

*Audit Report*

The Social Security Administration's  
Rejection of State Electronic Death  
Registration Reports

**MEMORANDUM**

**Date:** September 21, 2020 **Refer To:**  
**To:** The Commissioner  
**From:** Inspector General  
**Subject:** The Social Security Administration's Rejection of State Electronic Death Registration Reports (A-08-18-50499)

The attached final report presents the results of the Office of Audit's review. The objectives were to assess the Social Security Administration's rejection of State-submitted Electronic Death Registration reports and determine whether these rejections resulted in the Agency (1) improperly paying deceased beneficiaries and representative payees and (2) not posting death information to the Numidents of deceased non-beneficiaries.

If you wish to discuss the final report, please call me or have your staff contact Michelle L. Anderson, Assistant Inspector General for Audit, at 410-965-9700.



Gail S. Ennis

Attachment

# The Social Security Administration's Rejection of State Electronic Death Registration Reports

## A-08-18-50499



September 2020

Office of Audit Report Summary

### Objectives

To assess the Social Security Administration's (SSA) rejection of State-submitted Electronic Death Registration (EDR) reports and determine whether these rejections resulted in the Agency (1) improperly paying deceased beneficiaries and representative payees and (2) not posting death information to the Numidents of deceased non-beneficiaries.

### Background

The EDR process begins when a funeral director submits a decedent's personally identifiable information to SSA's Online Verification System (OVS) through a State's EDR software. OVS determines whether the information matches SSA's Numident. Once States certify the deaths, they transmit the EDR reports to SSA. SSA's Death Information Processing System (DIPS) performs a series of verification checks on States' EDR reports. If the EDR report passes these tests, SSA posts the death information to its Numident and terminates benefits. DIPS rejects EDR reports that do not pass its verification tests.

From November 2017 through October 2018, SSA received 2,526,496 State-submitted EDR reports. DIPS rejected 205,547 (8 percent). Of these, we reviewed 13,989 (7 percent) that contained personally identifiable information that did match the Numident but did not have a date of death recorded on the Numident.

### Findings

While DIPS rejects EDR reports that do not pass its verification tests to prevent posting erroneous death information, SSA's rejection of 13,989 State-submitted EDR reports resulted in SSA

- improperly paying an estimated \$36 million to 3,120 deceased beneficiaries and 20 deceased representative payees and
- not posting dates of death to the Numidents of 10,849 deceased non-beneficiaries.

We estimate identifying and correcting the missing dates of death prevented, or will prevent, approximately \$23 million in additional improper payments to deceased beneficiaries and payees over the next 12 months.

Of the 13,989 rejected EDR reports, DIPS rejected 13,829 (99 percent) because State records did not match exactly with the most recent information in SSA's OVS file. For example, DIPS rejected one EDR report because it listed the decedent's middle name as "Lynne," but the OVS file listed it as "Lynn." We matched the 13,829 rejected EDR reports with the Numident and determined SSA would have posted correct death information had it processed these EDR reports. Had States followed SSA instructions to submit EDR reports that matched exactly with the OVS file, DIPS would have posted the deaths. SSA could have also prevented the improper payments had it designed DIPS to perform a Numident match before it rejected EDR reports with OVS discrepancies.

DIPS rejected the remaining 160 (1 percent) EDR reports because they did not pass its other verification tests. For example, they were missing death certificate numbers or had invalid dates. States would need to correct and re-submit these EDR reports.

### Recommendations

We made three recommendations for SSA to reduce improper payments, correct its death records, and enhance the EDR process. SSA agreed with our recommendations.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
DIPS	Death Information Processing System
EDR	Electronic Death Registration
OIG	Office of the Inspector General
OVS	Online Verification System
PII	Personally Identifiable Information
POMS	Program Operations Manual System
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code

## OBJECTIVES

Our objectives were to assess the Social Security Administration’s (SSA) rejection of State-submitted Electronic Death Registration (EDR) reports and determine whether these rejections resulted in the Agency (1) improperly paying deceased beneficiaries<sup>1</sup> and representative payees<sup>2</sup> and (2) not posting death information to the Numidents<sup>3</sup> of deceased non-beneficiaries.<sup>4</sup>

## BACKGROUND

To identify and prevent payments after death, the *Social Security Act* requires that SSA establish a program under which States can voluntarily provide SSA death data to match against its Numident records.<sup>5</sup> SSA and the States developed the EDR program in 2002<sup>6</sup> to improve the accuracy and timeliness of death information, reduce costs associated with sharing such information, and reduce payments to deceased beneficiaries. SSA contracted with the National Association for Public Health Statistics and Information Systems, a nonprofit organization that represents States’ vital records and public health statistics offices, to develop nation-wide EDR standards and guidelines. The Agency began processing States’<sup>7</sup> EDR reports in 2004. SSA pays States to encourage them to submit EDR reports as soon as possible.

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<sup>1</sup> We use the term “beneficiary” throughout this report in reference to Old-Age, Survivors and Disability Insurance beneficiaries and/or Supplemental Security Income recipients in current payment status.

<sup>2</sup> Representative payees receive and manage the benefit payments of beneficiaries who cannot manage or direct the management of their finances because of their age or mental and/or physical impairments. *Social Security Act*, 42 U.S.C. §§ 405(j) and 1383(a)(2) (govinfo.gov 2018).

