
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SUPPLEMENTAL SECURITY INCOME
RECIPIENTS WHOSE MEDICARE
BENEFITS WERE TERMINATED
DUE TO DEATH**

November 2006

A-01-06-26105

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- **Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- **Promote economy, effectiveness, and efficiency within the agency.**
- **Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- **Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- **Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- **Independence to determine what reviews to perform.**
- **Access to all information necessary for the reviews.**
- **Authority to publish findings and recommendations based on the reviews.**

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: November 14, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Recipients Whose Medicare Benefits Were Terminated Due to Death (A-01-06-26105)

OBJECTIVE

Our objective was to determine whether Supplemental Security Income (SSI) payments should be terminated for recipients whose Medicare benefit records indicated they were deceased.

BACKGROUND

SSI is a nationwide Federal cash assistance program administered by the Social Security Administration (SSA) that provides a minimum level of income to financially needy individuals who are aged, blind or disabled.¹ Medicare is a health insurance program administered primarily by the Centers for Medicare and Medicaid Services (CMS) within the Department of Health and Human Services that provides health insurance benefits to the aged and disabled.² Although CMS has primary responsibility for the Medicare program, SSA is responsible for making Medicare entitlement determinations and maintaining the benefit records.

In October 2005, we were asked to evaluate an idea submitted to SSA's Employee Suggestion Program. The employee suggested we conduct an audit after finding several cases where SSI payments continued for recipients even though their Medicare benefits were terminated due to death.

To perform our review, we obtained a file from SSA of all Medicare records terminated for death. Through data analysis, we found 251 individuals whose SSI payments continued even though their Medicare records indicated they were deceased. In April 2006, we referred all 251 cases to SSA for review and corrective action. (See Appendix A for more information about our scope and methodology.)

¹ The Social Security Act § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

² The Social Security Act § 1801 *et seq.*, 42 U.S.C. § 1395 *et seq.*

RESULTS OF REVIEW

Of the 251 individuals in our population, 86 are deceased and their SSI payments should be terminated. The remaining 165 beneficiaries were actually alive and their Medicare benefits—and, in some cases, their SSI payments—were incorrectly terminated.³

PAYMENTS ISSUED AFTER DEATH

In 86 cases, the individuals' Medicare records were properly terminated because they died. Although the Agency stopped the SSI payments timely for 19 of these individuals, SSA could have avoided issuing \$490,288 in the remaining 67 cases had the Agency stopped the SSI payments when the deaths were first discovered.⁴ Additionally, we estimate SSA could save \$237,103 over the next 12 months by stopping payments to the deceased recipients. The table below summarizes these 67 cases by the number of monthly payments issued after the deaths were reported.

Months Paid After Death Was Reported	Number of Individuals
1 to 6 months	11
7 to 12 months	23
13 to 18 months	11
19 to 24 months	7
25 to 30 months	7
31 to 36 months	5
Over 36 months	3
Total	67

As of November 2006:

- 59 records had been corrected and the SSI payments were stopped. We estimate SSA could have avoided issuing \$440,251 in SSI payments had the Agency stopped the payments when the deaths were first discovered. In addition, we estimate SSA saved \$212,347 that would have been paid over the next 12 months if the SSI payments to these 59 individuals had not been stopped.
- 8 records still needed to be corrected and the SSI payments stopped. We estimate SSA could have avoided issuing \$50,037 in SSI payments had the Agency stopped the payments when the deaths were first discovered. Further, we estimate SSA could save \$24,756 over the next 12 months if the SSI payments to these 8 individuals are stopped.

³ SSA continues to review these cases. Our conclusions are based on our review of available electronic data on SSA's systems through November 2006.

⁴ For purposes of our review, we considered an SSI payment that was issued after death to have been "avoidable" if it was issued more than 30 days after the Agency terminated the Medicare benefits.

