

Audit Report

Special Disability Workload
Payments Made to Incarcerated
Beneficiaries

A-13-11-21188 / October 2013

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: October 18, 2013 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Special Disability Workload Payments Made to Incarcerated Beneficiaries (A-13-11-21188)

The attached final report presents the results of our audit. Our objective was to determine whether beneficiaries included in the Social Security Administration's Special Disability Workload incorrectly received Disability Insurance benefits for periods when they were convicted of a criminal offense and confined in correctional institutions.

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



Patrick P. O'Carroll, Jr.

Attachment

Special Disability Workload Payments Made to Incarcerated Beneficiaries

A-13-11-21188



October 2013

Office of Audit Report Summary

Objective

To determine whether beneficiaries included in the Social Security Administration's (SSA) Special Disability Workload (SDW) incorrectly received Disability Insurance (DI) benefits for periods when they were convicted of a criminal offense and confined in correctional institutions.

Background

Title II of the *Social Security Act* (Act), as amended, requires that SSA provide DI benefits to individuals who meet specific disability requirements. Section 1611 (e)(2) of the Act requires that Supplemental Security Income (SSI) recipients who have been identified as likely to be eligible for Old-Age, Survivors and Disability Insurance (OASDI) benefits file for those benefits. Studies SSA conducted identified SSI recipients who had their entitlement based on applications before January 1, 2000, and appeared to be insured for, but were not receiving, DI benefits. The Agency categorized these individuals as SDW cases. Subject to certain conditions, SSA suspends (a) OASDI payments to beneficiaries convicted and confined to correctional institutions for committing a criminal offense and (b) SSI payments to recipients who have been confined in a public institution throughout any month.

Our Findings

SSA issued improper DI benefit payments to beneficiaries for periods they were in correctional institutions. Of the 100 sample cases we reviewed, SSA appropriately took action to suspend DI benefit payments for 75 beneficiaries who had periods of conviction and incarceration, but overpaid DI benefits to the remaining 25 sample beneficiaries. Based on this sample, we estimate SSA overpaid about \$1 million to 440 beneficiaries.

Our Recommendations

We recommend that SSA:

1. Review the 25 beneficiaries who improperly received DI payments during periods of incarceration and collect any overpayments.
2. Take action it determines appropriate to review the accuracy of the DI payments made to the remaining 1,661 individuals in the Agency's SDW who have criminal history data in SSA's information systems.

SSA agreed with our recommendations.

TABLE OF CONTENTS

Objective	1
Background	1
Results of Review	2
DI Benefits Suspended for Periods of Conviction and Incarceration	3
DI Payments for Periods of Conviction and Incarceration	4
DI Beneficiaries with SSI Suspensions Due to Incarceration.....	7
Conclusions.....	10
Recommendations.....	10
Agency Comments.....	11
Appendix A – Scope and Methodology	A-1
Appendix B – Sampling Methodology And Results	B-1
Appendix C – Agency Comments.....	C-1
Appendix D – Major Contributors.....	D-1

ABBREVIATIONS

Act	<i>Social Security Act</i>
C.F.R.	Code of Federal Regulations
DI	Disability Insurance
LAF	Ledger Account File
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OQP	Office of Quality Performance
PHUS	Payment History Update System
POMS	Program Operations Manual System
PUPS	Prisoner Update Processing System
SDW	Special Disability Workload
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether beneficiaries included in the Social Security Administration's (SSA) Special Disability Workload (SDW) incorrectly received Disability Insurance (DI) benefits for periods when they were convicted of a criminal offense and confined in correctional institutions.

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs under titles II and XVI of the *Social Security Act* (Act), respectively. Title II of the *Act*, as amended, requires that SSA provide DI benefits to individuals who meet specific disability requirements.¹ The SSI program provides payments to individuals who have limited income and resources and who are either age 65 or older, blind, or disabled.²

Section 1611 (e)(2) of the *Act* requires that SSI recipients who have been identified as likely to be eligible for OASDI benefits file for those benefits. Studies SSA conducted identified SSI recipients who had their entitlement based on applications before January 1, 2000, and appeared to be insured for, but were not receiving, DI benefits. The Agency categorized these individuals as SDW cases. As of September 30, 2010, SSA reported a total estimated SDW liability of \$173 million due the public.³ SSA reported its formal project of identifying and reviewing SDW cases completed on March 27, 2011.

