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SUPPLEMENTAL SECURITY INCOME

Sustained Management Attention Needed to Address Residency Violations

Statement of Robert E. Robertson, Director
Education, Workforce, and Income Security Issues

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GAO-04-789T

May 20, 2004

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Highlights

Highlights of GAO-04-789T, a testimony before the Chairman, Subcommittee on Human Resources, Committee on Way and Means, House of Representatives

SUPPLEMENTAL SECURITY INCOME

SUSTAINED MANAGEMENT ATTENTION NEEDED TO ADDRESS RESIDENCY VIOLATIONS

Why GAO Did This Study

The Supplemental Security Income (SSI) program paid about $36 billion in benefits to about 6.9 million recipients in 2003. In recent years, the Social Security Administration (SSA) has identified a general increase in the amount of annual overpayments made to recipients who are not present in the U.S. as required by SSI program guidelines—a problem we refer as "residency violations". This problem has caused concern among both program administrators and policy makers. As such, GAO was asked to determine what is known about the extent to which SSI benefits are improperly paid to individuals who are not present in the United States and to identify any weaknesses in SSA's processes and policies that impede the agency's ability to detect and deter residency violations.

What GAO Recommends

GAO has made recommendations to the Commissioner of Social Security that will allow the agency to make optimal use of existing tools and new data sources to better detect potential residency violators.

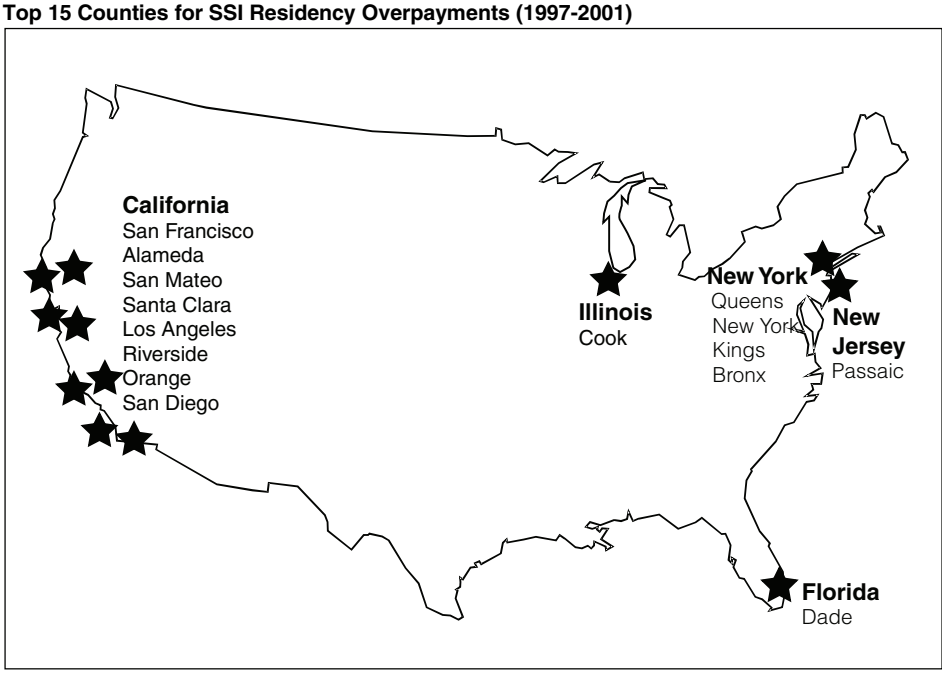
www.gao.gov/cgi-bin/getrpt?GAO-04-789T. To view the full report, including the scope and methodology, click on the link above. For more information, contact Robert E. Robertson (202) 512-7215 or RobertsonR@gao.gov.

What GAO Found

Overpayments resulting from residency violations totaled about $118 million between 1997 and 2001. However, this figure, which represents only violations detected by SSA, likely understates the true level of the problem. Additionally, the extent of violations appears to vary by geographic region, with overpayments being more prevalent in several large metropolitan areas. GAO found that 54 percent of all overpayments detected by SSA during this period occurred in just 15 counties. In addition, we found that recipients born outside the United States accounted for at least 87 percent of all residency overpayments.