For example, one individual in our sample—who received both Medicare benefits and SSI payments—died in June 2004. The Medicare record was properly terminated. However, because there was no information on the Medicare record to indicate that the person also received SSI payments, these payments continued. Based on our audit, SSA field office staff reviewed the case and discovered that the deceased recipient's daughter had cashed SSI checks that were issued after the recipient's death. The case was referred to the Inspector General's Office of Investigations. SSA could have avoided issuing \$11,745—and the potential fraud that resulted—if the SSI payments had been stopped when the death was reported to the Agency. By taking action to stop the incorrect payments effective 2006, we estimate SSA avoided issuing an additional \$6,876 over the next 12 months.

In another case, SSA terminated the Medicare record of an individual who died in October 2003 but did not stop the ongoing SSI payments. The Agency could have avoided issuing \$15,525 if the SSI payments had been stopped when the death was reported to SSA. In addition, we estimate the Agency could save an additional \$7,236 over the next 12 months if the individual's SSI payments are stopped.

We discussed these cases with staff in SSA's Office of Systems. They identified limitations in the Agency's automated systems that caused these cases to go undetected. The Agency implemented systems enhancements on September 30, 2006 which are expected to resolve these issues.

BENEFITS TERMINATED FOR LIVING INDIVIDUALS

In our review, we found that SSA terminated the Medicare benefits to 165 individuals who were actually alive.⁵ In addition, the Agency incorrectly terminated the SSI payments to 85 of these individuals. Erroneous death terminations "...can cause undue hardship for the individual[s] and create public relations problems" for SSA.⁶ They also create additional workloads for Agency staff, who must take action to correct the benefit records and resume payments. According to SSA, these cases are "...very time sensitive and require immediate action."

Medicare Benefits Terminated

Erroneous Medicare terminations could lead to unpaid medical bills. Even though the Agency considers these cases to be a high priority workload, we found that erroneous Medicare terminations were not always corrected timely.⁷ Information on SSA's

⁵ In some cases, a deceased spouse's date of death was incorrectly recorded on the living spouse's Medicare record. The 165 cases in our audit represents 0.006 percent of the 2.7 million Medicare records that were terminated for death as of December 2005. Limited testing of the 2.7 million records did not uncover any additional instance of erroneous terminations.

⁶ SSA, Operational Bulletin OB-06-019, April 26, 2006.

⁷ These 165 cases are summarized by State and by responsible SSA Program Service Center in Appendix B.

systems indicated that 36 individuals contacted the Agency previously to report the problems and request that their Medicare benefits be reinstated. As of November 2006:

- 26 records were corrected. On average, SSA corrected these records and restored Medicare entitlement 8 months after the individuals first contacted the Agency to report the problem.
- 10 records remained unresolved. On average, 10 months had elapsed since these individuals first contacted SSA to report the problem.

For example, in November 2005, an 81-year old beneficiary contacted SSA to report that her Medicare claims were being denied. After recontacting the Agency several times to resolve the error, SSA reinstated her Medicare benefits in July 2006—8 months after the error was first discovered.

In another case, the Agency terminated the Medicare benefits of a 79-year old individual in December 2004. The beneficiary reported the error to SSA in September 2005. The individual followed up with the Agency several times, but her Medicare benefits had not been reinstated as of November 2006.

SSI Payments Terminated

We found that deaths were not always verified before SSI payments were stopped. As a result, the SSI payments to 85 recipients were terminated for death even though they were alive. For example, in April 2005, CMS reported that a beneficiary died and, as a result, SSA terminated the Medicare benefits. Although the death was not confirmed by SSA, the Agency's computer system automatically terminated the SSI payments to the individual. In June 2005, SSA discovered that the beneficiary was actually alive and took action to correct his SSI record and issue the payments that were previously withheld. (Although SSA resumed his SSI payments in June 2005, the Agency did not correct his Medicare benefit record until October 2006.)

