

Audit Report

Title II Spousal or Widow(er)
Beneficiaries Whose Unreported
Marriages Caused Improper Title
XVI Payments

A-07-16-50018 / July 2016

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: July 22, 2016 **Refer To:**

To: The Commissioner

From: Acting Inspector General

Subject: Title II Spousal or Widow(er) Beneficiaries Whose Unreported Marriages Caused Improper Title XVI Payments (A-07-16-50018)

The attached final report presents the results of the Office of Audit's review. Our objective was to identify Title II spousal or widow(er) beneficiaries who received improper Title XVI payments because they did not report their marriages to the Social Security Administration.

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
Gale Stallworth Stone

Attachment

Title II Spousal or Widow(er) Beneficiaries Whose Unreported Marriages Caused Improper Title XVI Payments

A-07-16-50018



July 2016

Office of Audit Report Summary

Objective

To identify Title II spousal or widow(er) beneficiaries who received improper Title XVI payments because they did not report their marriages to the Social Security Administration (SSA).

Background

When determining individuals' Title XVI payment eligibility and amounts, SSA evaluates the income and resources of the individuals and their spouses as well as the spouses' Title XVI eligibility. Therefore, SSA requires that recipients report any changes in their marital status.

Applicants for Title II spousal or widow(er) benefits are required to provide proof of marriage to, and/or divorce from, the workers. Further, SSA policy requires that employees review any previous Title II or XVI claims for relevant information and refer any discrepancies to the Office of the Inspector General before it processes the Title II claim.

We identified 122,926 Title II spousal or widow(er) beneficiaries who received Title XVI payments as single individuals on or after January 1, 2000. However, these beneficiaries also reported that they were married on or after January 1, 2000 when they filed for Title II spousal or widow(er) benefits.

Findings

We reviewed a random sample of 250 Title II spousal or widow(er) beneficiaries to determine whether they reported their marriages to SSA while they were receiving Title XVI payments as single individuals. Of the 250 beneficiaries, we identified 41 who did not appear to have reported their marriages to SSA while they were receiving Title XVI payments and may have received improper Title XVI payments because of spousal income.

We referred these 41 beneficiaries to our Office of Investigations (OI) to investigate their living arrangements while they were receiving Title XVI payments. OI determined seven beneficiaries were not living with their spouses so were not overpaid, and one beneficiary had potentially committed fraud, resulting in a \$104,998 overpayment.

OI did not pursue investigations on the remaining 33 beneficiaries because the potential overpayments were below the applicable U.S. Attorneys' thresholds for prosecution and/or the periods of potential overpayment were outside the statute of limitations. Since OI did not pursue investigations, we referred these 33 beneficiaries to SSA to assess any overpayments. Of the 33 beneficiaries, SSA determined

- 22 were not living with their spouses so were not overpaid, and
- for 7, there was insufficient evidence to proceed with a review.

For the remaining four beneficiaries, SSA's review was ongoing as of July 2016.

Given that our audit did not identify a significant number of beneficiaries who were living with their spouses and overpaid while receiving Title XVI payments, we are not making a recommendation.

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ABBREVIATIONS

CMP	Civil Monetary Penalty
MBR	Master Beneficiary Record
OCIG	Office of the Counsel to the Inspector General
OI	Office of Investigations
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSR	Supplemental Security Record
U.S.C.	United States Code

OBJECTIVE

The objective of this review was to identify Title II spousal or widow(er) beneficiaries who received improper Title XVI payments because they did not report their marriages to the Social Security Administration (SSA).

BACKGROUND

The Supplemental Security Income program, established under Title XVI of the *Social Security Act*, provides a minimum level of income security to financially needy individuals who are aged, blind, or disabled.¹ When determining individuals' Title XVI payment eligibility and amounts, SSA evaluates the income and resources of the individuals and their spouses as well as the spouses' Title XVI eligibility.² For married individuals living in the same household who are both receiving Title XVI payments, SSA determines their eligibility and payment amounts as a couple.³

When Title XVI recipients are married to, and living with, individuals who are ineligible for Title XVI, SSA deems the ineligible spouses' income and resources to the eligible spouses.⁴ This deeming process requires that SSA consider the spouses' income and resources as available to meet the Title XVI recipients' basic needs for food and shelter.⁵ Therefore, SSA requires that Title XVI recipients report any changes in their marital status, as marriage or separation can impact both eligibility for Title XVI and payment amounts.⁶ According to SSA, it primarily relies on the individuals to self-report changes in marital status.

The Old-Age, Survivors and Disability Insurance program, created under Title II of the *Social Security Act*, provides monthly benefits to retired and disabled workers and their dependents as well as the survivors of deceased workers.⁷ Specifically, spouses or ex-spouses of workers insured under Title II may apply for spousal benefits when the workers retire or become disabled or widow(er) benefits when the workers die.⁸ Applicants for Title II spousal or widow(er) benefits are required to provide evidence of age and proof of marriage to, and/or divorce from, the workers.⁹ Further, SSA policy requires that employees review any previous Title II or

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

² *Social Security Act* § 1611 *et seq.*, 42 U.S.C. § 1382 *et seq.*

³ SSA, POMS, SI 00501.154 A.1 (May 8, 2015).

