

Audit Report

Supplemental Security Income
Recipients Denied Old-Age,
Survivors and Disability Insurance
Benefits Based on Lack of
Technical Evidence

MEMORANDUM

Date: November 30, 2020 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Recipients Denied Old-Age, Survivors and Disability Insurance Benefits Based on Lack of Technical Evidence (A-05-18-50654)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration stopped Supplemental Security Income payments when recipients did not provide required technical evidence for their Old-Age, Survivors and Disability Insurance applications.

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

Supplemental Security Income Recipients Denied Old-Age, Survivors and Disability Insurance Benefits Based on Lack of Technical Evidence

A-05-18-50654



November 2020

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) stopped Supplemental Security Income (SSI) payments when recipients did not provide required technical evidence for their Old-Age, Survivors and Disability Insurance (OASDI) applications.

Background

An individual is not eligible for SSI if SSA advises him/her, on a written, dated notice, of potential eligibility for other benefits; and he/she does not take all appropriate steps to file for and, if eligible, obtain such payments within 30 days of receipt of such notice.

An SSI claims specialist should communicate with the OASDI claims specialist to confirm the recipient is cooperating in pursuit of the claim, including whether the recipient provides certain required technical evidence, such as proof of age, relationship, or divorce. If, after receiving proper notification, an SSI recipient does not cooperate in pursuit of the OASDI claim, the claims specialist should stop SSI payments.

We identified 2,856 individuals from 1 segment of SSA's Master Beneficiary Record who were receiving SSI payments in or before Calendar Year (CY) 2019 with an OASDI denial indicating lack of technical evidence for OASDI claims filed during CYs 2015 through 2018.

Findings

Of 100 sampled recipients, SSA did not issue the proper SSI notices and therefore could not stop payments to 13 who did not provide required evidence for their OASDI claims. As of December 2019, SSA had paid the 13 recipients \$250,842. We project SSA had paid approximately \$99 million to 6,860 recipients who had not received proper notices as of December 2019. SSA will pay 10 of the 13 recipients an additional \$63,642 in CY 2020. We estimate 5,720 recipients will receive approximately \$36 million in additional payments in CY 2020. SSA relies on internal communication between OASDI and SSI claims specialists in field offices to ensure payments stop when required, which is not a sufficient control.

Recommendations

We recommend that SSA:

1. Take appropriate corrective actions for the 10 SSI recipients we identified with ongoing payments who have potential eligibility for OASDI benefits.
2. Analyze a sample of the remaining SSI recipients in our population that may require corrective action and assess the feasibility of broadening the review.
3. Modify business procedures, using systems such as the Consolidated Claims Experience or other applications, to better inform claims specialists of necessary actions when SSI recipients do not provide required information and evidence for OASDI claims.
4. Remind OASDI and SSI claims specialists to communicate with each other to stop SSI payments according to policy when recipients do not provide required evidence.

SSA agreed with our recommendations.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
CY	Calendar Year
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) stopped Supplemental Security Income (SSI) payments when recipients did not provide required technical evidence for their Old-Age, Survivors and Disability Insurance (OASDI) applications.

BACKGROUND

The OASDI program provides monthly benefits to retired and disabled workers as well as to their dependents and survivors.¹ The SSI program provides payments to financially needy individuals who are aged, blind, or disabled.² Since the SSI program is intended to be a program of last resort, the *Social Security Act* requires that individuals apply for all other benefits—including OASDI—for which they are potentially eligible.³ An individual is not eligible for SSI if “SSA advises him/her, on a written, dated notice, of potential eligibility for other benefits; and he/she does not take all appropriate steps to file for and, if eligible, obtain any such payments within 30 days of receipt of such notice.”⁴ If an SSI recipient does not file for the other program benefit(s), or files, but does not pursue the claim, SSI eligibility stops with the month he/she received the written notice to file for the other program benefit.⁵

An OASDI claims specialist processes SSI recipients’ applications for OASDI benefits. This includes assessing eligibility, obtaining evidence, following up with applicants, and issuing OASDI notices.⁶ An SSI claims specialist is required to monitor the SSI recipient’s compliance with the OASDI application.⁷ The SSI claims specialist should communicate with the assigned OASDI claims specialist to confirm the recipient is cooperating.⁸ The OASDI claims specialist will deny an SSI recipient’s application for OASDI benefits if the recipient does not provide such required technical evidence as proof of age, relationship, or divorce.⁹ If, after receiving the required notice, the SSI recipient does not file for OASDI benefits timely, or if the OASDI application is denied because the recipient did not provide the required evidence, the SSI claims

¹ *Social Security Act*, 42 U.S.C. §§ 402 and 423(a) (govinfo.gov 2018).