<sup>3</sup> The Numident is a database that stores personally identifiable information for all Social Security numberholders.

<sup>4</sup> We use the term “non-beneficiary” throughout this report in reference to individuals who were not in current payment status in December 2018.

<sup>5</sup> *Social Security Act*, 42 U.S.C. § 405(r)(1) (govinfo.gov 2018).

<sup>6</sup> *Assessing Efforts to Eliminate Improper Payments: Hearing Before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Senate Committee on Homeland Security and Governmental Affairs*, 112<sup>th</sup> Congress (2011) (statement of Kelly Croft, Deputy Commissioner for Systems, Social Security).

<sup>7</sup> As of the date of this review, 48 vital records jurisdictions, including New York City and the District of Columbia, were participating in the EDR process. However, participating vital records jurisdictions do not necessarily report all deaths to SSA through EDR. SSA, OIG, *State Use of Electronic Death Registration Reporting*, A-09-15-50023, pp. C-1 and C-2 (July 2017). To simplify, we refer to vital records jurisdictions as States.

The EDR process begins when a funeral director<sup>8</sup> submits a decedent's personally identifiable information (PII)—Social Security number (SSN), name, date of birth, and gender—to SSA's Online Verification System (OVS) through a State's EDR software.<sup>9</sup> OVS determines whether the decedent's PII matches SSA's Numident. OVS returns a "verified" or "unverified" response to the funeral director, and SSA stores the submission and response in a data file. Funeral directors provide States' Bureaus of Vital Statistics with the (1) death information, (2) OVS verification response (match or no match to SSA's Numident), and (3) verification date for each decedent. Once States' Bureaus of Vital Statistics certify the death information from funeral directors, the Bureaus transmit their EDR reports to SSA.

SSA's Death Information Processing System (DIPS) conducts a series of verification checks on States' EDR reports to prevent posting erroneous death information to SSA records as well as multiple payments to the States. For example, DIPS rejects EDR reports that are duplicates or have missing, invalid, or improperly formatted data. DIPS also compares the EDR report it receives against the most recent funeral director submission in the OVS file to ensure the two records match exactly. If the name, date of birth, gender, OVS verification date, and OVS response on the EDR report do not match exactly those in the most recent OVS submission, DIPS rejects the EDR report.

Each year, SSA receives approximately 2.6 million State-submitted EDR reports. DIPS processes approximately 92 percent of these EDR reports and rejects approximately 8 percent that do not pass all its verification checks. For those DIPS processes, it automatically records the death information on the Numident and terminates benefits, if applicable. If the decedent was serving as a representative payee, SSA employees must replace the payee or send payments directly to the beneficiary.<sup>10</sup> For those EDR reports DIPS rejects, SSA sends the States error reports that contain codes that explain why DIPS rejected the reports. SSA encourages States to correct and re-submit rejected EDR reports according to the instructions in its *Death Process Notice Guide*.<sup>11</sup> See Appendix A for a flow chart of the EDR process. See Appendix B for EDR Statistics for Calendar Years 2016 through 2019.

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<sup>8</sup> Hospital employees, coroners, medical examiners, and others with access to a State's EDR software may also verify the decedent's information with SSA.

<sup>9</sup> OVS provides real-time verification of individual SSNs.

<sup>10</sup> 20 C.F.R. §§ 404.2050(d), 416.650(d), 404.2055, and 416.655 (govinfo.gov 2019). SSA may suspend payment under 20 C.F.R. §§ 404.2011(b) and 416.611(b) if it finds paying the beneficiary directly would cause substantial harm, and the Agency cannot find a suitable alternative representative payee before the next payment is due.

<sup>11</sup> SSA, *Death Process Notice Guide*, p.6 (November 2017).

SSA received 2,526,496 State-submitted EDR reports between November 2017 and October 2018.<sup>12</sup> DIPS rejected 205,547 (8 percent) of these EDR reports. We used SSA's Enumeration Verification System<sup>13</sup> to match the PII in the rejected EDR reports against the Numident and determined that 161,489 (79 percent) matched. Of the 161,489, we excluded 147,500 (91 percent) that had a date of death posted to the Numident by December 2018 or contained duplicate SSNs to obtain our population of 13,989<sup>14</sup> unique SSNs for review.<sup>15</sup> Of these, we identified

- 3,120 deceased beneficiaries who were in current pay,
- 20 deceased payees who were receiving payments on 22 beneficiaries' behalf, and
- 10,849 deceased non-beneficiaries.

In July 2019, we reviewed a random sample of 100 of the 3,120 deceased beneficiaries. We also reviewed the 20 deceased payees and 10,849 non-beneficiaries (see Appendix C for our audit scope and methodology and Appendix D for our sampling methodology and results).

## RESULTS OF REVIEW

While DIPS rejects EDR reports that do not pass its verification tests to prevent posting erroneous death information, SSA's rejection of 13,989 State-submitted EDR reports resulted in SSA

- improperly paying an estimated \$36 million to 3,120 deceased beneficiaries and 20 deceased representative payees<sup>16</sup> and
- not posting dates of death to the Numidents of 10,849 deceased non-beneficiaries.

