

*Audit Report*

Benefit Payments to Non-citizen  
Beneficiaries Living Outside the  
United States Who Have Not Met the  
5-year Residency Requirement

**MEMORANDUM**

**Date:** September 9, 2019 **Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Benefit Payments to Non-citizen Beneficiaries Living Outside the United States Who Have Not Met the 5-year Residency Requirement (A-07-18-50344)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration suspended benefits to non-citizen beneficiaries who had not met their 5-year residency requirement and resided outside the United States for longer than 6 consecutive months.

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.



Gail S. Ennis

Attachment

# **Benefit Payments to Non-citizen Beneficiaries Living Outside the United States Who Have Not Met the 5-year Residency Requirement**

## **A-07-18-50344**



September 2019

**Office of Audit Report Summary**

### **Objective**

To determine whether the Social Security Administration (SSA) suspended benefits to non-citizen beneficiaries who had not met their 5-year residency requirement and resided outside the United States for longer than 6 consecutive months.

### **Background**

The Old-Age, Survivors and Disability Insurance (OASDI) program provides benefits to wage earners and their families who meet certain criteria in the event the wage earner retires, becomes disabled, or dies.

If a family member of a wage earner is eligible for OASDI benefits and is not a U.S. citizen, he/she may need to meet a 5-year residency requirement. To fulfill the residency requirement, the beneficiary must establish a physical residence in the United States, while in a qualifying relationship with the wage earner, with the intent to reside for a cumulative period of at least 5 years.

SSA uses the automated Regular Transcript Attainment and Selection Pass (RETAP) process to prompt benefit suspension for non-citizen beneficiaries who have not met their 5-year residency requirement and have been outside the United States for longer than 6 consecutive months.

### **Finding**

Of the 200 non-citizen beneficiaries we reviewed, SSA did not properly suspend benefits to 26 (13 percent). SSA should have suspended these beneficiaries because they had not met their 5-year residency requirement and lived outside the United States for longer than 6 consecutive months.

Of the 26 beneficiaries, 23 met the criteria for the RETAP process to prompt benefit suspension. However, RETAP did not identify these beneficiaries for suspension. According to SSA, a RETAP programming limitation prevented these beneficiaries from being identified for benefit suspension. SSA employees omitted information from the remaining three beneficiaries' Master Beneficiary Records required for RETAP to prompt benefit suspensions.

By not appropriately suspending benefits, SSA overpaid these 26 beneficiaries approximately \$332,000. Accordingly, we project SSA overpaid nearly \$29 million to approximately 2,300 non-citizen OASDI beneficiaries.

### **Recommendations**

We made three recommendations including that SSA take actions to address the non-citizen beneficiaries we identified whose benefits need to be suspended and for SSA to establish a process to periodically identify for correction MBRs where SSA employees did not record the required information. SSA agreed with our recommendations.

### **Agency Actions Resulting from the Audit**

We provided SSA the 26 non-citizen beneficiaries for whom it needed to take actions to suspend benefits. As of August 2019, SSA had taken or initiated corrective actions for 15 of the 26 beneficiaries.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RETAP	Regular Transcript Attainment and Selection Pass
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) suspended benefits to non-citizen beneficiaries who had not met their 5-year residency requirement and resided outside the United States for longer than 6 consecutive months.

## BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides benefits to wage earners and their families who meet certain criteria in the event the wage earner retires, becomes disabled, or dies. The *Social Security Act* prohibits benefit payments to non-citizen beneficiaries who are absent from the United States for 6 months or longer, unless they meet an exception.<sup>1</sup> Some exceptions require that non-citizens initially entitled to dependent or survivors benefits after December 31, 1984 also meet a 5-year residency requirement to continue receiving benefits after being absent from the United States for 6 months or longer.<sup>2</sup> To fulfill the residency requirement, the beneficiary must establish a physical residence in the United States, while in a qualifying relationship with the wage earner, with the intent to reside for a cumulative period of at least 5 years.

SSA policy requires that benefits be suspended when a non-citizen beneficiary has not met his/her 5-year residency requirement and has been outside the United States for longer than 6 consecutive months.<sup>3</sup> If SSA suspends benefits, the beneficiary must return to, and remain in, the United States for a full calendar month before SSA will resume benefits.<sup>4</sup>

SSA's Master Beneficiary Record (MBR) contains information on beneficiary citizenship, address, current benefit payments, and whether a non-citizen beneficiary meets the 5-year residency requirement, if applicable. Dates of entry into and exit from the United States must be recorded on the MBR for non-citizens who do not meet an exception or the 5-year residency requirement.