In February 2008, SSA's Office of Quality Performance (OQP) reported, "Processing of SDW cases has proven to be very complex and time-consuming. The Office of Quality Performance was asked to develop a comprehensive review to monitor and report on adjudicative quality." As part of its approach, OQP reviewed a sample of post-adjudication cases. OQP found incorrect suspension, termination, and deductions as the second highest dollar value error resulting in "... 18.46 percent of all incorrect payments." Furthermore, OQP reported, "The majority of the errors cited were O/P [overpayments] and were attributed to the failure to suspend benefits for periods where the beneficiary was found to be incarcerated and ineligible for payment."

The Act generally prohibits OASDI benefits to individuals confined to a jail, prison, or certain other public institution for committing a crime.⁴ Subject to certain conditions, SSA suspends OASDI payments to beneficiaries while they are "... confined in a jail, prison, or other penal

¹ *Social Security Act* § 201 et seq., 42 U.S.C. § 401 et seq.

² *Social Security Act* § 1601, et seq., 42 U.S.C. §1381, et seq. *See also* 20 C.F.R. § 416.110.

³ SSA's FY 2010 *Performance and Accountability Report*, p. 116.

⁴ *Social Security Act* § 223j, et seq., 42 U.S.C. § 423, et seq.

institution or correctional facility pursuant to his conviction of a criminal offense.”⁵ SSA also suspends SSI payments to recipients confined to a public institution throughout any month.⁶

SSA provided information for all SDW cases for which the Agency had completed its review as of October 2010. We used this information to extract certain data from SSA’s Master Beneficiary Record (MBR), Payment History Update System, and Prisoner Update Processing System (PUPS). Using the extracted data, we identified beneficiaries who (1) received DI payments as the result of the Agency’s SDW review and (2) had prison data recorded in PUPS within the last 10 years.⁷ We applied further screening criteria, including the availability of conviction and confinement data, in PUPS. We identified 1,761 beneficiaries who met these screening criteria as of December 2011.

From the 1,761, we randomly selected and reviewed a sample of 100 beneficiaries to determine whether SSA paid DI benefits for periods when they were convicted and confined in correctional institutions. We reviewed information recorded in SSA’s automated systems as of July and October 2012, respectively. Specifically, we reviewed prison information recorded in PUPS, and prisoner suspensions recorded on MBRs and Supplemental Security Records (SSR) applicable to the period before issuance of SDW-related DI payments.⁸ See Appendix A for our scope and methodology, and Appendix B for our sampling methodology and results.

RESULTS OF REVIEW

Beneficiaries included in the Agency’s SDW received improper DI benefits for periods they were convicted of criminal offenses and confined in correctional institutions. Of the 100 sample cases we reviewed, SSA suspended DI benefits for 75 beneficiaries who had periods of conviction and incarceration. Some of these beneficiaries also had SSI payments properly suspended for periods of incarceration. However, for the remaining 25 beneficiaries, SSA overpaid DI benefits for periods when they were convicted and confined in correctional institutions⁹ (see Figure 1).

⁵ Social Security Act § 202(x)(1)(A)(i), 42 U.S.C. § 402 (x)(1)(A)(i). SSA, Program Operations Manual System (POMS), GN 02607.001.A, *Title II Prisoner and Other Inmate Suspension Provisions*.

