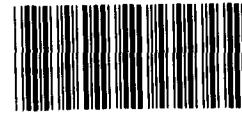


GAO

Testimony



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**VETERANS' BENEFITS:  
VA Needs Death Information From  
Social Security to Avoid  
Erroneous Payments**

Statement of Gregory J. McDonald  
Associate Director, Income Security Issues  
Human Resources Division

Before the  
Committee on Veterans' Affairs  
United States Senate



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## SUMMARY

The Department of Veterans Affairs (VA) provides about \$15 billion in compensation and pension benefits each year. Nearly 3 million veterans and 1 million surviving spouses and other dependents receive these benefits. When a beneficiary dies, if surviving relatives or other knowledgeable people do not report the death to VA promptly, erroneous payments can result.

The Social Security Administration (SSA) receives voluntarily reported death information from many sources and purchases death certificate information from the states. Federal agencies, such as VA, offering benefit programs are authorized to obtain this information. By using SSA death information, VA could identify beneficiaries who are reported as deceased. VA has not obtained this information from SSA for use in its program management.

Upon matching VA payment files with death information maintained by SSA, GAO found that in April 1989 VA paid compensation or pension benefits for over 1,200 veterans who SSA records reported had died. About 100 had been dead for 10 years or more. The potential annual erroneous payments were at least \$5.7 million--a conservative number due to data limitations.

VA pays compensation and pension benefits to about 227,000 beneficiaries who do not have social security numbers on file with VA, precluding automated matching. We were also unable to confirm with certainty whether payments were also continuing for any "survivors" who had died because of the way VA records their names and social security numbers in its payment file. Finally, we did not match VA payment records with additional SSA information from over 900,000 death certificates because of restrictions on the use of the data.

VA and SSA need to promptly arrange for VA to acquire and use, on a recurring basis, SSA's death information. In addition, other federal programs, including some VA programs, require SSNs as a condition of eligibility. VA is not authorized to require SSNs for either its compensation or protected pension programs. S. 1110 would give VA the authority to remedy this problem, and we endorse that legislation.

Mr. Chairman and Members of the Committee:

We are pleased to be here today to testify on our work concerning the Department of Veterans Affairs' (VA) need to obtain death information from the Social Security Administration (SSA) to avoid erroneous payments to the accounts of deceased beneficiaries.

In July 1989, you requested that we determine whether VA makes substantial erroneous payments to the accounts of deceased beneficiaries under its compensation and pension programs. You also asked that we propose remedies to resolve any problems that we detected in the payment system. We have completed our fieldwork and have sent our draft report to both VA and SSA for comment. A copy of the draft was also provided to the Committee.

VA provides about \$15 billion in disability compensation and pension benefits each year. Nearly 3 million veterans and 1 million surviving spouses and other dependents receive these benefits. When a beneficiary dies, payments should be terminated. However, if surviving relatives or other knowledgeable people do not report beneficiary deaths to VA promptly, substantial erroneous payments can result.

In administering Social Security programs, SSA receives voluntarily reported death information from many sources, such as employers and funeral home operators, and purchases death certificate information from the states. Federal agencies, such as VA, that offer benefit programs are authorized to obtain and use this information to ensure that payment records are correct. However, VA does not currently obtain this or equivalent information on a routine basis.

RESULTS OF MATCHING  
VA AND SSA DATA

In responding to your request, we matched VA's benefit payment files with death information maintained by SSA and found that VA is making substantial compensation and pension payments on behalf of deceased veterans. This happens because VA relies primarily on voluntary reporting by relatives and others, who may not report the death or may be slow in doing so.

Our match consisted of two parts. First, we matched VA's payment records for compensation and pension benefits as of April 24, 1989, with SSA's file of voluntarily reported death information as of December 1988. This file contained information on over 39 million deaths. We found 1,065 veterans who SSA information showed were deceased but for whom VA payments were continuing.

Second, we matched the VA payment file with an SSA file containing information from about 450,000 death certificates. This information was purchased from the states and is available to other federal agencies. Through this match, we identified another 147 deceased veterans to whose accounts VA benefit payments continued. We were unable to determine with certainty, however, whether payments were continuing for any "survivors" who had died because of the way VA records survivors' names and social security numbers (SSNs) in its payment file.

SSA also maintains information from about 900,000 additional death certificates. This information is purchased from the states under restricted agreements. These agreements preclude SSA from releasing this information to other federal agencies without the states' permission. Thus, we did not match VA's payment files with this information.

In all, our match identified over 1,200 veterans who were reported dead in SSA records as of December 1988. VA was still making payments to these veterans' accounts in April 1989. About 100 had been reported as dead for 10 years or more. The potential annual erroneous payments in these cases totaled \$5.7 million.

At our request, VA investigated some of the cases identified in

our match and verified substantial payments on behalf of veterans who were apparently deceased. For example:

-- VA records showed that direct deposits of \$30,369 had been made to the bank account of a veteran who died in August 1984. After verifying the date of death, VA ended benefit payments and is further investigating the case.

-- Another veteran died in September 1983, according to SSA records, but VA continued to make direct deposit payments totaling \$13,797 to his account. VA verified the date of death, ended benefit payments as of September 1, 1989, and is considering further action.

VA HAS NOT OBTAINED  
SSA'S DEATH INFORMATION

VA and SSA have negotiated over access to death information for the past several years, but without success. SSA maintains that VA has expressed reluctance to comply with SSA's requirement to independently verify reported deaths before taking any action that may adversely affect a person's benefits. VA, however, says that such verification is required under its due process regulations before benefits can be terminated.

Notwithstanding this misunderstanding, we did not identify any reasons to further delay VA's obtaining SSA information.

Accordingly, we met with VA officials in late February, after which the Acting Chief Benefits Director sent a letter to the SSA Commissioner formally requesting the information. We understand that VA and SSA officials plan to meet on this matter in early June 1990. VA officials have informed us that once the SSA information is available, matching with SSA information and verifying the results can be accomplished at a nominal cost. Likewise, SSA officials said the cost of providing the information to VA would be nominal.

VA DOES NOT HAVE SOCIAL SECURITY NUMBERS  
FOR ALL BENEFICIARIES

It is important to note that the primary identifier for effective matching of this type is the social security number.

Accordingly, we analyzed VA's payment file to determine whether all beneficiaries were identified by SSNs. We found that in 1989, VA paid over \$1 billion in benefits to about 227,000 veterans and survivors who were not identified by SSNs. Without SSNs for these and future beneficiaries, any effective matching of VA payment files with SSA's death information will be precluded. Therefore, VA could continue to make erroneous benefit payments unless all beneficiaries are required to provide SSNs.

Other federal programs, including some VA programs, require SSNs as a condition of eligibility. VA is not currently authorized

to require SSNs for either its compensation or protected pension programs. Mr. Chairman, your bill, S. 1110, would authorize VA to require beneficiaries to provide SSNs as a prerequisite for eligibility for benefits. We endorse that legislation.

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In conclusion, SSA has information that VA could use to identify potentially erroneous payments to deceased beneficiaries. SSA and VA need to establish a system to routinely share this information, since there is no apparent reason to further delay its exchange.

Mr. Chairman, that concludes my prepared statement. We will be happy to answer any questions you or other members of the Committee may have.