⁴ Id., A.3.b. This determination is made on a month-by-month basis.

⁵ SSA, POMS, SI 01310.001 B (October 21, 2014).

⁶ SSA, POMS, SI 01310.030 (August 14, 2008).

⁷ *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

⁸ SSA, POMS, RS 00202.001 (March 30, 2016), RS 00202.005 (December 24, 2014), and RS 00207.001 (December 4, 2014).

⁹ SSA, POMS, RS 00202.050 A (February 16, 2006) and RS 00207.004 (August 8, 2011).

XVI claims for relevant information and refer any discrepancies to the Office of the Inspector General (OIG) before it processes the Title II claim for benefits.¹⁰ If the OIG Office of Investigations (OI) investigates an allegation from an SSA employee, it provides the results of its investigation to the appropriate U.S. Attorney who then determines whether to pursue a criminal or civil action. If the U.S. Attorney declines to pursue the case, it is referred to the Office of the Counsel to the Inspector General (OCIG) for review to potentially impose a civil monetary penalty (CMP).¹¹

OI has investigated several cases involving concealed marriages. For example, a Louisiana woman received over \$39,000 in improper Title XVI payments because she failed to report her marriage and her spouse's income. The woman did not inform SSA of the marriage until after her spouse died and she filed for widow benefits on his Social Security record. SSA referred the case to OI for investigation. The woman agreed to pay a \$10,000 penalty and an assessment of over \$39,000, for a total CMP of over \$49,000.¹²

For our review, we identified 122,926 Title II spousal or widow(er) beneficiaries who received Title XVI payments as single individuals on or after January 1, 2000.¹³ However, these beneficiaries also reported that they were married on or after January 1, 2000 when they filed for Title II spousal or widow(er) benefits.

RESULTS OF REVIEW

We reviewed a random sample of 250 Title II spousal or widow(er) beneficiaries to determine whether they reported their marriages to SSA while they were receiving Title XVI payments as single individuals. For beneficiaries who did not report their marriages to SSA, we determined whether their spouses had any income that would have affected the sampled individuals'

¹⁰ SSA, POMS, GN 01010.008 B.2 (April 25, 2016).

¹¹ 42 U.S.C. § 1320a-8. A CMP is a penalty that OIG, under a delegation of authority from the Commissioner, may seek to impose against anyone who makes any false statements, misrepresentations, or omissions of material fact in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. In addition, CMPs may be imposed against representative payees for wrongful conversion of payments. A CMP may also include an assessment in lieu of damages of up to twice the amount of any resulting overpayment. OIG may (1) work with the applicable U.S. Attorney, if a case is accepted for criminal prosecution, to determine at the conclusion of the criminal case whether a CMP is warranted, or (2) review a case and determine whether to impose a CMP after the U.S. Attorney has declined to prosecute the case both criminally and civilly.

¹² SSA OIG, *Semiannual Report to Congress: October 1, 2010 – March 31, 2011*, p. 38 (April 1, 2011).

¹³ The beneficiaries were receiving Title II spousal or widow(er) benefits as of December 2014. Further, we limited our review to beneficiaries who received Title XVI payments on or after January 1, 2000 because electronic copies of Title XVI applications, redeterminations, and other documentation were not always available for prior years. See Appendix A for the scope and methodology of our review.

Title XVI payments.¹⁴ If so, we determined the amounts the sampled individuals were potentially overpaid.

We identified 41 beneficiaries who did not appear to have reported their marriages to SSA while they were receiving Title XVI payments and who may have received improper Title XVI payments because of spousal income. Failure to report spousal income may be considered fraud if the couple lived together while at least one member received Title XVI payments. Therefore, we referred these 41 beneficiaries to OI to investigate their living arrangements while they were receiving Title XVI. Of the 41 beneficiaries we referred, OI determined 7 were not living with their spouses when they were receiving the questioned Title XVI payments, and 1 had potentially committed fraud.

In the case involving potential fraud, the beneficiary began receiving Title XVI payments as a single individual in August 1986. In January 2013, she applied for Title II widow benefits under her husband's Social Security record, reporting they had been married since April 1998 and were living together when he died in October 2012. We found no evidence she reported the marriage to SSA before January 2013. OI investigated the beneficiary and found she appeared to have lived with her spouse while she was receiving Title XVI payments. However, because of the beneficiary's poor health, the U.S. Attorney declined criminal or civil prosecution, and OCIG declined to assess a CMP. Consequently, OI referred the beneficiary to SSA for further action. SSA found the beneficiary was overpaid \$104,998 in Title XVI payments because of the unreported marriage and spousal income. In January 2016, SSA assessed the overpayment for collection from the beneficiary's monthly Title II widow benefits.

OI did not pursue investigations on the remaining 33 beneficiaries because the case facts did not meet prosecutorial guidelines. Specifically, the potential overpayments we identified were below the applicable U.S. Attorneys' thresholds for prosecution, and/or the periods of potential overpayment were outside the statute of limitations. Since OI did not pursue investigations, these 33 beneficiaries were referred to SSA for any necessary action.

