

Audit Report

Numident Death Information Not
Included on the Death Master File

A-06-16-50069 / September 2016

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 28, 2016 **Refer To:**
To: The Commissioner
From: Acting Inspector General
Subject: Numident Death Information Not Included on the Death Master File (A-06-16-50069)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration should continue excluding Numident records that contain numberholders' dates of death from the Death Master File.

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

Numident Death Information Not Included on the Death Master File

A-06-16-50069



September 2016

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) should continue excluding Numident records that contain numberholders' dates of death from the Death Master File (DMF).

Background

The Numident is a numerically ordered master file of all assigned Social Security numbers (SSN).

SSA uses death information from the Numident to compile a record of reported deaths known as the DMF. SSA provides the DMF to Federal benefit-paying agencies for use in preventing payments to deceased individuals. SSA also provides a version of the DMF to the Department of Commerce, which, in turn, sells that data to public and private customers.

Prior Office of the Inspector General reports have identified millions of deceased numberholders *who had no* death information on the Numident. As a result, these numberholders' information did not appear on the DMF. For this review, we matched Numident records that listed the numberholders' dates of death against the DMF and identified numberholders *who had* death information on the Numident whose information did not appear on the DMF.

Findings

SSA excluded from the DMF personally identifiable information for approximately 8.7 million numberholders whose Numident records included the individuals' dates of death. SSA records contained various types of information further indicating that these numberholders were deceased. As a result, we believe SSA should revisit its decision to exclude these records from the DMF.

- The vast majority of numberholders, if alive, would be age 65 or older; yet almost none had reported earnings in the past 25 years or was receiving SSA payments at the time of our review.
- Nearly all 8.7 million Numident records contained entry code "D," indicating the numberholders were already deceased when SSA input their information onto the electronic Numident file.
- Approximately 5.3 million numberholders also had dates of death on SSA's Master Earnings File and/or payment records.

We also determined that thousands of these SSNs may have been misused. Specifically, for Tax Years 2009 through 2014, SSA received reports that individuals using 69,863 SSNs had approximately \$3.9 billion in wages, tips, or self-employment income. SSA transferred the earnings to the Earnings Suspense File primarily because the employees' or self-employed individuals' name/SSN combination on the earnings reports did not match SSA records.

Resolving these discrepancies will improve the accuracy and completeness of the DMF and help prevent future SSN misuse.

Recommendation

We recommend SSA develop a methodology to incorporate these numberholders' information into the DMF. SSA agreed with our recommendation.

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ABBREVIATIONS

DMF	Death Master File
ESF	Earnings Suspense File
MEF	Master Earnings File
NTIS	National Technical Information Service
OIG	Office of the Inspector General
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) should continue excluding Numident records that contain numberholders' dates of death from the Death Master File (DMF).

BACKGROUND

SSA's Numerical Index File, also known as the Numident, is a numerically ordered master file of all assigned Social Security numbers (SSN). The Numident contains one record for each SSN ever assigned. Each Numident record can contain multiple entries (iterations) providing a record of each replacement card issuance and any change SSA makes to a numberholder's Numident information.

When SSA first began assigning SSNs, it assigned and issued cards in local Social Security offices nationwide. In March 1972, SSA began exclusively assigning SSNs and issuing SSN cards via a computer-based system from its Headquarters in Baltimore, Maryland, which resulted in the creation of the electronic Numident. With the implementation of the computer-based system, SSA field offices transferred to Baltimore the paper records related to pre-March 1972 SSN assignments so numberholder information could be input onto the electronic Numident.

Many Numident records of older individuals, primarily those born in 1910 or earlier, are abbreviated records that do not contain the individual's parents' names and may not contain the individual's place of birth. Occasionally, a Numident record will contain "XX" in part or all of the date-of-birth field. This occurred because, during the early years of SSN establishment, if dates of birth were unknown or illegible on enumeration documents, the unknown or illegible parts were established as "XX."

As part of a prior audit,¹ we reported that SSA did not establish controls to annotate death information on the Numident records of approximately 6.5 million numberholders who were age 112 or older and likely deceased. Numident records for approximately 6.4 million numberholders contained entry code "L," which SSA defines as *Life claim (filed before March 1972)*. Numident records for approximately 49,000 numberholders contained entry code "D," which SSA defines as *Death claim (filed before March 1972)*.

Use of entry codes "L" and "D" indicated that, when SSA input the SSNs onto the electronic Numident beginning in the early 1970s, SSA had previously issued the SSNs, and the numberholders were already in payment status (life claim) or deceased (death claim).

¹ SSA, OIG, *Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident* (A-06-14-34030), March 2015.