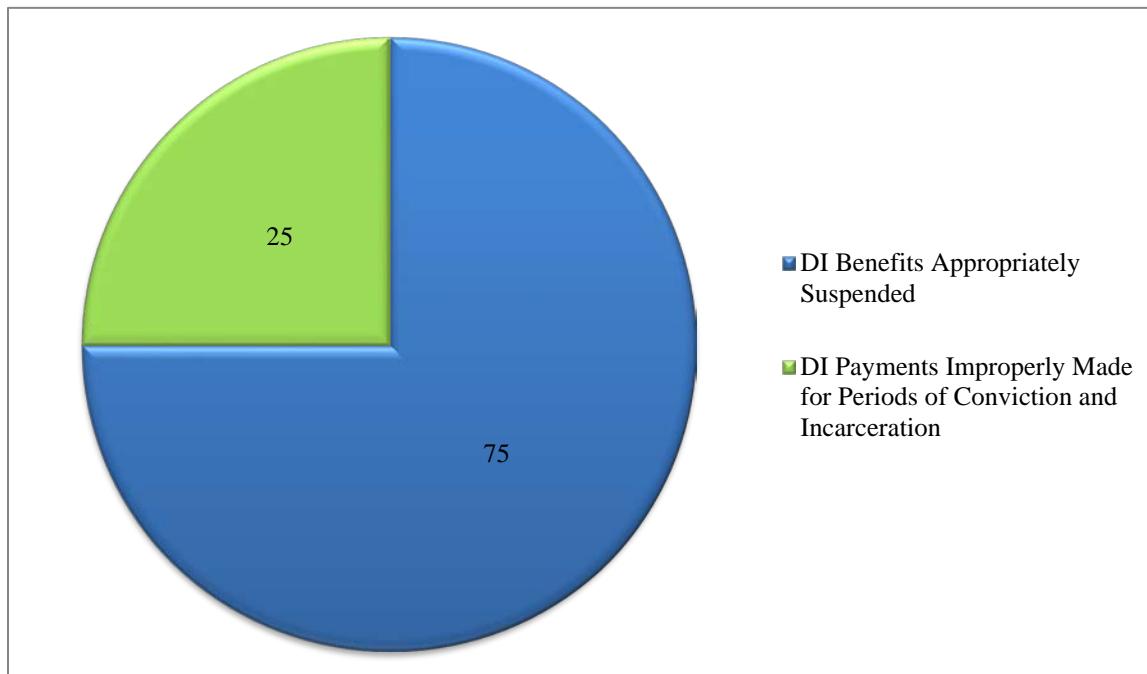
⁶ Social Security Act § 1611(e)(1)(A), *et seq.*, 42 U.S.C. § 1382(e)(1)(A), *et seq.*

⁷ We extracted data from PUPS based on the completion date of SDW cases. A completion date is the date SSA completed its review of an SDW case and determined the SSI recipient had been eligible to receive DI payments. Data extracted from PUPS covered the 10-year period before the date for each SDW case we reviewed.

⁸ According to SSA staff, in some instances, PUPS would not be updated at the time of SSA’s adjudicative action.

⁹ During our review, we did not identify any individuals who were convicted and found not guilty by reason of insanity, guilty but insane, incompetent to stand trial, or had a similar findings based on similar factors, such as mental disease or incompetence.

Figure 1: Results for 100 SDW Cases with Incarceration Data



SSA did not adjust approximately \$58,037 in DI payments made to 25 beneficiaries when they were ineligible for benefits. Beneficiaries were not eligible for payments because they were confined to a jail or prison for being convicted of a criminal offense. Of the 25 beneficiaries, 18 had periods of conviction and incarceration that made them ineligible for the \$49,895 in DI payments they received. The remaining seven beneficiaries were not eligible for SSI payments or DI benefits because convictions for criminal offenses applied to periods that SSA had suspended SSI payments. SSA made \$8,142 in improper DI payments for periods when SSA suspended SSI payments, and these beneficiaries were also convicted of criminal offenses. Of the 25 beneficiaries, 1 had 2 separate convictions and incarceration periods during the SDW eligibility period.

We estimate SSA overpaid about \$879,000 in DI benefits to about 317 beneficiaries who had periods of conviction and incarceration and about \$143,000 in DI benefits to 123 beneficiaries for periods when SSI payments were suspended.

DI Benefits Suspended for Periods of Conviction and Incarceration

Most beneficiaries we reviewed had DI benefits suspended, as appropriate, for applicable periods of conviction and incarceration. The Agency adhered to its policies and procedures by appropriately suspending DI benefits when a Federal, State, or local government correctional institution confined individuals for committing criminal offenses. Of the 100 beneficiaries reviewed, SSA properly suspended DI payments for 75 beneficiaries for such periods. Information recorded in SSA's systems indicated periods of conviction and confinement for these beneficiaries.

DI Payments for Periods of Conviction and Incarceration

Of the 100 beneficiaries in our review, 18 had periods of conviction and incarceration applicable to the period before issuance of SDW-related DI payments. For the 18 beneficiaries, we identified 19 periods where SSA did not adjust DI payments for their convictions and incarcerations.