² *Social Security Act*, 42 U.S.C. § 1381a (govinfo.gov 2018).

³ *Social Security Act*, 42 U.S.C. § 1382(e)(2) (govinfo.gov 2018). Other benefits for which SSI recipients must file, upon written notification, include annuities, pensions, and other government benefits. SSA, *POMS*, SI 00510.001, B.3 (December 18, 2015).

⁴ SSA, *POMS*, SI 00510.001, B.1 (December 18, 2015).

⁵ SSA, *POMS*, SI 00510.001, B.6 (December 18, 2015) and SI 00510.005, A.1 (December 13, 2017). “Receipt of a written, mailed notice is assumed to be 5 days after the date shown on the notice.” SSA, *POMS*, SI 00510.001, B.2 (December 18, 2015).

⁶ SSA, *POMS*, GN 01010.410, C (December 5, 2019).

⁷ SSA, *POMS*, SI 00510.025, C (December 18, 2007).

⁸ See Footnote 7.

⁹ SSA, *POMS*, GN 01010.410, B and C (December 5, 2019).

specialist should stop the SSI payments.¹⁰ A recipient is eligible for SSI, despite failure to apply for other benefits within the 30-day period or take other necessary steps to obtain them, if there is good reason for not doing so.¹¹ For example, the claimant/recipient is unable to file for other benefits because of illness.¹²

We identified 2,856 individuals who were receiving SSI payments in or before Calendar Year (CY) 2019 with an OASDI denial from 1 segment of SSA's Master Beneficiary Record¹³ indicating the recipients did not provide technical evidence for their OASDI claims filed during CYs 2015 through 2018.¹⁴ We reviewed a random sample of 100 to determine whether SSA stopped SSI recipients' payments when they did not provide required evidence and information for their OASDI applications.¹⁵

RESULTS OF REVIEW

SSA did not issue the proper SSI notices and therefore could not stop payments when it processed 13 of the 100 recipients' OASDI denials for not providing required evidence. As of December 2019, SSA had paid the 13 recipients \$250,842.¹⁶ We project SSA paid approximately \$99 million to 6,860 recipients who had not received proper notices as of December 2019.¹⁷ SSA will pay 10 of the 13 recipients an additional \$63,642 in CY 2020.¹⁸ We estimate 5,720 recipients will receive approximately \$36 million in additional payments in CY 2020.¹⁹

¹⁰ SSA, *POMS*, SI 00510.001, B.4 and B.6 (December 18, 2015) and SI 02301.215, B (June 7, 2013).

¹¹ SSA, *POMS*, SI 00510.001, B.5 (December 18, 2015).

¹² See Footnote 11.

¹³ The Master Beneficiary Record is SSA's system for processing and paying OASDI benefits. SSA divides the Record into 20 segments based on the last 2 digits of the beneficiaries' Social Security number. One segment represents 5 percent of the total population of beneficiaries. Because each segment contains similar characteristics, the results of the audit represent the entire population.

¹⁴ We reviewed SSI recipients who filed OASDI claims in CYs 2015 through 2018 to allow SSA staff time to take action on the records before we reviewed them.

¹⁵ See Appendix A for the scope and methodology of our review.

¹⁶ We considered \$78,023 paid to one recipient to be an outlier and did not include it in our projection. Payments to the remaining recipients ranged between \$980 and \$29,723 with a mean of \$14,402 and a median of \$12,925. All payments we identified were above the \$86 it cost SSA to collect SSI overpayments in Fiscal Year 2019 according to SSA's Cost Analysis System SC3-SUM Report.