SSA uses the Regular Transcript Attainment and Selection Pass (RETAP) process to prompt benefit suspension for non-citizen beneficiaries who have not met their 5-year residency requirement, if applicable, and have been outside the United States for longer than 6 consecutive months. This automated process reviews the MBR monthly to identify these beneficiaries.

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<sup>1</sup> *Social Security Act*, 42 U.S.C. §§ 402, 423 (govinfo.gov 2017).

<sup>2</sup> *Social Security Act*, 42 U.S.C. § 402 (t) (govinfo.gov 2017).

<sup>3</sup> The suspense is effective the seventh month following the 6-month absence. SSA, *POMS*, RS 02610.020, D (July 14, 2015).

<sup>4</sup> *Social Security Act*, 42 U.S.C. § 402 (t)(1) (govinfo.gov 2017); 20 C.F.R. § 404.460 (a)(2) (govinfo.gov 2018); SSA, *POMS*, RS 02610.020, H (July 14, 2015). The beneficiary must be lawfully present in the United States during this calendar month. A full calendar month is defined as 24 hours of each and every day of the period. SSA, *POMS*, RS 02610.020, D and F (July 14, 2015).

From the MBR, we identified 17,324 non-citizen OASDI beneficiaries who

- received benefits and resided outside the United States as of December 2017 and
- had not met the 5-year residency requirement as of February 2018.

From this population, we reviewed a random sample of 200 beneficiaries. See Appendix A for our detailed scope and methodology.

## RESULTS OF REVIEW

Of the 200 non-citizen beneficiaries we reviewed, SSA did not properly suspend benefits to 26 (13 percent). Per policy, SSA should have suspended these beneficiaries' payments because they had not met their 5-year residency requirement and lived outside the United States for longer than 6 consecutive months.<sup>5</sup>

For example, according to the MBR, one beneficiary in our sample left the United States in December 2015. At that time, he had not met the 5-year residency requirement. As of September 2018, the MBR did not show the beneficiary had returned to the United States.<sup>6</sup> Since he was outside the United States for 6 consecutive months, SSA should have suspended his benefits beginning in July 2016.<sup>7</sup> However, SSA continued paying benefits, which resulted in a \$21,129 overpayment for July 2016 through September 2018.

Of the 26 beneficiaries, 23 met the criteria outlined in SSA's policy for the RETAP process to prompt benefit suspension. However, RETAP did not identify these beneficiaries for suspension. We brought this issue to SSA's attention and it found that a RETAP programming limitation prevented these beneficiaries from being prompted for benefit suspension. SSA stated, "... since we learned of RETAP's limitations, we are working to fix it. Operations is working with Systems to identify cases that RETAP did not automatically place in suspense . . . Once the criteria [are] finalized, Systems will work on a fix or update to RETAP to capture and process the suspension actions for beneficiar[ies] outside the [United States] for more than 6 months going forward."

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<sup>5</sup> *Social Security Act*, 42 U.S.C. § 402 (t)(1) (govinfo.gov 2017); 20 C.F.R. § 404.460 (a)(2) (govinfo.gov 2018); SSA, POMS, RS 02160.020, D (July 14, 2005).

<sup>6</sup> We reviewed information maintained in additional SSA systems, including the Claims File User Interface and Paperless Read-only Query System, but did not identify documentation showing that the beneficiary returned to the United States.

<sup>7</sup> *Social Security Act*, 42 U.S.C. § 402 (t)(1) (govinfo.gov 2017); 20 C.F.R. § 404.460 (a)(2) (govinfo.gov 2018); SSA, POMS, RS 02160.020, D (July 14, 2005).

For the remaining three beneficiaries, SSA employees did not record on the MBR the 5-year residency requirement and/or the dates the beneficiaries left, and returned to, the United States. When SSA employees omit this information, RETAP cannot prompt benefit suspensions. SSA stated it is “. . . unaware of any process in place to identify [non-citizens] when RETAP does not.” As a result, SSA will continue improperly paying such beneficiaries since it has no other process to identify them for benefit suspension.

By not appropriately suspending benefits, SSA overpaid these 26 beneficiaries approximately \$332,000. Accordingly, we project SSA overpaid nearly \$29 million to approximately 2,300 non-citizen OASDI beneficiaries.<sup>8</sup> We provided SSA with information on the 26 beneficiaries. SSA has taken or initiated corrective actions on 15 beneficiaries and will need to take actions to suspend benefits for the remaining 11.

## CONCLUSIONS

SSA did not properly suspend benefits to 26 non-citizen beneficiaries who had not met the 5-year residency requirement and resided outside the United States for longer than 6 consecutive months. For the majority of these beneficiaries, a RETAP programming limitation prevented benefit suspension. For the remainder, missing information on the MBR prevented them from being prompted for benefit suspension.