We reviewed data recorded in SSA's PUPS, MBR, and SSR and found Agency staff did not always adjust SDW-related DI payments for conviction and incarceration periods. Based on our review of information in SSA's systems, these beneficiaries were convicted and incarcerated for a (1) period of more than 30 days in a jail, prison, or penal or correctional facility or (2) crime punishable by imprisonment for longer than 1 year. Generally, SSA policy prohibits paying DI benefits to individuals under such conditions.¹⁰

In January 2013, we contacted SSA's Office of the Deputy Commissioner for Operations, Office of Public Service and Operations Support, to discuss the beneficiaries we identified who may have been improperly paid DI benefits. SSA staff indicated the Agency will not confirm the DI overpayments we identified until it receives our audit report. Below are examples of DI payments not adjusted for periods of conviction and incarceration.

- Sample Case #99: From February 2009 to November 2010, SSA paid \$22,056 in DI benefits to a beneficiary in Staten Island, New York, for the period he was incarcerated in a correctional institution. Information in PUPS indicated a conviction date of February 13, 2009; and information obtained from the Federal Bureau of Prisons Website indicated a release date of November 9, 2010. This would make the beneficiary ineligible to receive DI benefits during this period.
- Sample Case #56: From March 2008 to January 2009, SSA paid \$4,975 in DI benefits to a beneficiary in Kingsport, Tennessee, for the period he was incarcerated in a correctional institution. Information in PUPS indicated a conviction date of September 18, 2007 and a release date of February 3, 2008. SSA suspended benefits for this period of incarceration. However, Agency staff noted in PUPS that prison officials modified the release date to January 2009. The beneficiary was ineligible to receive DI benefits during this period, but SSA did not adjust his payments.
- Sample Case #66: From August 2000 to September 2001, SSA paid \$2,935 in DI benefits to a beneficiary in Dallas, Texas, for the period he was incarcerated in a Texas Department of Criminal Justice correctional institution. Information in PUPS indicated a conviction date of August 3, 2000 and no release date. However, according to the Modernized Supplemental Security Income Claims System, the prison released the beneficiary in September 2001. Therefore, the beneficiary was ineligible to receive DI benefits during this period.

¹⁰ SSA, POMS, GN 02607.025 *Title II Prisoner Suspensions Provisions*.

In May 2013, after verifying certain conviction and incarceration data, we discussed the results of our work with SSA staff. Staff told us the data in PUPS is not always accurate. Staff explained that before SSA suspends benefits, it contacts officials in the Departments of Corrections, county, and/or local jails to verify beneficiaries' conviction and confinement periods. For those records where SSA had not verified PUPS data, we subsequently contacted the respective correctional institutions and verified conviction dates and incarceration periods. Based on our calculation, SSA overpaid \$49,895¹¹ in DI benefits to the 18 beneficiaries. Of the 18 beneficiaries, 16 were in current pay status as of April 10, 2013, 1 had benefits suspended, and 1 was deceased. SSA records payment status information as ledger account file data in its information systems (see Table 1).¹²

¹¹ These overpaid amounts are based on our understanding of applicable Agency policies and computation of benefit payments. The payments included retroactive and current DI benefits. We calculated the overpayments by using the monthly benefit payment received by the beneficiary during the period of incarceration multiplied by the number of months beneficiaries were in the correctional institution. The estimated overpayments do not consider other over- or underpayments that may apply. As such, these amounts are estimates and are subject to change.

¹² Ledger Account File (LAF) codes indicate the payment status of the DI beneficiary. SSA, POMS SM 00550.020 (effective May 15, 2009) defines LAF code "C" as a beneficiary in insured current payment status, receiving monthly benefits; LAF code "S7" as a prisoner suspension; suspension due to extended trial work period, or suspension for refusing vocational rehabilitation services; LAF code "S9" as miscellaneous suspension; and LAF code "T1" as terminated because of death of the beneficiary. This reflects LAF code information as of April 10, 2013.

Table 1: DI Overpayments for Periods of Beneficiaries' Conviction and Incarceration