We estimate identifying and correcting the missing dates of death prevented, or will prevent, approximately \$23 million in additional improper payments to deceased beneficiaries and payees over the next 12 months.<sup>17</sup>

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<sup>12</sup> SSA retains detailed information on rejected EDR reports for 1 year. We selected November 2017 as the starting period because that was the earliest month for which SSA had complete data when we initiated our review.

<sup>13</sup> SSA's Enumeration Verification System verifies batches of SSNs. Similar to OVS, it matches the SSN, name, gender, and date of birth to SSA's Numident records. It also checks for a death indicator on the Numident.

<sup>14</sup> The 13,989 EDR reports DIPS rejected matched the Numident but did not have a date of death on the Numident.

<sup>15</sup> We did not determine whether the date of death posted to the Numident matched the EDR report or SSA issued improper payments to the individuals after it rejected the 147,500 EDR reports we excluded from our review.

<sup>16</sup> We assumed SSA would have issued one improper payment after death regardless of whether it processed the initial EDR report. Therefore, we started our improper payment computations 2 months after the date of death.

<sup>17</sup> We based this estimate on the assumption that conditions will remain constant for the next 12 months.

Of the 13,989 rejected EDR reports, DIPS rejected 13,829 (99 percent) because State records did not match exactly with the most recent information in SSA's OVS file. For example, DIPS rejected one EDR report because it listed the decedent's middle name as "Lynne," but the OVS file listed it as "Lynn." We matched the 13,829 rejected EDR reports with the Numident and determined SSA would have posted correct death information had it processed these EDR reports.<sup>18</sup> Had States followed SSA instructions to submit EDR reports that matched exactly with the OVS file,<sup>19</sup> DIPS would have posted the deaths. SSA could have also prevented the improper payments had it designed DIPS to perform a Numident match before it rejected EDR reports with OVS discrepancies.

DIPS rejected the remaining 160 (1 percent) EDR reports because they did not pass its other verification tests. For example, they were missing death certificate numbers or had invalid dates. States would need to correct and re-submit these EDR reports.<sup>20</sup>

## Impact of Rejected EDR Reports

SSA improperly paid approximately \$1.2 million to the 100 beneficiaries in our sample but had recovered<sup>21</sup> approximately \$200,000 (see Table 1). SSA subsequently recorded the deaths of the 33 beneficiaries with rejected EDR reports<sup>22</sup> based on death reports from non-EDR sources. It took SSA an average of 229 days<sup>23</sup> to record the deaths and terminate payments after it rejected the EDR reports. As of July 2019, SSA had suspended 11 beneficiaries' payments, and the remaining 56 were still in current pay status.

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<sup>18</sup> We used SSA's Enumeration Verification System to match the PII on the EDR report to the Numident. We obtained death certificates for some sampled beneficiaries and representative payees and determined the PII matched the EDR report. However, we did not obtain death certificates for all the individuals in our population.

<sup>19</sup> SSA, *Death Process Notice Guide*, p.5 (November 2017).

<sup>20</sup> States would have been unable to successfully re-submit 5 (3 percent) of the 160 EDR reports because SSA previously paid the States for their death reports. However, these decedents' Numidents did not contain a date of death.

<sup>21</sup> SSA recovers improper payments after death through the Department of the Treasury reclamations, refunded benefits, and/or Medicare premiums. SSA, *POMS*, GN 02408.610, A.3 (September 3, 2020), GN 02210.150, A (August 16, 2006), and GN 02330.100 (December 22, 1989).

<sup>22</sup> SSA recorded incorrect dates of death for 4 of the 33 beneficiaries. The incorrect dates of death resulted in improper payment computations and recovery actions for two of the four beneficiaries.

<sup>23</sup> The mean was 229 days, and the median was 198 days.

**Table 1: Results of 100 Sampled Beneficiaries**

Status	Number of Beneficiaries	Improper Payments	Improper Payments Recovered
Payments Terminated and Death Recorded on the Numident	33	\$274,998	\$176,163
Payments Suspended but Death Not Recorded on the Numident	11	100,448	30,014
In Current Pay and Death Not Recorded on the Numident	56	798,995	0
<b>Total</b>	<b>100</b>	<b>\$1,174,441</b>	<b>\$206,177</b>

Of the 20 representative payees, SSA subsequently removed 11 who were serving as payees for 13 beneficiaries. However, SSA issued \$84,615 to the nine payees who remained on its records. If a representative payee dies and is not replaced, SSA cannot be sure the funds are being used to provide the beneficiary food, clothing, shelter, and medical care.<sup>24</sup> If another individual acts as a representative payee without SSA's knowledge, that person is not subject to SSA's financial oversight and reporting responsibilities required by a representative payee—such as reporting events to SSA that may affect the individual's entitlement or benefit payment amount.<sup>25</sup>

Of the 10,849 non-beneficiaries, SSA had recorded the death of 1,032 (10 percent) on the Numident by July 2019. SSA would have recorded these deaths, on average, 233 days sooner<sup>26</sup> had it processed the rejected EDR reports. While SSA is not issuing improper payments to the non-beneficiaries, it uses death information on the Numident to create a file of deaths it shares with other Federal benefit-paying agencies.<sup>27</sup> Therefore, resolving discrepancies can improve the accuracy and completeness of death information it shares with these Federal benefit-paying agencies.<sup>28</sup> By January 2020, SSA had posted the death for an additional 230 non-beneficiaries, leaving 9,587 non-beneficiaries<sup>29</sup> without a date of death on their Numidents.