SSA's ability to detect and deter residency violations is impeded by three kinds of weaknesses. First, the agency relies heavily on self-reported information from recipients to determine domestic residency, often without independently verifying such information. Second, SSA makes insufficient use of existing tools to detect violations, such as its "risk analysis" system, redeterminations, and home visits. Finally, the agency has not adequately pursued independent sources of information from other federal agencies or private organizations to detect nonresidency of SSI recipients. GAO recognizes that the SSI program is complex to administer, and residency requirements are particularly difficult to enforce because they can necessitate time-consuming, labor-intensive verification checks, such as home visits. However, SSA has not employed a systematic, comprehensive approach to this problem that would allow the agency to use its available systems and procedures more efficiently and reduce the program's exposure to additional violations.

Top 15 Counties for SSI Residency Overpayments (1997-2001)



Mr. Chairman and Members of the Subcommittee:

I am pleased to be here to discuss the Supplemental Security Income (SSI) program. The Social Security Administration (SSA) administers the SSI program, which is the nation's largest cash assistance program for the poor. SSI provides financial assistance to people who are age 65 or older, blind or disabled, and who have limited income and resources. In 2003, about 6.9 million recipients were paid about $36 billion in SSI benefits.[1] Benefit eligibility and payment amounts for SSI recipients are determined by complex and often difficult to verify factors such as individual living arrangements, including whether a person resides in the United States (U.S.). Thus, the SSI program tends to be difficult to administer and susceptible to overpayments.[2] In recent years, SSA has identified a general increase in the amount of annual overpayments made to recipients who are not present in the U.S. as required by SSI program guidelines—a problem we refer to as "residency violations."

My testimony today focuses on a report we issued in July 2003 in response to a request from this subcommittee.[3] You asked us to (1) determine what is known about the extent to which SSI benefits are improperly paid to individuals who are not present in the U.S. and (2) identify any weaknesses in SSA's processes and policies that impede the agency's ability to detect and deter residency violations.

In summary, SSA detected overpayments of $118 million for residency violations between 1997 and 2001,[4] but interviews with the Office of Inspector General (OIG) and agency officials suggest that the agency only detected a portion of the violations that occur each year, at least in some parts of the country. The extent of violations appears to vary by geographic region, with overpayments being more prevalent in several large metropolitan areas in five states—California, Florida, Illinois, New Jersey, and New York. We also found that recipients born outside the U.S.

[1]This figure includes both federal funds and state supplemental funds.

[2]In 2001, outstanding SSI debt and newly detected overpayments for the year totaled $4.7 billion.

[3]See U.S. General Accounting Office, *Supplemental Security Income: SSA Could Enhance Its Ability to Detect Residency Violations*, GAO-03-724 (Washington, D.C.: July 29, 2003).

[4]More recent data on overpayments due to residency violations were not available at the time of this testimony.

accounted for at least 87 percent of all residency overpayments. Three kinds of weaknesses have historically impeded SSA's ability to detect and deter residency violations. First, to verify domestic residency, the agency has often relied on self-reported information from recipients and visual inspection of documents that can be easily manipulated, such as rent receipts and letters from neighbors or clergy. Second, the agency has historically made limited use of tools at its disposal to detect possible violators, such as its risk analysis system to screen for high-risk cases more likely to result in overpayments. Third, SSA has not adequately pursued the use of independent, third-party data, such as emerging immigration databases or recipient bank account information, to help detect residency violations.