Sample Case Number	LAF Code	SDW Retroactive Check Release Date ¹³	Incarcerated Period	Date of Conviction	Number of Months DI Benefits Improperly Paid	Amount Overpaid
1	C	03/2005	5/2000 – 7/2000	5/13/2000	2	\$634
5	C	06/2005	1/2004 – 9/2004	1/16/2004	7	\$1,136
10	S9	02/2005	6/2001 – 5/2002	6/15/2001	11	\$3,620
10	S9	02/2005	7/2003 – 9/2003	7/24/2003	1	\$342
24	C	04/2007	5/2000 – 4/2001	5/23/2000	11	\$5,115
44	C	11/2008	4/2004 – 6/2004	4/6/2004	2	\$637
45	C	06/2007	6/2002 – 9/2002	6/27/2002	3	\$732
47	C	03/2004	6/2003 – 8/2003	6/13/2003	2	\$604
54	C	10/2009	3/2001 – 8/2001	5/4/2000	5	\$1,231
56 ¹⁴	C	07/2008	3/2008 – 1/2009	5/27/2007	10	\$4,975
58	C	04/2006	4/2004 – 6/2004	4/29/2004	1	\$336
66	C	09/2007	8/2000 – 9/2001	8/3/2000	13	\$2,935
70	C	11/2006	11/2001 – 4/2002	11/5/2001	5	\$2,232
71	C	11/2005	7/2002 – 9/2002	6/26/2002	2	\$1,120
72	C	06/2008	7/2001 – 11/2001	7/17/2001	3	\$815
86	T1	06/2008	3/2003 – 5/2003	3/7/2003	1	\$278
97	C	11/2004	9/2001 – 12/2001	9/5/2001	3	\$861
98	C	06/2009	12/2004 – 1/2005	12/14/2004	1	\$236
99 ¹⁵	C	09/2009	2/2009 – 11/2010	2/13/2009	20	\$22,056
Total						\$49,895

Note: Sample case 10 denotes a beneficiary whose information recorded in SSA's systems indicated two separate periods of conviction and incarceration. Sample case 86 is deceased.

Since SSA staff had not confirmed the 19 cases, the DI overpayments we identified may be modified. Based on our analysis, we estimate SSA overpaid about \$879,000 in DI benefits to about 317 beneficiaries.

¹³ The date SSA paid retroactive DI benefits.

¹⁴ The incarceration period extended beyond the SDW payment period.

¹⁵ Id.

We also identified DI overpayments that occurred after our audit period. Specifically, we identified two beneficiaries with convictions and incarceration periods that occurred after the issuance of the SDW-related DI payments. The overpayments for these two beneficiaries totaled about \$1,014.¹⁶

DI Beneficiaries with SSI Suspensions Due to Incarceration

We found seven beneficiaries had convictions for criminal offenses applicable to periods SSI payments were suspended. Beneficiaries had their SSI payments suspended for periods of incarceration. Information in SSA's systems indicated the suspensions occurred because of confinement¹⁷ in public institutions. That is, SSA suspended their SSI payments because of confinement in correctional institutions for a full month or longer. Since the convictions were applicable to these incarceration periods, the beneficiaries were not eligible for SSI payments or DI benefits during these periods.

Of the 100 beneficiaries in our review, we originally found 27 were paid DI payments for periods the Agency suspended SSI payments. Information in SSA's systems indicated the Agency suspended SSI payments because these individuals (1) were inmates of penal institutions (Coding Event N22); (2) fled to avoid prosecution or custody/confinement after conviction for a felony (Coding Event N25); or (3) violated a condition of probation or parole imposed under Federal or State law (Coding Event N25).¹⁸ For these periods of incarceration, SSA paid \$77,269 in DI payments.

SSA instructs its employees that, although eligibility to OASDI benefit payments are not directly related to SSI eligibility, the SSR should be reviewed for pay statuses that may affect OASDI eligibility.¹⁹ Specifically, when determining benefit payments, employees must consider periods of "SSI suspense" that may affect OASDI benefits due. SSR payment status coding events—such as "N22 and N25"—should be reviewed for possible suspension of OASDI benefits. For the SSI payment suspension periods identified, we found no data to indicate SSA determined whether there were convictions for criminal offenses applicable to periods SSI payments were suspended. When such occurs, it affects DI eligibility. Examples of information we found regarding DI payments made for periods SSI payments were suspended follow.

¹⁶ One beneficiary had a conviction date of September 11, 2011 and an incarceration period of September through November 2011. The other beneficiary had a conviction date of September 23, 2011 and an incarceration period of September through October 2011.

¹⁷ SSA, POMS, SI 02310.070 A.2 (effective May 23, 2001) states an individual is confined when he/she is a resident of a public correctional institution; physically resides in the institution; and receives, or can receive, substantially all his/her food and shelter, and any or all other services the institution makes available.

¹⁸ SSA, POMS, SM 10802.130 *Description of Payment Status Codes (SSR)*. Regarding fleeing felons and parole and probation violators, see litigation developments reflected in POMS, GN 02613 and GN 02615 implementing nationwide class action court orders to provide relief to class members who were not paid OASDI or SSI based on felony warrant or a parole or probation violation warrant.

