our population and sample size.

**Table B–2: Population and Sample Size**

Description	Number of Beneficiaries
Population Size	188
Sample Size	46

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<sup>1</sup> To enhance our ability to conduct timely interviews, we selected beneficiaries with addresses near the Arlington, Virginia; Atlanta, Georgia; Baltimore, Maryland; Birmingham, Alabama; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; New York, New York; Philadelphia, Pennsylvania; and Richmond, California, OA offices. We had no reason to believe these beneficiaries were more or less likely to be deceased than those who were not residing near an OA office.

<sup>2</sup> The data SSA received from CMS for its 2013 MNUP did not account for health maintenance organizations. We conducted extra steps to exclude beneficiaries with health maintenance organizations from our population.

<sup>3</sup> These beneficiaries had no Medicare use 3 years after SSA’s original 2013 MNUP.

For purposes of this audit, we assumed the characteristics and findings observed for the beneficiaries in our sample would be representative of all beneficiaries throughout the United States. The following provides details of our sample results, statistical projections, and estimates to the beneficiaries in the United States.

## Deceased MNUP Beneficiaries

From a random sample of 46 beneficiaries, we determined 5 were deceased and overpaid over \$1.1 million. Projecting these results to our 50-mile radius population of 188 beneficiaries, as shown in Table B-3, we estimated SSA overpaid 20 deceased beneficiaries over \$4.5 million after their deaths. Estimating these results to the beneficiaries outside the 50-mile radius, SSA overpaid an additional 53 deceased beneficiaries about \$12 million after their deaths. Accordingly, we estimated SSA overpaid, in total, 73 deceased beneficiaries about \$16.5 million.

**Table B-3: Deceased MNUP Beneficiaries Whom SSA Overpaid**

Description	Number of Beneficiaries	Total Overpayments
Sample Results	5	\$1,105,051
Sample Point Estimate (Within 50-mile Radius)	20	\$4,516,295
Projection – Lower Limit	10	\$1,549,214
Projection – Upper Limit	37	\$7,483,377
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Additional Point Estimate (Outside 50-mile Radius)	53	\$11,968,182
<b>Total Population Ratio Estimate</b>	<b>73</b>	<b>\$16,484,477</b>

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

**Note:** To determine the population of beneficiaries throughout the United States who did not have a health maintenance organization and did not use Medicare, we took the following steps.

**Step 1:** We divided our audit population of 188 by the 1,076 beneficiaries within the 50-mile radius to develop a ratio of 0.17. We then multiplied this 0.17 by the 2,847 beneficiaries who lived outside the 50-mile radius. As such, we estimated there were an additional 497 beneficiaries who lived outside the 50-mile radius and had not used Medicare nor healthcare during our audit period.

**Step 2:** To estimate how many of the 497 additional beneficiaries outside the 50-mile radius in Step 1 were deceased and thus overpaid, we divided the sample point estimate of 20 by the audit population of 188 to develop a ratio of 0.11. We then multiplied this 0.11 by the 497 additional beneficiaries outside the 50-mile radius. As such, we estimated an additional 53 beneficiaries would have been deceased. Therefore, we estimated the total number of deceased beneficiaries throughout the United States is 73.

**Note:** To estimate total overpayments for the 73 deceased beneficiaries throughout the United States, we took the following steps.

**Step 1:** To estimate the overpayments for the additional 53 deceased beneficiaries outside the 50-mile radius, we used \$4,516,295 from Table B-3 and multiplied by 53. Next, we divided this result by the sample point estimate 20, which resulted in overpayments of \$11,968,182 for the 53 beneficiaries residing outside the 50-mile radius.

**Step 2:** We calculated total overpayments for the estimated 73 deceased beneficiaries nationwide to be \$16,484,477.

As shown in Table B–4, SSA overpaid the five deceased beneficiaries in our sample over \$338,000 after its telephone interviews. Projecting these results to our population of 188 beneficiaries, we estimated SSA overpaid 20 beneficiaries about \$1.4 million after its telephone interviews. Estimating to the population of deceased beneficiaries throughout the United States, SSA overpaid over \$5 million after its telephone interviews.