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<sup>24</sup> 20 C.F.R. §§ 404.2040(a) and 416.640(a) (govinfo.gov 2019).

<sup>25</sup> 20 C.F.R. §§ 404.2035 and 416.635 (govinfo.gov 2019).

<sup>26</sup> The mean was 233 days, and the median was 209 days.

<sup>27</sup> Other Federal benefit-paying agencies include the Railroad Retirement Board, Centers for Medicare and Medicaid Services, Internal Revenue Service, Department of Veterans Affairs, and Office of Personnel Management.

<sup>28</sup> Although SSA shares its death information with other Federal benefit-paying agencies, those agencies should independently verify the individual's death before they take adverse action.

<sup>29</sup> Of the 10,849 non-beneficiaries, SSA posted the death for 1,032 by July 2019 and an additional 230 by January 2020. Therefore, 9,587 non-beneficiaries did not have a date of death on their Numidents.

## Causes of Rejected EDR Reports

Of the 13,989 rejected EDR reports, DIPS rejected 13,829 (99 percent) because they did not match exactly the most recent funeral director submission on SSA's OVS file. We manually reviewed the OVS discrepancies in our sample of beneficiaries in current pay<sup>30</sup> and determined SSA rejected 25 percent of the EDR reports because the OVS verification date on the EDR report did not match the OVS file. SSA rejected other sampled EDR reports because the date of birth, OVS response, or name (first, middle, or last) was not an exact match to the OVS file.<sup>31</sup> For example, SSA rejected one EDR report because it listed the decedent's last name as "O'Connell," but OVS listed it as "Oconnell."

SSA designed the OVS verification check in DIPS to prevent erroneous death postings. However, SSA did not include tolerances for minor discrepancies when it designed this check thereby preventing some EDR reports with correct death information from being posted. We found SSA had not studied the effectiveness of EDR rejections or changed the EDR rejection process before our review.<sup>32</sup> SSA rejected 123,632 (60 percent) of the 205,547 EDR reports in our population because of the OVS verification check even though the PII on the EDR report matched the Numident. Of the 123,632 EDR reports, 13,829 deceased individuals did not have death information posted to their Numidents as of December 2018.<sup>33</sup> Had SSA processed these EDR reports, it would have posted correct death information.<sup>34</sup> Had States followed SSA instructions to submit EDR reports that matched exactly with the OVS file,<sup>35</sup> DIPS would have posted the deaths. SSA could have also prevented the improper payments had it designed DIPS to perform a Numident match before rejecting EDR reports with OVS discrepancies.

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<sup>30</sup> Of our 100 sample, SSA rejected 99 because of OVS discrepancies and 1 because it did not contain a valid date of death.

<sup>31</sup> Some EDR reports contained discrepant information in multiple fields of the OVS file. For example, SSA rejected one record because both the OVS verification date and the middle name did not match.

<sup>32</sup> In November 2019, SSA implemented changes to DIPS that reduced EDR rejections based on non-alphanumeric discrepancies between the EDR report and OVS. SSA implemented this change as a result of our review and it partially corrects our findings for deaths reported after November 2019.

<sup>33</sup> We excluded 109,803 rejected EDR reports from our review because they contained duplicate SSNs or had death information posted to their Numidents as of December 2018. We did not determine whether SSA's rejection of these EDR reports resulted in delayed death postings or improper payments.

<sup>34</sup> We used SSA's Enumeration Verification System to match the PII on the EDR report to the Numident. We obtained death certificates for some sampled beneficiaries and representative payees and determined the PII matched the EDR report. However, we did not obtain death certificates for all the individuals in our population.

<sup>35</sup> SSA, *Death Process Notice Guide*, p.5 (November 2017).

DIPS rejected the remaining 160 (1 percent) EDR reports because they did not pass its other verification checks. For example, they were missing death certificate numbers or had invalid dates. SSA rejected one EDR report because it showed May “00” as the date of death. While these were State-certified deaths, States would have to correct and re-submit these EDR reports before DIPS could process them.<sup>36</sup>

SSA provides States instructions for correcting and re-submitting rejected EDR reports along with an email contact to request further information. SSA does not verify that States successfully re-submit rejected EDR reports. The seven State officials with whom we spoke stated they did not review the EDR rejection reports or understand why SSA rejected the EDR reports. Several State officials told us they did not understand how their software could submit EDR reports that contained discrepant information from that on the OVS file.<sup>37</sup> In fact, of the 13,989 rejected EDR reports, only 1 State successfully re-submitted 29 of the previously rejected reports. Without State correction and re-submission, when DIPS rejects an EDR report, SSA must rely on information it receives from non-EDR sources, such as relatives, to post the death.