¹⁹ *Special Disability Workload Processing Guide*, December 2009.

- Sample Case #8: From May to December 2002, SSA paid \$2,540 in DI benefits to a claimant in Binghamton, New York. However, the claimant's SSI payments were suspended for the same period. The coding in SSA's records indicated the suspension occurred because the claimant was an inmate of either a public or a penal institution. Therefore, the claimant was not entitled to SSI payments. SSI payments were suspended.
- Sample Case #18: From November 2000 to May 2001, SSA paid \$2,107 in DI benefits to a claimant in Richmond, Virginia. However, the claimant's SSI payments were suspended for the same period. SSA's coding indicated SSI payments were suspended because the claimant was an inmate at either a public or penal institution.

We contacted the Office of Public Service and Operations Support to confirm whether the DI payments made during periods of SSI suspensions complied with Agency policies. SSA staff advised us the Agency would not review the cases until it receives our audit report.

We subsequently identified conviction data for some of the 27 beneficiaries who received DI benefits for periods SSI payments were suspended. For those identified, we followed Agency practice and verified conviction data and incarceration periods. In June 2013, we confirmed 7 of the 27 beneficiaries were convicted of criminal offenses, and those convictions applied to the periods their respective SSI payments were suspended. During these periods, the seven beneficiaries were convicted and incarcerated for more than 30 days in a jail, prison, or penal or correctional facility. SSA overpaid these individuals \$8,142 in DI benefits. As of April 10, 2013, six beneficiaries were in current pay status (see Table 2).

Table 2: DI Overpayments for Periods of SSI Suspense

Sample Case Number	LAF Code ²⁰	SDW Retroactive Check Release Date ²¹	Incarcerated Period	Date of Conviction	Number of Months DI Benefits Improperly Paid ²²	DI Benefits Paid For Period SSI Payments Suspended
3	S6	12/2008	4/2008 – 6/2008	1/27/2004	2	\$666
8	C	8/2004	5/2002 – 12/2002	5/6/2002	7	\$2,540
15	C	5/2005	3/2003 – 9/2003	3/10/2003	5	\$805
18	C	6/2009	11/2000 – 5/2001	11/17/2000	6	\$2,107
22	C	5/2007	3/2006 – 5/2006	3/27/2006	2	\$717
32	C	2/2004	2/2002 – 8/2002	2/11/2002	5	\$715
68	C	4/2005	6/2000 – 7/2000	6/14/2000	1	\$592
Total						\$8,142

SSA informed us its staff would review our application of SSA policy and confirm our overpayment calculations; therefore, the overpayments we identified are subject to change. Based on the results of our review, we estimate SSA overpaid about \$143,000 in DI benefits to 123 individuals.

Furthermore, we identified DI overpayments that began after the issuance of the SDW-related DI payments. We confirmed these three individuals were convicted of four criminal offenses, and those convictions applied to the periods their respective SSI payments were suspended.²³ These cases totaled about \$9,800 (see Table 3).

²⁰ See Footnote 12. Also LAF code “S6” is defined as suspension during development of a better (correct) address for mail or direct deposit, as appropriate.

²¹ See Footnote 13.

²² Each period is defined as an instance when an individual had SSI payments suspended due to confinement in a public institution. However, each instance could extend beyond a 1-month period.

²³ Of the three individuals, two were also improperly paid during our audit period.

Table 3: DI Overpayments for Periods of SSI Suspense After the Insurance of the SDW-Related Retroactive DI Payments

Sample Case Number	LAF Code ²⁴	SDW Retroactive Check Release Date ²⁵	Incarcerated Period	Date of Conviction	Number of Months DI Benefits Improperly Paid ²⁶	DI Benefits Paid For Period SSI Payments Suspended
3	S6	12/2008	5/2011 – 1/2012	5/6/2011	8	\$2,820
52	C	4/2008	4/2009 – 10/2009	4/23/2009	5	\$1,604
68	C	4/2005	5/2005 – 9/2005	5/11/2005	4	\$2,674
68	C	4/2005	5/2006 – 9/2006	5/5/2006	4	\$2,782
Total						\$9,880

Note: Sample case 68 denotes a beneficiary whose information recorded in SSA's systems indicated his SSI payments were suspended for two separate periods of incarceration. Sample cases 3 and 68 were previously identified as beneficiaries who had SSI payments suspended due to conviction and confinement during the SDW period (see Table 2).