In response to our report recommendations, SSA indicated that it is considering implementing several initiatives that may provide a more complete picture of residency violations in the SSI program and improve its ability to detect and prevent such violations in a more efficient, timely manner. These include investigating the potential for obtaining access to foreign automated teller machines to track banking transactions over time, requesting assistance from state Medicaid fraud investigators to help SSA perform more home visits to verify recipients' residence, and investigating the potential of examining arrival/departure records maintained by the Department of Homeland Security to identify recipients who leave the country for more than 30 consecutive days. While it is too early to assess how effective these initiatives may be, we support SSA's commitment to studying this problem further and its willingness to explore new data sources and improvements to existing processes as a way of detecting potential violations in a more timely manner. Thus, we view these initiatives as positive first steps. However, sustained management attention to identifying and preventing residency violations will be needed to further strengthen the integrity of the SSI program.

Background

Individuals may apply for SSI benefits at any of about 1,300 SSA field offices. During the initial interview, SSA staff solicit information on applicants' financial situation and the disability being claimed. Applicants are required to report any information that may affect their eligibility for benefits, such as income, resources, and their living arrangements (including current residence). Similarly, once individuals receive SSI benefits, they are required to report changes in their address or residence to SSA in a timely manner. The Social Security Act (Section 1614 (a)(1)(B)(i)) requires that an individual be a resident of the U.S. to be eligible for SSI payments. SSA guidelines define a resident of the U.S. as a

person who has established a dwelling in the U.S. with the intent to live in the country. Section 1611(f) of the act also provides that no individual is eligible for SSI payments for any month during all of which the individual is outside the U.S. Recipients who fail to establish residency in accordance with SSI program guidelines or do not report absences of 30 days or more may be overpaid, and subject to monetary penalties and administrative sanctions such as suspension of benefits. Similarly, SSI recipients who become ineligible for SSI benefits because they violate SSI residency guidelines may also be ineligible to receive Medicaid benefits.

To a significant extent, SSA depends on program applicants and current recipients to accurately report important eligibility information. To verify this information, SSA may use computer matches to compare SSI records against recipient information in records of third parties such as other federal agencies. SSA also periodically conducts "redetermination" reviews to verify important eligibility factors, such as income and resources, to determine whether recipients remain eligible for benefits after the initial assessment.

SSA Detected Overpayments of $118 Million for Residency Violations over 5 Years, but More May Go Undetected

SSA detected overpayments of $118 million for residency violations between 1997 and 2001, but interviews with OIG and SSA officials suggest that the agency detects only a portion of the violations that occur each year, at least in some parts of the country. Special initiatives of limited duration conducted by SSA and its OIG have uncovered additional residency overpayments. According to our own analysis of SSA's data, residency overpayments appear to vary by geographic region, with the majority of overpayments having been detected in several large metropolitan areas. Finally, we determined that most of the overpayments detected during this period were attributable to recipients who were born outside the U.S.

Residency Violations May be More Prevalent than SSA Has Detected

SSA detected an average of about 46,000 recipient residency violations annually between 1997 and 2001, resulting in $118 million in overpayments. While SSA's data show that less than 1 percent of all SSI recipients violate residency requirements annually, SSA field staff and OIG officials suggest that the problem may be more prevalent. For example, over the past few years, SSA and its OIG have initiated a number of studies estimating that residency violations in certain regions of the country may represent as much as 26 percent of SSI cases in those areas. These local studies were generally limited in duration and were performed within specific geographic areas:

- A 1997 SSA and OIG joint study of SSI residency used home visits in southern California to identify potential residency violations. The study concluded that about 25 percent of SSI recipients in one field office were living outside of the country. The study also determined that 47 percent of SSI recipients from this field office could not be located at their reported residence, an indication that they may be violating residency requirements.

- A 1998 OIG eligibility study in El Paso, Texas, found that about 26 percent of recipients investigated were violating residency requirements. This project identified about $3 million in residency overpayments.