According to SSA, first party reports of death are those the Agency receives by mail, telephone or in person from acceptable reporters. Third party reports are those received via computer matching with other agencies, including CMS. The Agency does not require verification of death reports received from first party sources before stopping benefit payments. However, because the Privacy Act requires that SSA confirm information resulting from computer matches before taking action to stop benefit payments,⁸ it is the Agency's policy to verify death reports received from third parties—including CMS—before stopping SSI payments.⁹

The SSI payments to these 85 individuals were stopped without verification of the deaths because of limitations in SSA's computer systems. Agency staff informed us

⁸ The Privacy Act of 1974, as amended; 5 U.S.C. § 552a(p).

⁹ SSA, POMS GN 02602.050.A.

that, although the death reports were the result of computer matching with CMS, SSA's system treated them as first party reports instead of third party reports. As a result, the system automatically terminated the payments to the individuals without first requiring that Agency staff verify the deaths.¹⁰

CONCLUSION AND RECOMMENDATIONS

About 34 percent of the 251 individuals whose Medicare benefits were terminated for death were actually deceased and should no longer be issued SSI payments. For the remaining 66 percent, the beneficiaries were actually alive and their Medicare benefits—and, in some cases, their SSI payments—were incorrectly terminated. Although these 251 cases represent a very small portion of the individuals receiving Medicare benefits and SSI payments, we believe the sensitive nature of these cases requires that immediate action be taken. Therefore, we recommend that SSA:

1. Review the cases in our audit population and take appropriate action to terminate the SSI payments for the deceased individuals and remove the erroneous death information for those individuals who are alive and reinstate their Medicare benefits.
2. Confirm the deaths reported from CMS before terminating payments to SSI recipients.

AGENCY COMMENTS

SSA agreed with our recommendations. (See Appendix C.)



Patrick P. O'Carroll, Jr.

¹⁰ SSA incorrectly terminated the Medicare benefits and SSI payments to these 85 individuals. As of December 2005 (when we obtained our data), the Agency had reinstated the monthly SSI payments but had not reinstated the Medicare benefits to these individuals. We did not quantify the number of individuals whose Medicare benefits and SSI payments were incorrectly terminated for death but were fully corrected by the Agency subsequent to December 2005.

Appendices

APPENDIX A – Scope and Methodology

APPENDIX B – Medicare Benefits Terminated for Living Individuals

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of Federal laws and Social Security Administration (SSA) regulations, rules, policies and procedures.
- Requested information from SSA's Office of Systems on the death termination process.
- Obtained a file from SSA of 2,671,740 Medicare benefit records terminated for death as of December 2005.¹ Through additional analysis, we found 251 individuals whose Supplemental Security Income (SSI) payments continued even though their Medicare benefits were terminated for death.²
- Reviewed available electronic data for the 251 cases and also referred them to SSA's Office of Operations for corrective action.
- Calculated the (1) amount and number of monthly SSI payments that were issued to the deceased individuals after SSA first discovered their deaths, and/or (2) number of months Medicare benefits were terminated in error.

We performed our audit in Boston, Massachusetts between April and November 2006. We tested the data obtained for our audit and determined it to be sufficiently reliable to meet our audit objective. The entities audited were the Office of Applications and Supplemental Security Income Systems under the Deputy Commissioner for Systems and SSA's field offices under the Deputy Commissioner of Operations. We conducted our audit in accordance with generally accepted government auditing standards.

¹ We tested the 2.7 million records and concluded that nearly all of these cases were likely terminated correctly (i.e., the beneficiaries were, in fact, deceased).

² In comparison, we found over 1.2 million records that were properly terminated for death on both the Medicare and SSI benefit records.

Appendix B

Medicare Benefits Terminated for Living Individuals

In total, 165 cases in our population were alive and their Medicare benefits were incorrectly terminated. The tables below summarize these 165 cases by State and by responsible Program Service Center.