SSA reviewed the 33 beneficiaries to determine whether it should assess overpayments based on income received by spouses with whom the beneficiaries were potentially living while receiving Title XVI payments. Of the 33 beneficiaries, SSA determined

- 22 were not living with their spouses when they were receiving the questioned Title XVI payments, and
- for 7, there was insufficient evidence to proceed with a review.

¹⁴ For reporting purposes, we used the term "income" to describe any wages, Title II benefits, or Title XVI payments made to the spouse. However, when determining the impact of spousal income on the sampled individuals, we used SSA's Supplemental Security Income eComputations application to apply the appropriate payment calculation method depending on the spouses' Title XVI eligibility status. Specifically, when the sampled individuals' spouses were also eligible for Title XVI, we determined their payment amounts as couples. When the spouses were ineligible for Title XVI, we deemed the ineligible spouses' income and resources to the eligible sampled individuals.

For the remaining four beneficiaries, SSA's review was ongoing as of July 2016.

CONCLUSIONS

We identified 41 beneficiaries who did not appear to have reported their marriages to SSA while they were receiving Title XVI payments and potentially received improper Title XVI payments because of spousal income. OIG investigators found one beneficiary had potentially committed fraud. Given that only one beneficiary in our sample was confirmed to have not reported her marriage to SSA while receiving Title XVI payments, we are not making a recommendation.

AGENCY COMMENTS

SSA reviewed the draft report and provided comments, which are included in Appendix B.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures.
- Reviewed prior Office of the Inspector General reports.
- Obtained a data file from the Master Beneficiary (MBR) and Supplemental Security Records (SSR) for 122,926 Title II spousal or widow(er) beneficiaries as of December 1, 2014 who received Title XVI payments as single individuals on or after January 1, 2000 and reported that they were married on or after January 1, 2000 when filing for Title II spousal or widow(er) benefits.¹
- Selected a random sample of 250 Title II spousal or widow(er) beneficiaries.
- Reviewed the sampled beneficiaries to identify those who did not report their marriages to SSA at the time they were receiving Title XVI payments. To do so, we reviewed information from the following SSA systems for any indications the beneficiaries reported their marriages when filing for Title XVI payments or during any subsequent contact with the Agency.
 - MBR
 - SSR
 - Modernized Claims System
 - Modernized Supplemental Security Income Claim System
 - Claims File Records Management System
 - Paperless System
- For cases in which it appeared the beneficiaries did not report their marriages to SSA, we reviewed the spouses' SSRs, MBRs, and Master Earnings Files to identify any Title XVI payments, Title II income, and wages, respectively. For cases involving spouses who received Title XVI payments, Title II income, or wages, we recalculated the sampled individuals' Title XVI payments using SSA's Supplemental Security Income eComputations application. Using the application, we applied the appropriate payment calculation method depending upon the spouses' Title XVI eligibility status. Specifically, when the sampled individuals' spouses were also eligible for Title XVI, we determined their payment amounts as couples. When the spouses were ineligible for Title XVI, we deemed the ineligible

¹ We limited our review to beneficiaries who received Title XVI payments on or after January 1, 2000 because electronic copies of Title XVI applications, redeterminations, and other documentation were not always available for prior years.

spouses' income and resources to the eligible sampled individuals. We then compared the recomputed Title XVI payment amounts to the payment amounts on the individuals' SSRs to determine the potential overpayment amounts.

- Referred beneficiaries with potential overpayments to the Office of Investigations to investigate their living arrangements during the period of potential overpayment.

We conducted our review between July 2015 and July 2016 in Kansas City, Missouri. We determined the data used for this audit were sufficiently reliable to meet our objective. The principle entity audited was the Office of Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: July 05, 2016 Refer To: S1J-3

To: Gale S. Stone
Acting Inspector General

From: Frank Cristaudo/s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, “Title II Spousal or Widow(er) Beneficiaries Whose Unreported Marriages Caused Improper Title XVI Payments” (A-07-16-50018) -- INFORMATION

Thank you for the opportunity to review the draft report. Our Old Age, Survivors, and Disability Insurance and Supplemental Security Income are integrity workloads critical to accurate payments and the public’s trust in our programs. We take our responsibility to reduce improper payments very seriously — increasing payment accuracy is one objective in our strategic goal to strengthen the integrity of our programs. We use stewardship reviews to measure payment accuracy and have multiple efforts underway to prevent, detect, and recover improper payments. In fiscal year 2015, our payment accuracy (stewardship) reviews found that overall payment accuracy for all Title II overpayments was 99.6 percent and that overall payment accuracy for all underpayments was 99.9 percent. For Title XVI, the comparable accuracy rates were 93.9 percent for overpayments and 98.6 percent for underpayments.

We require the Title XVI recipients to report any changes in their marital status, as marriage or separation can impact both eligibility for Title XVI and payment amounts. We primarily rely on the individuals to self-report changes in marital status, and your audit report supports the fact that the vast majority of beneficiaries and recipients adhere to their reporting responsibilities.

We have no further comments at this time.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

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