## RECOMMENDATIONS

We recommend SSA:

1. Take actions to suspend benefits for the 11 non-citizen beneficiaries.
2. Complete the planned updates to the RETAP process and verify they will identify all non-citizen beneficiaries whose benefits need to be suspended according to policy.
3. Establish a process to periodically identify for correction MBRs for beneficiaries who reside outside the United States where SSA employees did not record the required information including the 5-year residency requirement and the dates the beneficiaries left, and returned to, the United States.

## AGENCY COMMENTS

SSA agreed with our recommendations. The Agency’s comments are included in Appendix C.

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<sup>8</sup> See Appendix B.

## **AGENCY ACTIONS RESULTING FROM THE AUDIT**

We provided SSA with 26 non-citizen beneficiaries for whom it needed to take actions to suspend benefits. As of August 2019, SSA had taken or initiated corrective actions for 15 of the 26 beneficiaries. Therefore, we are not recommending further actions for these 15 beneficiaries.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our objective, we:

- Reviewed applicable Federal laws, regulations, and sections of the Social Security Administration's (SSA) policies and procedures related to non-citizens receiving Old-Age, Survivors and Disability Insurance (OASDI) benefits.
- Obtained a data extract from the Master Beneficiary Record (MBR) of 17,324 OASDI beneficiaries who
  - were receiving benefits and lived outside the United States as of December 20, 2017;
  - were not U.S. citizens as of February 2018; and
  - were required to meet, but had not met, the 5-year residency requirement as of February 2018. Specifically, these beneficiaries were not
    - eligible to receive benefits before January 1985,
    - receiving benefits under the Social Security numbers of wage earners who died in U.S. military service or of a service-related injury,
    - citizens of a treaty country,<sup>1</sup> or
    - citizens or residents of a totalization country.<sup>2</sup>
- Selected a random sample of 200 non-citizen beneficiaries for detailed analysis.
  - We determined whether SSA suspended benefits because the non-citizen lived outside the United States for longer than 6 consecutive months. To do so, we identified the most recent date the beneficiary left the United States, as identified on the MBR, Paperless Read-only Query System, or Claims File User Interface as of September 2018.
  - For each non-citizen SSA did not suspend, we calculated the amount overpaid by summing the benefits paid beginning with the first month benefits should have been suspended through the later of September 2018 or the date benefits were actually suspended.

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<sup>1</sup> SSA, POMS, RS 02610.010, B (January 9, 2018).

<sup>2</sup> SSA, POMS, GN 01701.005, B (February 6, 2019).

We conducted our review between February and July 2019 in Kansas City, Missouri. We determined the data used for this audit were sufficiently reliable to meet our objective. The principal 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix B – SAMPLING RESULTS AND PROJECTIONS

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We identified a population of non-citizen Old-Age, Survivors and Disability Insurance beneficiaries.<sup>1</sup> From this population, we selected a sample of 200 beneficiaries.

**Table B–1: Sample Size**

Description	Beneficiaries
Population	17,324
Sample Size	200

We determined the Social Security Administration (SSA) did not suspend benefits to 26 non-citizen beneficiaries who had not met their 5-year residency requirement and resided outside the United States for longer than 6 consecutive months. SSA overpaid these beneficiaries \$331,852. We project SSA overpaid \$28,745,020 to 2,252 non-citizen beneficiaries after they had been outside the United States for longer than 6 months (see Table B–2).

**Table B–2: Beneficiaries SSA Should Have Suspended**

Description	Beneficiaries	Amount Overpaid
Sample Results	26	\$331,852
Projected Quantity/Point Estimate	2,252	\$28,745,020
Projection—Lower Limit	1,610	\$15,395,490
Projection—Upper Limit	3,040	\$42,094,551

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

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<sup>1</sup> See Appendix A for a detailed discussion of the population.

## **Appendix C – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: September 4, 2019

Refer To: S1J-3

To: Gail S. Ennis  
Inspector General

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

From: Stephanie Hall  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Benefit Payments to Non-citizen Beneficiaries Living Outside the United States Who Have Not Met the 5-year Residency Requirement" (A-07-18-50344) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. We have initiated efforts to improve our automated processes so we can timely suspend non-citizen beneficiaries who reside outside the United States for more than 6 months. These improvements will identify and process suspensions for beneficiaries who do not meet the criteria for continued payments. In addition, we are working on a data exchange process with the Department of Homeland Security to reduce our dependency on beneficiary self-reporting. We have also provided technical comments at the staff level.

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

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