## CONCLUSIONS

Of the approximately 2.6 million EDR reports States submitted in 2019, DIPS successfully processed 2.4 million (92 percent). While DIPS is working as designed, SSA could have avoided paying approximately \$36 million to the 3,120 deceased beneficiaries and 20 representative payees in our review had DIPS processed, instead of rejected, the State-submitted EDR reports. Several of our prior reviews,<sup>38</sup> covering 1968 through 2018, identified State death information that did not appear on SSA’s Numident and/or payment records. This discrepant death information resulted in SSA improperly paying \$113 million to deceased beneficiaries across 13 States.<sup>39</sup> We determined SSA could improve the EDR process and reduce discrepancies between SSA and State death records by including a Numident match in DIPS to assess OVS discrepancies before it rejects EDR reports. Enhancing DIPS would also improve the accuracy and timeliness of SSA’s death records and reduce improper payments after death.

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<sup>36</sup> States would have been unable to successfully re-submit 5 (3 percent) of the 160 EDR reports because SSA previously paid the States for their death reports. However, these decedents’ Numidents did not contain a date of death.

<sup>37</sup> Although some of the 48 States participating in the EDR process developed their own death registration systems, most States acquired EDR software from vendors.

<sup>38</sup> SSA, OIG, *Match of Maine and Rhode Island Death Data Against SSA Records*, A-01-18-50314, p. 2 and Appendix A (September 2019).

<sup>39</sup> We included Puerto Rico in the list of States we reviewed even though Puerto Rico is a U.S. Territory. We did not include Department of the Treasury, Department of Veterans Affairs, or Office of Personnel Management in the list of States or the \$113 million. Not all the unrecorded deaths identified in our prior reviews occurred in participating EDR States or during periods that EDR was available.

## AGENCY ACTIONS RESULTING FROM THE AUDIT

In September 2019, we provided SSA the death certificates for the sampled beneficiaries with missing or incorrect death information as well as the EDR information for the current pay cases. We requested that SSA take appropriate action to terminate benefits and record the dates of death on the Numidents of the remaining 3,091 beneficiaries in our population.<sup>40</sup> As of June 2020, SSA had terminated benefits and recorded correct death information for 1,144 beneficiaries.<sup>41</sup> SSA continued issuing monthly payments to 26 of the deceased beneficiaries in our sample, and 1,947 cases from our population still require SSA action.<sup>42</sup>

We provided SSA the death certificates for nine deceased representative payees. As of January 2020, SSA had replaced seven of the deceased representative payees and determined one beneficiary was capable of managing his/her own benefits. SSA stopped payments to the remaining payee but has not selected a new payee or issued payments directly to the beneficiary because SSA employees have not located the beneficiary. Since SSA took appropriate action, we did not make a recommendation regarding the deceased representative payees.

For the 9,587 deceased non-beneficiaries, we requested SSA take necessary action to record the deaths on the Numident. SSA advised us that, as the non-beneficiary cases did not involve improper payments, any future cleanup of these cases is resource-dependent. SSA plans to post death information for the non-beneficiary cases identified in this audit that pass its screening process via its information technology modernization efforts in Fiscal Year 2021.

In November 2019, SSA implemented changes to DIPS that reduced EDR rejections based on non-alphanumeric<sup>43</sup> discrepancies between the EDR report and OVS. For example, after this change, DIPS would not reject an EDR report if it lists the decedent's last name as "O'Connell," but OVS lists it as "Oconnell." This change partially corrects our findings for deaths reported after November 2019. Had this change been in place at the time DIPS processed our 100 sampled beneficiaries, SSA could have avoided improper payments to 23 deceased beneficiaries. SSA also advised us that it plans to begin analyzing improvements to the EDR system through its information technology modernization initiative, depending on resources, in Fiscal Year 2022.

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<sup>40</sup> SSA correctly posted the deaths of 29 sampled beneficiaries. Therefore, of our population of 3,120 beneficiaries, only 3,091 require that SSA record their death on the Numident. The EDR reports for four beneficiaries did not contain valid dates of death and will require that SSA employees develop the correct date of death.

<sup>41</sup> Of the 1,144, SSA advised us it corrected the date of death for 4 beneficiaries based on our audit. We do not know how many of the remaining 1,140 death postings resulted from our audit and how many resulted from other death reports.

<sup>42</sup> Of the 1,947 cases that require SSA action, 46 contain discrepant death information on the EDR report and Numident.

<sup>43</sup> Examples of non-alphanumeric discrepancies include spaces, hyphens, and apostrophes that appear in the EDR report but not in SSA's OVS.

## **RECOMMENDATIONS**

We recommend that SSA:

1. Record deaths on the Numident, terminate payments, and collect the overpayments for the 1,947 remaining deceased beneficiaries.
2. Add death information to the Numident, as appropriate, for the 9,587 remaining deceased non-beneficiaries.
3. Include a Numident match in DIPS, or similar process, to assess OVS discrepancies before rejecting an EDR report.