¹⁷ See Appendix B for our sampling methodology and results.

¹⁸ SSA stopped or adjusted SSI payments for the remaining three recipients based on factors outside the scope of this audit. Payments expected in CY 2020 ranged between \$360 and \$9,396 with a mean of \$6,364 and a median of \$6,723.

¹⁹ These recipients were receiving payments as of December 2019.

SSA relies on the assigned SSI claims specialist to communicate with the OASDI claims specialist to ascertain whether the recipient has filed, and is otherwise pursuing, the OASDI claim.²⁰ The SSI claims specialist must also determine whether the recipient was denied OASDI benefits because he/she did not provide the necessary technical evidence. SSA policy states claims specialists should communicate “using local procedures,” which vary depending on the structure of the field office and other factors.²¹ This communication could be by telephone, by electronic mail, or in person. SSA does not require that claims specialists document this communication in the claim file. The SSI claims specialist will stop SSI payments according to policy once he/she knows why the OASDI claim was denied and ensures the recipient received the proper notices.

For example, an SSI recipient applied for OASDI benefits in August 2017 because his ex-wife was receiving retirement benefits. The OASDI claims specialist requested a certified copy of the divorce decree as evidence the marriage lasted at least 10 years, which is a requirement for receiving OASDI benefits as a divorced spouse.²² In September 2017, the OASDI claims specialist denied the application because the claimant did not provide the requested divorce document. Our review of the claims and other SSA systems did not find evidence the OASDI and SSI claims specialists communicated regarding the recipient’s failure to provide the required evidence. Since SSA did not issue the required notice informing the SSI recipient of the requirement to file and provide evidence for other benefits, SSA could not stop SSI payments according to policy. Had the SSI claims specialist issued the notice and communicated with the OASDI claims specialist when the SSI recipient failed to cooperate, SSA may have avoided paying the recipient \$13,148 as of December 2019. The recipient will receive an additional \$6,264 in SSI payments in CY 2020.

The 13 error cases we identified show that relying on employees to communicate is not a reliable control to ensure payments stop when SSI recipients do not provide technical evidence for OASDI claims. As part its information technology modernization efforts, SSA plans to introduce the Consolidated Claims Experience, a “. . . dynamic system that will lead technicians through an intuitive, flexible, and accurate claims-taking experience for Social Security, [SSI], and Medicare benefits.”²³ SSA’s goal for the Consolidated Claims Experience is for technicians to process fewer manual claims and spend more time on other vital workloads.²⁴ SSA should modify business procedures, using systems such as the Consolidated Claims Experience or other applications, to better inform claims specialists of necessary actions when SSI recipients do not provide required information and evidence for OASDI claims. While it works to modify its business procedures, SSA should remind OASDI and SSI claims specialists to communicate with

²⁰ SSA, *POMS*, SI 00510.025, C.1.b (December 18, 2007).

²¹ See Footnote 20.

²² SSA, *POMS*, RS 00202.005, A (September 12, 2018) and GN 00305.140, A.1 and B.1 (October 31, 2011).

²³ SSA, Office of Electronic Services and Technology, *Processing Center (PC) Corner*, IT Mod Newsletter, Issue 2, September 2019.

²⁴ See Footnote 23.

each other to stop SSI payments according to policy when recipients do not provide required evidence.

CONCLUSIONS

SSA did not issue the proper SSI notices and therefore, per policy, could not stop projected payments of approximately \$99 million, as of December 2019, when it processed 6,860 recipients' OASDI denials for not providing required evidence. We estimate 5,720 recipients who did not receive the proper notice will receive approximately \$36 million in payments in CY 2020. SSA relies on communication between OASDI and SSI claims specialists in field offices to ensure payments stop when required, which is not a sufficient control.

RECOMMENDATIONS

We recommend that SSA:

1. Take appropriate corrective actions for the 10 SSI recipients we identified with ongoing payments who have potential eligibility for OASDI benefits.
2. Analyze a sample of the remaining SSI recipients in our population that may require corrective action and assess the feasibility of broadening the review.
3. Modify business procedures, using systems such as the Consolidated Claims Experience or other applications, to better inform claims specialists of necessary actions when SSI recipients do not provide required information and evidence for OASDI claims.
4. Remind OASDI and SSI claims specialists to communicate with each other to stop SSI payments according to policy when recipients do not provide required evidence.