As a result of a *Freedom of Information Act*² lawsuit,³ SSA compiles a record of reported deaths known as the DMF. SSA uses death information from the Numident to create the DMF. As of the date of our review, the most current version of the DMF contained information on over 100 million deceased numberholders. SSA provides the DMF to Federal benefit paying agencies to use in preventing payments to deceased individuals. SSA also provides a version of the DMF to the Department of Commerce, which, in turn, sells that data to public and private customers.

Prior Office of the Inspector General (OIG) audits⁴ have identified millions of deceased numberholders *who had no* death information on the Numident. As a result, these numberholders' information did not appear on the DMF. For this review, we matched Numident records that listed the numberholders' dates of death against the DMF and identified numberholders *who had* death information on the Numident but whose information did not appear on the DMF. See Appendix A for a discussion of our scope and methodology.

RESULTS OF REVIEW

SSA excluded from the DMF personally identifiable information for approximately 8.7 million numberholders whose Numident records included the individuals' dates of death. SSA records contained various types of information further indicating that these numberholders were deceased. As a result, we believe SSA should revisit its decision to exclude these records from the DMF.

- The vast majority of numberholders, if alive, would be age 65 or older; yet almost none had reported earnings in the past 25 years or was receiving SSA payments at the time of our review.
- Nearly all 8.7 million Numident records contained entry code "D," indicating the numberholders were already deceased when SSA input their information onto the electronic Numident file in the 1970s.
- Approximately 5.3 million numberholders also had dates of death on SSA's Master Earnings File (MEF) and/or SSA payment records.

² 5 U.S.C. § 552.

³ Perholtz v. Ross, Civ. No. 78-2385 and 78-2386 (U.S. District Court for the District of Columbia 1980).

⁴ SSA, OIG, *Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident* (A-06-14-34030), March 2015, identified 6.5 million numberholders age 112 or older who did not have death information on the Numident. SSA, OIG, *Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident* (A-09-11-21171), July 2012, and *Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident* (A-09-12-22132), May 2013, identified approximately 1.2 million beneficiaries and 182,000 recipients, respectively, with no death information on the Numident although SSA had terminated their payments due to death.

We also matched the SSNs against SSA's Earnings Suspense File (ESF) and identified thousands of instances of potential SSN misuse. To illustrate, SSA received reports that individuals using 69,863 SSNs had approximately \$3.9 billion in wages, tips, and self-employment income in Tax Years 2009 through 2014. The ESF is a repository of wage reports submitted by employers or self-employed individuals that SSA cannot match to a specific person. SSA transferred the earnings to the ESF primarily because the employees' or self-employed individuals' name/SSN on the wage or self-employment earnings report did not match numberholders' name/SSN appearing in SSA records.

Agency officials stated that SSA established death claim records based on paper processes that occurred before the electronic Numident was established. When SSA created the electronic Numident in the early 1970s, it did not have automated processes to incorporate the death information in its records. Because of concerns regarding the accuracy of information used to create death claim records, SSA excluded the records from the DMF.

However, the passage of time corroborates the validity of death information on all but a small number of records. Continued omission of these records from the DMF could cause Federal benefit-paying agencies that rely on the DMF to make erroneous payments and fail to detect inaccurate or unreported deaths. The missing death information could also hinder private industry, State, and local governments' ability to identify and prevent fraud.

Numident Records with Death Information Excluded from DMF

SSA excluded from the DMF information on approximately 8.7 million numberholders who had death information on their Numident record due to concerns about the validity of death information on these records. However, in addition to the dates of death on the Numident, SSA records contained additional information indicating nearly all these numberholders were deceased.

Numberholders' Age, Earnings History, and Claims Status Indicated Death

Most of the numberholders, if actually alive, would be age 65 or older; yet almost none had reported earnings in the past 25 years or was receiving SSA payments at the time of our review.

Age

Approximately 7.9 million numberholders' Numident records included the individuals' full year of birth.⁵ If these numberholders were alive, nearly all would be at least 65-years-old—most would be age 100 or older.

⁵ Years of birth on 758,887 numberholders' Numident records contained "XX" preventing computation of the numberholders age.

Table 1: Ages of 7.9 Million Numberholders with Full Year of Birth on the Numident

Age	Number of Individuals	Percent
Under 65	47,481	0.6
65-99	1,990,668	25.1
100 or Older	5,892,048 ⁶	74.3
Total	7,930,197	100.0

Earnings History

As part of the Annual Wage Reporting process, SSA matches Forms W-2, *Wage and Tax Statement*, submitted by employers against the Numident. SSA performs a similar match of self-employment earnings information received from the Internal Revenue Service. If the earnings reports contain a valid name and SSN combination, SSA posts the earnings to its MEF. However, only 1,328 numberholders had \$1,000 or more in earnings posted to the MEF in any Tax Year from 1990 through 2014. The fact that so few of these SSNs had earnings activity in the past 25 years further indicated the individuals were deceased.