## **AGENCY COMMENTS**

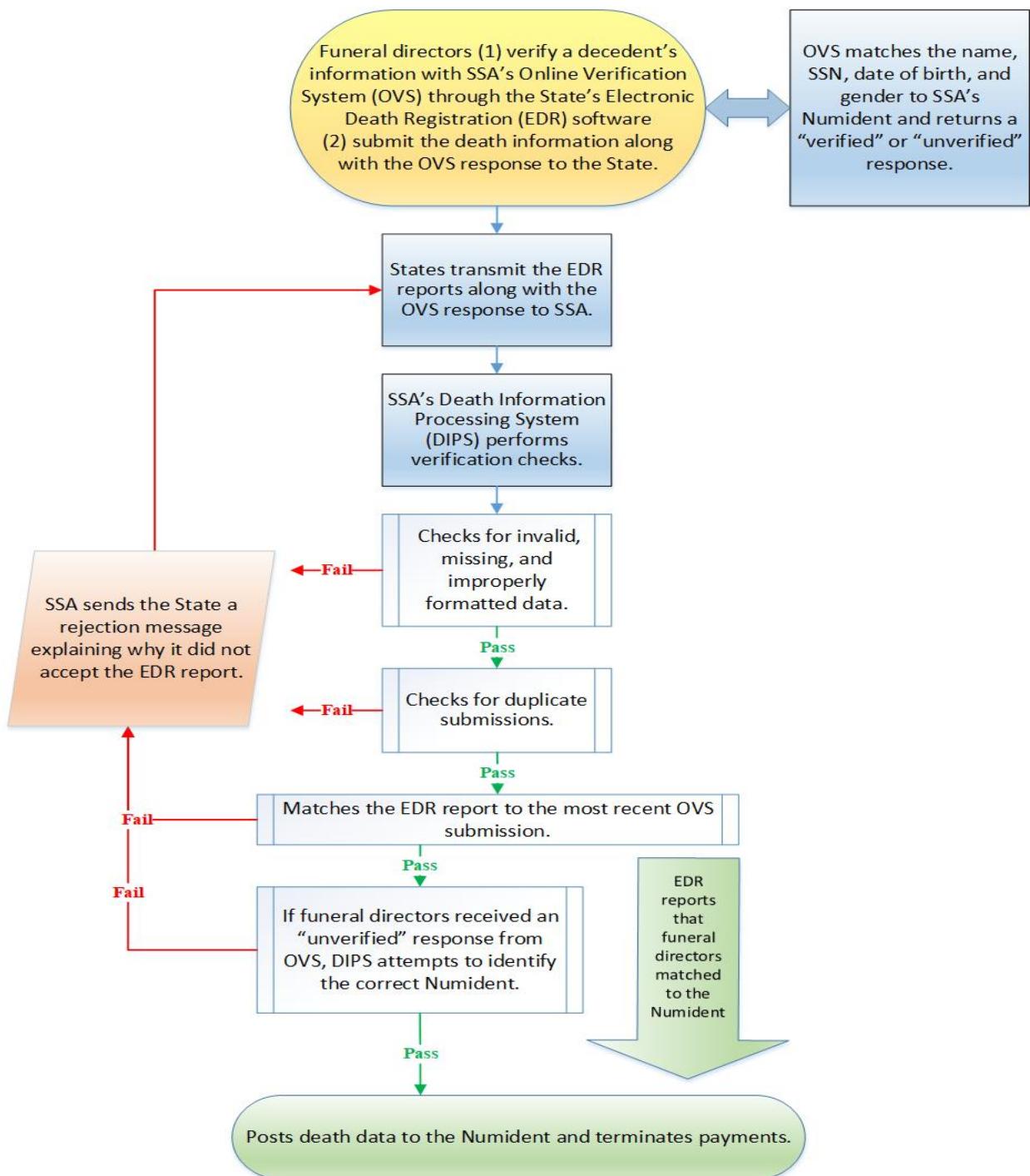
SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix E.



Michelle L. Anderson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – THE ELECTRONIC DEATH REGISTRATION PROCESS



## **Appendix B – ELECTRONIC DEATH REGISTRATION REPORTS TRANSMITTED FROM 2016 THROUGH 2019**

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States’ Bureau of Vital Statistics<sup>1</sup> use the Electronic Death Registration (EDR) process to transmit death information to the Social Security Administration (SSA). SSA began processing States’ EDR reports in 2004. See Table B–1 for EDR statistics in Calendar Years 2016 through 2019.

**Table B–1: Electronic Death Registration Statistics for 2016 Through 2019**

Calendar Year	State EDR Reports Transmitted to SSA	EDR Reports Rejected by SSA	Rejection Percentage	Acceptance Percentage
2016	2,179,343	204,672	9.4	90.6
2017	2,477,293	206,389	8.3	91.7
2018	2,609,935	208,090	8.0	92.0
2019	2,662,265	222,485	8.4	91.6
<b>TOTAL</b>	<b>9,928,836</b>	<b>841,636</b>	<b>8.5</b>	<b>91.5</b>

**Source:** SSA’s Death Management Information System

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<sup>1</sup> As of the date of this review, 48 vital records jurisdictions, including New York City and the District of Columbia, were participating in the EDR process. However, participating vital records jurisdictions do not report all deaths to SSA through EDR. SSA, OIG, *State Use of Electronic Death Registration Reporting*, A-09-15-50023, pp. C-1 and C-2 (July 2017). For simplification purposes, we refer to vital records jurisdictions as States.