Table 1: 165 Cases in which Medicare benefits were incorrectly terminated, by State

State	Count	State	Count
Alabama	4	Mississippi	2
Arkansas	1	New Jersey	10
California	32	New Mexico	3
Connecticut	1	New York	22
District of Columbia	4	North Carolina	3
Florida	6	Ohio	4
Georgia	9	Oklahoma	2
Illinois	6	Oregon	1
Indiana	2	Pennsylvania	6
Kentucky	4	Rhode Island	1
Louisiana	3	South Carolina	5
Maine	1	Tennessee	1
Maryland	5	Texas	13
Massachusetts	5	Washington	3
Michigan	3	Wisconsin	2
Minnesota	1		

Table 2: 165 Cases in which Medicare benefits were incorrectly terminated, by responsible Program Service Center

Program Service Center	Count	Percent
Northeastern	28	17%
Mid-Atlantic	20	12%
Southeastern	26	16%
Great Lakes	18	11%
Western	37	22%
Mid-America	18	11%
Office of Disability Operations	18	11%
Total	165	100%

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: November 01, 2006 **Refer To:** S1J-3

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

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

Subject: Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Recipients Whose Medicare Benefits Were Terminated Due to Death" (A-01-06-26105)--INFORMATION

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

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

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHOSE MEDICARE BENEFITS WERE TERMINATED DUE TO DEATH"
(A-01-06-26105)

Thank you for the opportunity to review and provide comments on this draft report. Since June 2006, various Agency components have continued working to ensure that our process for death terminations on all records is valid and effective. We have reviewed not only the death inputs from data received in person, by telephone or via returned checks, but also those reports of death received from external agencies, such as the Center for Medicare and Medicaid Services (CMS). Our review process is complicated by the fact that each system of record treats data differently and so each must be analyzed to determine the most effective and efficient method of establishing interfaces between the records. Therefore, starting with a clear understanding of how each separate system works and interfaces with other systems is essential. Our goal is to make the death input process and the interfaces between the various systems as error-free and effective as possible.

Recommendation 1

Review the cases in our audit population and take appropriate action to terminate the Supplemental Security Income (SSI) payments for the deceased individuals and remove the erroneous death information for those individuals who are alive and reinstate their Medicare benefits.

Comment

We agree. We will continue to investigate the cases to ensure that the appropriate actions are taken and to reinstate benefits, if appropriate. We expect to complete the review by the end of December 2006.

Recommendation 2

Confirm the deaths reported from CMS before terminating payments to SSI recipients.

Comment

We agree. It is the Agency's policy to verify all third party reports of death received via computer matching with CMS and other agencies before terminating benefits to an SSI recipient. We will investigate the cost effectiveness of implementing the changes referenced in this report.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Judith Oliveira, Director, Boston Audit Division (617) 565-1765

Jeffrey Brown, Audit Manager, (617) 565-1814

Acknowledgments

In addition to those named above:

Chad Burns, Auditor

Kevin Joyce, IT Specialist

Toni Paquette, Program Analyst

For additional copies of this report, please visit our web site at
www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-01-06-26105.

DISTRIBUTION SCHEDULE

Commissioner of Social Security
Office of Management and Budget, Income Maintenance Branch
Chairman and Ranking Member, Committee on Ways and Means
Chief of Staff, Committee on Ways and Means
Chairman and Ranking Minority Member, Subcommittee on Social Security
Majority and Minority Staff Director, Subcommittee on Social Security
Chairman and Ranking Minority Member, Subcommittee on Human Resources
Chairman and Ranking Minority Member, Committee on Budget, House of Representatives
Chairman and Ranking Minority Member, Committee on Government Reform and Oversight
Chairman and Ranking Minority Member, Committee on Governmental Affairs
Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives
Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations,
House of Representatives
Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Committee on Finance
Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy
Chairman and Ranking Minority Member, Senate Special Committee on Aging
Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Resource Management

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.