Claims Status

At the time of our review, SSA issued Social Security benefits and/or Supplemental Security Income payments to only 709 of the 8.7 million numberholders.⁷ The fact that most of these numberholders were old enough to qualify for SSA payments but so few actually received them further indicated the numberholders were deceased.

- The Numident record for a numberholder born in 1912 listed the numberholder's August 1970 date of death. SSA records indicated the numberholder had reported earnings beginning sometime between Tax Years 1937 and 1950⁸ and ending in 1969. SSA payment records reflect no claims activity under this SSN.
- The Numident record for a numberholder born in 1933 listed the numberholder's March 1967 date of death. SSA records indicated the numberholder had earnings beginning in 1951 and ending in 1966. SSA payment records reflected no claims activity under this SSN.

⁶ Per *The Older Population: 2010*, Table 1, Population 65 Years and Older by Age and Sex: 2000 and 2010, issued November 2011, the U.S. Census Bureau estimated that only 53,364 individuals living in the United States in 2010 were age 100 or older.

⁷ We plan to review the validity of these 709 payments as part of a separate audit to determine whether the beneficiaries/recipients are alive.

⁸ The MEF does not provide annual detail of amounts earned from 1937 to 1950. Instead, the MEF provides the cumulative amount of these earnings.

- The Numident record for a numberholder born in 1896 listed the numberholder's 1951 date of death. SSA records indicated the numberholder earned \$26,774 between Tax Years 1937 and 1950. SSA had no record of any earnings by this numberholder after 1950. SSA payment records reflect no claims activity under this SSN.

Information available in SSA records corroborated these numberholders were deceased and their information belonged on the DMF.

Death Claim and Single Iteration Records Indicate Death

Almost all the 8.7 million numberholders' Numident records included entry code "D" (*Death claim [filed before March 1972]*). The appearance of this code and corresponding dates of death on these numberholders' Numident records indicated these individuals were already deceased when SSA input their enumeration information into the computer-based Numident in the 1970s.

Further, Numident records for approximately 8.5 million of the 8.7 million numberholders contained only the original iteration. Once issued, SSA had issued no replacement SSN cards to any of these numberholders or made any other changes, like updating a maiden name with married name, changing/updating dates of birth based on numberholder provision of substantiating documents, or correcting typographical errors—changes SSA routinely makes to living individuals' Numident records.

Numberholders Who Had Death Information on Other SSA Records

Approximately 5.3 million numberholders who had death information on the Numident also had death information on other SSA records.⁹

- Approximately 5.1 million numberholders had dates of death on the MEF.
- Approximately 2.1 million numberholders had dates of death on the Primary lines of their Master Beneficiary Records. In nearly all instances, the numberholder did not appear as a beneficiary—SSA established the Master Beneficiary Records to issue auxiliary benefits to the deceased numberholders' family members.
- Approximately 19,000 numberholders' SSA payments were terminated because of death.

The appearance of death information on multiple SSA records further corroborates that these individuals are deceased.

Indications of SSN Misuse

As discussed previously, SSA matches Forms W-2 submitted by employers against SSA's Numident. If the Form W-2 contains a valid name/SSN combination, SSA posts the earnings to

⁹ Numberholders could be included in one or more categories.

the MEF. However, when the name/SSN combination cannot be matched to SSA's records, the wage information is transferred to the ESF – SSA's repository for unmatched wages. SSA performs a similar match of self-employment earnings information received from the Internal Revenue Service.¹⁰

For Tax Years 2009 through 2014, SSA transferred to the ESF approximately \$3.9 billion in wages, tips, and self-employment income reported under 69,863 SSNs of the 8.7 million SSNs. One SSN appeared on 765 different suspended wage reports, and 231 SSNs appeared on at least 50 suspended wage reports that SSA received during this 6-year period. Individuals can commit various types of fraud against the Government by reporting earnings under deceased individuals' SSNs.

DMF

Various Federal entities depend on SSA's death information to help identify unreported deaths and confirm the accuracy of reported deaths. Under section 205(r) of the *Social Security Act*, agencies that pay federally funded benefits, such as the Centers for Medicare & Medicaid Services, Department of Defense, IRS, and Department of Veterans Affairs, may receive the full file of SSA's death information.¹¹ SSA also provides the full file to the Government Accountability Office. Agencies that need death information for purposes other than to ensure proper payment of federally funded benefits may purchase the public version of the DMF, which does not contain State death information, from the Department of Commerce's National Technical Information Service (NTIS). Private industry customers (including insurance companies, banks, hospitals, and universities) may also purchase the public version of the DMF through NTIS to use in verifying death and preventing fraud.