## **Appendix C – SCOPE AND METHODOLOGY**

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To accomplish our objectives, we:

- Reviewed pertinent sections of the Social Security Administration’s (SSA) policies and procedures, applicable laws, and regulations.
- Reviewed prior Office of the Inspector General and Government Accountability Office reports.
- Interviewed officials from the National Association for Public Health Statistics and Information Systems as well as representatives from vital records offices in seven States.
- Reviewed information from SSA’s Death Management Information System, Representative Payee System, Master Beneficiary Record, Payment History, Supplemental Security Income Record, and Numident.<sup>1</sup>
- Obtained a file of 205,547 Electronic Death Registration (EDR) reports that SSA’s Death Information Processing System rejected between November 1, 2017 and October 22, 2018.<sup>2</sup> We submitted the information from the rejected EDR reports through SSA’s Enumeration Verification System<sup>3</sup> to determine whether (1) the personally identifiable information on the EDR report matched SSA’s Numident and (2) SSA had recorded death information on the Numident. We identified 13,989 deceased individuals with rejected EDR reports whose personally identifiable information matched SSA records but did not have a date of death on SSA’s Numident in December 2018.

Of the 13,989, we identified

- 3,120 deceased individuals in current payment status. We selected a random sample of 100 Social Security numbers and determined the following as of July 2019.
  - Whether SSA posted the correct date of death to the Numident.
  - Whether SSA posted the death information based on an EDR or non-EDR source.<sup>4</sup>
  - The amount of improper payments SSA issued after the beneficiary’s death.<sup>5</sup>

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<sup>1</sup> The Numident is a database that stores personally identifiable information for all Social Security numberholders.

<sup>2</sup> SSA only retains detailed information on rejected EDR reports for 1 year. We selected November 2017 as the starting period because that was the earliest month SSA had complete data when we initiated our review.

<sup>3</sup> SSA’s Enumeration Verification System is an internal application that verifies batches of Social Security numbers. Similar to SSA’s Online Verification System, it matches the Social Security number, name, gender, and date of birth to SSA’s Numident records. It also checks for a death indicator on the Numident.

<sup>4</sup> SSA receives death reports from non-EDR sources, such as relatives, representative payees, and signed statements from funeral directors.

<sup>5</sup> To be conservative, we assumed SSA would have issued one improper payment after death regardless of whether the Agency processed the initial EDR report. Therefore, we started our improper payment computations 2 months after the date of death.

- Whether SSA had terminated or suspended benefits.
- The amount of improper payments SSA recovered.
- The number of days it took SSA to post death information to the Numident after it rejected the EDR report (if applicable).
- Discrepant information between the EDR report and SSA's Online Verification System file.
- 20 deceased representative payees. We determined the following as of July 2019.
  - The number of beneficiaries represented by the deceased payee.
  - Whether SSA posted the death information based on an EDR or non-EDR source.
  - Whether SSA had removed the deceased payees from the beneficiaries' records.
  - The amount of improper payments SSA issued to deceased representative payees.<sup>6</sup>
- 10,849 deceased non-beneficiaries. We determined the number of individuals who had a date of death posted to their Numidents as of July 2019 and January 2020. In addition, we determined whether SSA posted the death based on an EDR or non-EDR source.
- We obtained death certificates for the deceased beneficiaries in our sample who had missing or discrepant dates of death on SSA's Numident. We also obtained death certificates for the nine deceased representative payees who remained on SSA records as of July 2019.
- We provided SSA the death certificates we obtained. We also provided SSA the EDR information for the remaining current pay and non-beneficiary cases. While we did not identify specific instances of fraud, we provided the death information for the deceased beneficiaries to our Office of Investigations.

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<sup>6</sup> See Footnote 5.

We conducted our audit in Birmingham, Alabama, from August 2018 through February 2020. 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 objectives.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls as associated with the audit objective. We identified the following three components and five principles as significant to the audit objective.

- Component 2: Risk Assessment
  - Principle 6: Define objectives and risk tolerances
  - Principle 7: Identify, analyze, and respond to risks
- Component 3: Control Activities
  - Principle 11: Design activities for the information system
- Component 5: Monitoring
  - Principle 16: Perform monitoring activities
  - Principle 17: Evaluate issues and remediate deficiencies

The SSA entity audited was the Office of the Deputy Commissioner for Systems. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix D – SAMPLING METHODOLOGY AND RESULTS

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In December 2018, we identified 3,120 beneficiaries<sup>1</sup> in current pay status whose personally identifiable information from States' Electronic Death Registration reports matched the Social Security Administration's (SSA) Numident,<sup>2</sup> but the Numident did not contain a date of death. In July 2019, we reviewed a random sample of 100 beneficiaries (see Table D–1).

**Table D–1: Population and Sample Size**

Description	Deceased Beneficiaries in Current Payment Status
Population	3,120
Sample Size	100

Based on our review, SSA issued \$1,174,441 in improper payments after death to the 100 sampled beneficiaries. To estimate the improper payments for the 3,120 population, we used a straight-line approach. We estimated SSA had issued approximately \$36.6 million in improper payments to the 3,120 deceased beneficiaries in our population.<sup>3</sup>

Between the date SSA rejected the Electronic Death Registration reports and our review, SSA had recovered approximately \$6.4 million of these improper payments (see Table D–2).<sup>4</sup> Accordingly, we estimate SSA has yet to recover approximately \$30.2 million in improper payments issued to deceased beneficiaries in our population (see Table D–3).