CONCLUSIONS

SSA made improper DI payments to the beneficiaries we reviewed while they were in correctional institutions. Of the 100 beneficiaries reviewed, the Agency took action on 75 beneficiaries to suspend DI benefits for periods in correctional institutions. However, for the remaining 25 beneficiaries, SSA did not adjust DI benefits for periods of conviction and incarceration. We estimate SSA overpaid about \$1 million to 440 beneficiaries with periods of conviction and incarceration.

RECOMMENDATIONS

We recommend that SSA:

1. Review the 25 beneficiaries who improperly received DI payments during periods of incarceration and collect any overpayments.
2. Take action it determines appropriate to review the accuracy of the DI payments made to the remaining 1,661 individuals in the Agency's SDW who have criminal history data in SSA's information systems.

²⁴ See Footnote 20.

²⁵ See Footnote 21.

²⁶ See Footnote 22.

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix C for the full text of the Agency's comments.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures related to prisoner benefit and payment suspension.
- Identified and reviewed prior Office of the Inspector General and Government Accountability Office reports pertaining to prisoner benefit and payment suspensions.
- Received from SSA all Special Disability Workload (SDW) cases completed as of October 22, 2010.
- Examined information from an electronic data extract of the Agency's Master Beneficiary Record (MBR), Payment History Update System (PHUS), and Prisoner Update Processing System (PUPS).
 - ✓ Used SDW completed cases¹ as of October 22, 2010 to obtain an electronic data extract of beneficiaries who met the following screening requirements on March 10, 2011:
(1) received Disability Insurance (DI) payments² as a result of the Agency's SDW review and (2) had prison data recorded in PUPS within the last 10 years. Data recorded in the MBR, PHUS, and PUPS were extracted for these beneficiaries.
 - ✓ Excluded those beneficiaries (1) with DI monthly payments of less than \$1.00; (2) identified as auxiliary beneficiaries; and/or (3) with confinement dates beyond the SDW completion date.³ In addition, we excluded deceased beneficiaries, beneficiaries with no confinement date, and beneficiaries with an inmate status code of "C," "D," "J," or blank.⁴ A total of 1,761 beneficiaries met our screening criteria.

¹ We based the extracted data from the MBR, PHUS and PUPS on the completion date for allowed cases. Completion date is the date SSA completed its review and determined whether the one-time Supplemental Security Income (SSI) recipient had been eligible to receive DI payments.

² The payments included retroactive and current DI benefits.

³ A completion date is the date SSA completed its review of an SDW case and determined the SSI recipient had been eligible to receive DI payments. Data extracted from PUPS covered the 10-year period before to the completion date for each SDW case we reviewed.

⁴ SSA, POMS, GN 02607.975 B.1 and B.2 (effective June 23, 2006) states inmate status codes of "C" and "D" as confined, but not convicted and "J" as confined juvenile not tried as an adult for his crime. Subject to certain conditions, SSA suspends Old-Age, Survivors and Disability Insurance payments to beneficiaries: (a) confined to correctional institutions because they committed a criminal offense or (b) confined to mental institutions because of being found not guilty of a criminal offense because of insanity or other mental condition. As such, we excluded all beneficiaries confined but not convicted of committing a crime as they did not meet the criteria for ineligibility and juveniles not tried as an adult and under age 18.

- Selected from these 1,761 cases, a sample of 100 beneficiaries for detailed review. For each sampled case, we
 - ✓ Reviewed the MBR, PUPS,⁵ and PHUS to determine whether overpayments may have occurred due to individuals being confined to a jail, prison, or certain other public institutions for committing a crime.
 - ✓ Reviewed LexisNexis and other third-party correctional websites⁶ to obtain missing release dates.
 - ✓ Reviewed the Modernized Supplemental Security Income Claims System to identify prison release dates.
 - ✓ Reviewed the Supplemental Security Record to identify periods when benefits were suspended due to incarceration that may affect DI benefit eligibility.
 - ✓ Calculated the estimated amount of DI overpayments due to the beneficiary's period of incarceration.
- Contacted Departments of Corrections, county and/or local jails in Arizona, California, Connecticut, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, and Washington, D.C., to determine whether incarcerated beneficiaries were confined and convicted during periods of SSI benefit suspension.