In June 2010, the President directed Federal agencies to ensure they thoroughly review available databases with relevant information on eligibility before they release any Federal funds. At a minimum, before payment and award, agencies should check the existing databases, including SSA's DMF, to verify eligibility.¹²

Excluding deceased individuals' information from the DMF could result in erroneous payments by other Federal agencies that rely on the DMF to detect unreported deaths. The missing death information could also hinder governments' and private industry's ability to identify and prevent identity fraud.

¹⁰ SSA maintains separate ESFs for wages and self-employment income.

¹¹ SSA is constrained by law from sharing all the death information it compiles. Section 205(r) of the *Social Security Act* (Act) restricts to whom and for what purposes SSA may disclose death reports it receives from States. Specifically, SSA may only disclose State death information to Federal and State agencies to ensure proper payment of federally funded benefits or for research or statistical activities conducted by a Federal or State agency. Therefore, SSA does not include State death information in the publicly available DMF.

¹² Presidential Memorandum - *Enhancing Payment Accuracy Through a “Do Not Pay List”* June 18, 2010 (75 Federal Register 35953, June 23, 2010).

CONCLUSIONS

SSA excluded from the DMF personally identifiable information for approximately 8.7 million numberholders whose Numident records contained the individuals' dates of death. SSA officials excluded these records from the DMF because of concerns about the death information's validity. However, the passage of time has served to confirm that nearly all these numberholders are deceased. The numberholders' advanced age, lack of earnings and claims activity, as well as corroborating death information in other SSA records strongly indicates the numberholders are deceased and that their information should be included on the DMF.

We also identified thousands of instances of potential misuse involving these SSNs. Specifically, we identified approximately \$3.9 billion in recent earnings reported by employers and self-employed individuals using 69,863 SSNs although they were not likely the actual numberholder. Resolving these discrepancies will improve the accuracy and completeness of the DMF and help prevent future misuse of these SSNs.

RECOMMENDATION

We recommend SSA develop a methodology to incorporate these numberholders' information into the DMF.

AGENCY COMMENTS

SSA agreed with our recommendation. The full text of SSA's comments are included in Appendix B.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures as well as other relevant Federal laws and regulations.
- We identified 8,689,084 million numberholders whose Numident record contained a date of death, but whose personally identifiable information did not appear on the Death Master File. We then
 - matched the Social Security numbers against SSA's Earnings Suspense Files for Tax Years 2009 through 2014 (both wages and self-employment);
 - identified numberholders who had death information on either the Master Beneficiary Record, Supplemental Security Record, or Master Earnings File (MEF);
 - identified numberholders who had wages posted to the MEF in at least 1 Tax Year from 1990 through 2014; and
 - identified numberholders who were in current pay status on either the Master Beneficiary or Supplemental Security Record.

We conducted our audit between February and June 2016 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The primary entities audited were the Offices of the Deputy Commissioners for Systems and 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: September 21, 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, “Numident Death Information Not Included on the Death Master File” (A-06-16-50069)--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,
"NUMIDENT DEATH INFORMATION NOT INCLUDED ON THE DEATH MASTER
FILE" (A-06-16-50069)**

General Comments

For several years, we have worked to improve the accuracy and completeness of the death data we compile, and OIG's audit findings and recommendations have helped us make changes to our processes to increase the accuracy of the death information we collect. At the end of August 2016, we released Phase 3 of our most comprehensive undertaking to date — the complete overhaul and redesign of our death processing systems. The new system, known as the Death Information Processing System (DIPS), helps technicians by ensuring they enter the correct death information to the Numident record, which is added to the Death Master File (DMF). Death information maintained in other agency systems will originate from the Numident.

Based on our initial analysis of the death records OIG identified in this report, we believe we can add data to the DMF. In a prior audit, OIG recommended we work with states to obtain death data. However, our efforts to address this prior recommendation to add historical state death data to our records resulted in the erroneous posting of death information to living individuals' records. This error resulted in serious unintended consequences for the public, our field offices, and our systems staff. We are currently working to address these errors and must finish this work before we take any action on these cases identified by OIG during this audit.

Recommendation 1

We recommend SSA develop a methodology to incorporate these numberholders' information into the DMF.

Response

We agree. However, before the agency takes action to add the records to the DMF, we will complete additional validation of the data to ensure reliability. We note that factors such as workload, staffing, system file capacity limitations, as well as funding, will determine the completion date of these updates.

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