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<sup>1</sup> We use the term “beneficiary” in reference to Old-Age, Survivors and Disability Insurance beneficiaries and/or Supplemental Security Income recipients in current payment status.

<sup>2</sup> The Numident is a database that stores personally identifiable information for all Social Security numberholders.

<sup>3</sup> Straight-line estimation computations: \$1,174,441.20 improper payments in sample ÷ 100 beneficiaries in sample = \$11,744.41; and then \$11,744.41 × 3,120 beneficiaries in population = \$36,642,565 (rounded) estimated improper payments to beneficiaries in the population.

<sup>4</sup> SSA recovers improper payments after death through the Department of the Treasury reclamations, refunded benefits, and/or Medicare premiums. SSA, *POMS*, GN 02408.610, A.3 (September 3, 2020), GN 02210.150, A (August 16, 2006), and GN 02330.100 (December 22, 1989).

**Table D–2: Recovery of Improper Payments to Deceased Beneficiaries**

Description	Number of Beneficiaries with Full or Partial Recovery	Improper Payments Recovered
Sample Results	39	\$206,177
Point Estimate	1,217	\$6,432,731
Projection - Lower Limit	966	\$4,443,241
Projection - Upper Limit	1,483	\$8,422,222

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

**Note:** For the 100 sampled deceased beneficiaries, SSA recovered all improper payments issued to 16. SSA also recovered some, but not all, of the improper payments issued to 23.

**Table D–3: Improper Payments to Deceased Beneficiaries Not Recovered**

Description	Number of Beneficiaries Without Full Recovery	Improper Payments Not Recovered
Sample Results	84	\$968,264
Point Estimate	2,621	\$30,209,834
Projection - Lower Limit	2,398	\$26,107,069
Projection - Upper Limit	2,796	\$34,312,600

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

For the deceased beneficiaries, we further estimate identification and correction of the missing death information prevented, or will prevent, approximately \$23 million in additional improper payments after death over the next 12 months (see Table D–4).<sup>5</sup>

**Table D–4: Improper Payments to Deceased Beneficiaries over the Next 12 Months**

Description	Number of Deceased Beneficiaries	Improper Payments Avoided
Sampled Beneficiaries in Current Payment Status as of July 2019	56	\$738,013
Point Estimate	1,747	\$23,026,012
Projection – Lower Limit	1,480	\$19,121,221
Projection – Upper Limit	2,006	\$26,930,802

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

<sup>5</sup> We based this estimate on the assumption that conditions will remain constant for the next 12 months.

We also identified 20 deceased representative payees<sup>6</sup> who were receiving payments for 22 beneficiaries in December 2018. As of July 2019, SSA had issued the representative payees \$159,311 in improper payments after their deaths. SSA had removed 11 payees from beneficiary records.<sup>7</sup> SSA also had paid \$84,615 to the 9 payees who remained active on SSA records. SSA had suspended payments to one of the beneficiaries with a deceased payee. Therefore, SSA was only issuing ongoing improper payments to eight of the nine payees. Based on our review, SSA took action to stop payments to the eight deceased payees. By taking action on these cases, we estimate SSA will prevent \$62,943 in additional payments after death over the next 12 months (see Table D–5).<sup>8</sup>

**Table D–5: Improper Payments to Deceased Representative Payees**

Description	Amounts
Number of Deceased Representative Payees Who Received Improper Payments	20
Total Payments Issued After Representative Payees' Deaths	\$159,311
Number of Deceased Representative Payees Who Remained on Beneficiary Records in July 2019	9
Uncorrected Improper Payments to Deceased Representative Payees Who Remained on SSA Records	\$84,615
Number of Deceased Representative Payees With Ongoing Improper Payments in July 2019	8
Estimated Payment After Death over the Next 12 Months	\$62,943

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<sup>6</sup> Representative payees receive and manage the benefit payments of beneficiaries who cannot manage or direct the management of their finances because of their age or mental and/or physical impairments. *Social Security Act*, 42 U.S.C. §§ 405(j) and 1383(a)(2) (govinfo.gov 2018).

<sup>7</sup> We could not determine the amount of improper payments SSA recovered from these deceased payees.

<sup>8</sup> We based this estimate on the assumption that conditions will remain constant for the next 12 months.

## **Appendix E – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

Office of the Commissioner

#### **MEMORANDUM**

Date: September 10, 2020

Refer To: S1J-3

To: Gail S. Ennis  
Inspector General

A handwritten signature in blue ink that reads "Stephanie Hall".

From: Stephanie Hall  
Chief of Staff

Subject: Office of the Inspector General Draft Report “The Social Security Administration’s Rejection of State Electronic Death Registration Reports” (A-08-18-50499) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. We are pleased the report acknowledges our efforts to maintain the accuracy of our records and the effectiveness of the Electronic Death Registration (EDR) process. We remain vigilant when posting death information to our records because inaccurate information can have adverse consequences for affected individuals. Although the vast majority of EDR transactions are accurate and timely, States report some deaths that do not pass our data reliability tests. To ensure we do not post a death that did not occur, we return those EDR reports to the States for correction.

We will continue to collaborate with States to expand EDR and provide training on accurately submitting or resubmitting rejected information in EDR. Our ongoing efforts continue to improve the accuracy and efficiency of our death reporting processes, promote program integrity, and prevent improper payments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

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