AGENCY COMMENTS

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



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* as well as the Social Security Administration's (SSA) regulations, rules, policies, and procedures.
- From one segment of the Master Beneficiary Record, we obtained a data extract of applicants who filed for Old-Age, Survivors and Disability Insurance (OASDI) benefits during Calendar Years 2015 through 2018 and were denied because they did not provide technical evidence.¹ We matched this extract to the Supplemental Security Record to obtain a population of 2,856 Supplemental Security Income (SSI) recipients.
- From the 2,856 SSI recipients, we selected a random sample of 100 to conduct detailed analysis to determine whether SSA issued the proper SSI notice and stopped recipients' payments when they did not provide required evidence and information for their OASDI applications according to policy.²
- For SSI recipients in our sample whose payments SSA did not stop, we determined when SSI payments should have stopped had SSA issued the proper notice, how much the recipients had received as of December 2019, and how much the recipient would receive in Calendar Year 2020.

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 four components and principles as significant to the audit objective.

- Component 1: Control Environment
 - Principle 4: Demonstrate Commitment to Competence
- Component 3: Control Activities
 - Principle 11: Design Activities for the Information System
- Component 4: Information and Communication
 - Principle 14: Communicate Internally

¹ SSA divides the Master Beneficiary Record into 20 segments based on the last 2 digits of the beneficiaries' Social Security number. One segment represents 5 percent of the total population of beneficiaries. Because each segment contains similar characteristics, the results of the audit represent the entire population.

² See Appendix B for our sampling methodology and results.

- Component 5: Monitoring
 - Principle 16: Perform Monitoring Activities

We conducted our review between December 2019 and September 2020 in Chicago, Illinois. The principal entities audited were the Offices of Operations and Systems. We determined the data used for this audit were sufficiently reliable to meet our objective. 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 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

Sampling

From our population of 2,856 Supplemental Security Income (SSI) recipients,¹ we selected a random sample of 100 recipients for review.

Table B–1: Population and Sample Size

Description	Number of Recipients
Population	2,856
Sample Size	100
Estimated Total Population (Population x 20 segments) ²	57,120

Sample Errors and Projections

The Social Security Administration (SSA) could not stop payments of \$250,842 when it processed 13 of the 100 recipients' Old-Age, Survivors and Disability Insurance (OASDI) denials. We project SSA had paid approximately \$99 million to 6,860 recipients who had not received proper notices as of December 2019.

Table B–2: SSI Recipients and Payments as of December 2019

Description	Number of Recipients	Payments
Sample Results	12	\$172,819
Point Estimate	343	\$4,935,711
Projection – Lower Limit	205	\$2,230,937
Projection – Upper Limit	531	\$7,640,485
Estimate for 20 Segments (Point estimate multiplied by 20)	6,860	\$98,714,220

Note: All projections are at the 90-percent confidence level. We excluded one outlier case from our projection. This case had payments of \$78,023.

¹ See Appendix A for the scope and methodology of our review.

² See Appendix A, Footnote 1.

SSA will pay 10 of the 13 recipients an additional \$63,642 in Calendar Year 2020. We estimate 5,720 recipients will receive approximately \$36 million in additional payments in Calendar Year 2020.

Table B–3: SSI Recipients and Payments in Calendar Year 2020

Description	Number of Recipients	Payments
Sample Results	10	\$63,642
Point Estimate	286	\$1,817,616
Projection – Lower Limit	160	\$810,485
Projection – Upper Limit	464	\$2,824,746
Estimate for 20 Segments (Point estimate multiplied by 20)	5,720	\$36,352,320

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

Office of the Commissioner

MEMORANDUM

Date: November 10, 2020

Refer To: TQA-1

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 “Supplemental Security Income Recipients Denied Old-Age, Survivors and Disability Insurance Benefits Based on Lack of Technical Evidence”
(A-05-18-50654) (Audit No. 22020011) - INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

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

**Mission:**

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