**Table B–4: Overpayments to Deceased Beneficiaries After SSA’s Telephone Interviews**

Description	Number of Beneficiaries	Overpayments Made After SSA’s Telephone Interviews
Sample Results	5	\$338,412
Sample Point Estimate (Within 50-mile Radius)	20	\$1,383,075
Projection – Lower Limit	10	\$450,566
Projection – Upper Limit	37	\$2,315,584
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Additional Point Estimate (Outside 50-mile Radius)	53	\$3,665,149
<b>Total Population Ratio Estimate</b>	<b>73</b>	<b>\$5,048,224</b>

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

**Note:** To estimate total overpayments SSA made to the 73 deceased beneficiaries throughout the United States after its telephone interviews, we took the following steps.

Step 1: To estimate the overpayments for the additional 53 deceased beneficiaries outside the 50-mile radius, we used \$1,383,075 from Table B–4 and multiplied by 53. Next, we divided this result by the sample point estimate of 20, which resulted in overpayments of \$3,665,149 for the 53 beneficiaries residing outside the 50-mile radius.

Step 2: We calculated total overpayments for the estimated 73 deceased beneficiaries nationwide to be \$5,048,224.

As shown in Table B–5, SSA will overpay the five deceased beneficiaries in our sample about \$74,000 over the next 12 months if it does not act on the cases we identified. Projecting these results to our population of 188 beneficiaries, we estimated that, over the next 12 months, SSA will pay over \$301,000 in additional overpayments if it does not suspend or terminate benefits to the deceased beneficiaries. Estimating to the population of deceased beneficiaries throughout the United States, SSA will overpay over \$1 million in additional overpayments to deceased MNUP beneficiaries over the next 12 months if it does not suspend or terminate their benefits. We calculated overpayments based on information obtained to date.

**Table B–5: Overpayments to Deceased Beneficiaries over the Next 12 Months**

Description	Number of Beneficiaries	Future Overpayments
Sample Results	5	\$73,680
Sample Point Estimate (Within 50-mile Radius)	20	\$301,127
Projection – Lower Limit	10	\$101,054
Projection – Upper Limit	37	\$501,200
Additional Point Estimate (Outside 50-mile Radius)	53	\$797,987
<b>Total Population Ratio Estimate</b>	<b>73</b>	<b>\$1,099,114</b>

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

**Note:** To estimate future overpayments for the 73 deceased beneficiaries throughout the United States, we took the following steps.

Step 1: To estimate the overpayments for the additional 53 deceased beneficiaries outside the 50-mile radius, we used \$301,127 from Table B–5 and multiplied by 53. Next, we divided this result by the sample point estimate of 20, which resulted in overpayments of \$797,987 for the 53 beneficiaries residing outside the 50-mile radius.

Step 2: We calculated total overpayments for the estimated 73 deceased beneficiaries nationwide to be \$1,099,114.

## **Appendix C – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: August 31, 2018 Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

From: Stephanie Hall  
Acting Deputy Chief of Staff

*Stephanie Hall*

Subject: Office of the Inspector General Draft Report, “Effectiveness of the Social Security Administration’s Medicare Non-utilization Project” (A-08-17-50261) -- 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 Trae Sommer at (410) 965-9102.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “EFFECTIVENESS OF THE SOCIAL SECURITY ADMINISTRATION’S MEDICARE NON-UTILIZATION PROJECT” (A-08-17-50261)**

We agree with OIG that we have opportunities to strengthen our Medicare Non-Utilization Project (MNUP) process. We will explore using additional data sources and modify our procedures to more effectively identify deceased beneficiaries. However, we cannot agree to require face-to-face interviews for all MNUP beneficiaries as there are several factors that we must consider in each case, such as the ability of these aged 90 or older beneficiaries to visit a field office. We also need to carefully consider the safety of our employees in requiring them to conduct face-to-face interviews outside of our secured facilities. Below are our responses to the recommendations. In addition, we provided technical comments at the staff level.

**Recommendation 1**

Revise its MNUP guidance to include additional online searches that will aid technicians in identifying potential deceased beneficiaries. We encourage SSA to conduct online searches first.

**Response**

We agree.

**Recommendation 2**

Conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive.

**Response**

We disagree for the reasons noted in our general comments. However, we will strengthen our procedures to more effectively achieve the goals of our MNUP.

**Recommendation 3**

Conduct periodic follow-up interviews to reduce the risk of improper payments to deceased beneficiaries.

**Response**

We agree.

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