We determined the computer-processed data used for this audit were sufficiently reliable for their intended use. Further, any data limitations were minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional conclusion. The electronic data used in our audit was extracted from SSA's MBR, PHUS, and PUPS systems.

The entity audited was the Office of the Deputy Commissioner for Operations. We conducted our review in Baltimore, Maryland, from May 2012 to June 2013. We conducted this performance audit in accordance with generally accepted 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.

⁵ For each sample case, we reviewed the prison history from the DI date of entitlement to the reported prison release date as of July 2012.

⁶ SSA, POMS, GN 02607.680 D.2 (effective September 2, 2011) provides instructions to use third-party sources to locate missing inmate information.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Based on certain screening criteria (see Appendix A), we identified 1,761 Disability Insurance (DI) beneficiaries from the Social Security Administration's (SSA) Special Disability Workload (SDW) completed cases¹ as of October 22 2010. Of these 1,761, we selected and reviewed a random sample of 100 beneficiaries. For the 100 beneficiaries sampled, we reviewed prison information from the Prisoner Update Processing System and prisoner suspensions from the Master Beneficiary Record and the Supplemental Security Record. All actual and estimated payments include retroactive and current DI benefits.

Table B–1: Population and Sample Size

Population Size	1,761
Sample Size	100

Based on a sample of 100 beneficiaries, we found SSA improperly paid about \$49,895 in DI benefits to 18 beneficiaries. Projecting these results to the population, we estimate improper payments of approximately \$879,000 to about 317 beneficiaries. The following tables provide the details of our sample results, statistical projections, and estimates.

Table B–2: Beneficiaries Receiving DI Overpayments for Periods Beneficiaries Were Convicted and Incarcerated

Number of Beneficiaries Who Received DI Overpayments for Periods They Were Convicted and Incarcerated	18
Point Estimate	317
Projection Lower Limit	214
Projection Upper Limit	445

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

¹ A completion date is the date SSA completed its review of an SDW case and determined the Supplemental Security Income (SSI) recipient had been eligible to receive DI payments. Data extracted from PUPS covered the 10-year period before the completion date for each SDW case we reviewed.

Table B–3: Amount of DI Payments Not Adjusted for Periods Beneficiaries Were Convicted and Incarcerated

Amount of DI Overpayments for Periods Beneficiaries Were Convicted and Incarcerated	\$49,895
Point Estimate	\$878,651
Projection Lower Limit	\$209,811
Projection Upper Limit	\$1,547,491

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

We also found \$8,142 in DI payments made to seven beneficiaries for periods beneficiaries were not eligible for SSI payments or DI benefits. Convictions for criminal offenses were applicable to periods SSI payments were suspended and the beneficiaries were convicted and incarcerated. Projecting these results to the population, we estimate improper payments of approximately \$143,000 to about 123 beneficiaries. The following tables provide the details of our sample results, statistical projections, and estimates.

Table B–4: Beneficiaries Receiving DI Payments for Periods of SSI Suspense

Number of DI Beneficiaries with SSI Prisoner Suspensions	7
Point Estimate	123
Projection Lower Limit	61
Projection Upper Limit	221

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

Table B–5: Amount of DI Payments for Periods of SSI Suspense

Amount of DI Payments for Periods of SSI Suspense	\$8,142
Point Estimate	\$143,381
Projection Lower Limit	\$41,690
Projection Upper Limit	\$245,071

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: August 28, 2013 Refer To: S1J-3

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

From: Katherine Thornton /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Special Disability Workload Payments Made to Incarcerated Beneficiaries" (A-13-11-21188)—INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

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

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“SPECIAL DISABILITY WORKLOAD PAYMENTS MADE TO INCARCERATED
BENEFICIARIES” (A-13-11-21188)**

Recommendation 1

Review the 25 beneficiaries who may have improperly received Disability Insurance (DI) payments during periods of incarceration and collect any overpayments.

Response

We agree with the recommendation and the savings cited. We expect to complete these reviews before the end of calendar year 2013.

Recommendation 2

Take action it determines appropriate to review the accuracy of the DI payments made to the remaining 1,661 individuals in the Agency’s Special Disability Workload (SDW) who have criminal history data in SSA’s information systems.

Response

We agree with the recommendation and savings cited. We expect to complete these reviews before the end of fiscal year 2014.

Appendix D – MAJOR CONTRIBUTORS

Shirley E. Todd, Director, Evaluation Division

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Tracey Edwards, Senior Auditor

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