- In 1998 and 1999, joint SSA/OIG studies examined 32,641 recipients in New York and California who had not used their Medicaid benefits for at least 1 year.[5] Using redetermination reviews, these studies found that 1,281 recipients (about 4 percent) were living outside the U.S.[6]

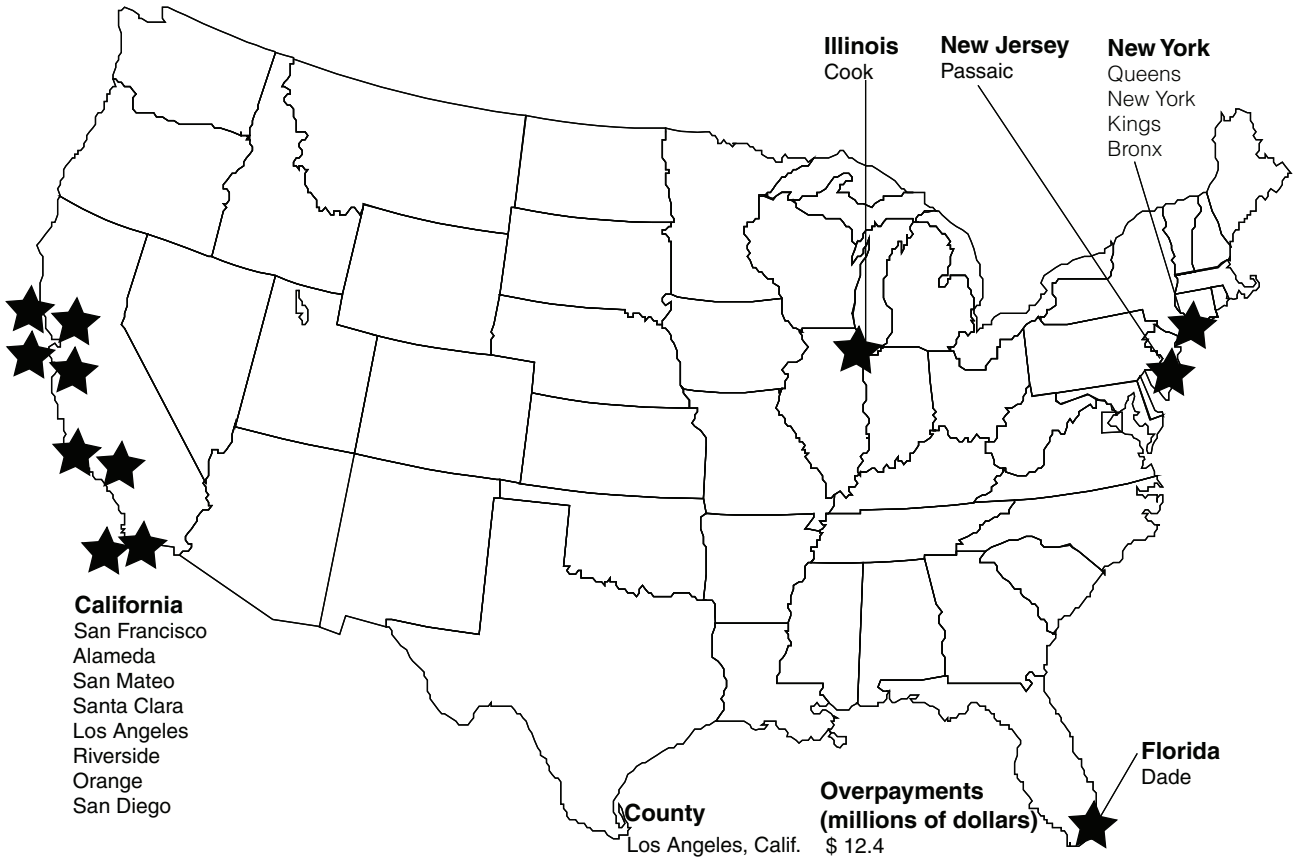
Many Violations Are Geographically Concentrated

Our analysis of SSA's data showed that overpayments due to residency violations are more prevalent in a number of large metropolitan areas. For example, overpayments from violations detected in Los Angeles County, California, represented 10.5 percent of the nation's SSI residency overpayments between 1997 and 2001. Overall, we found that just 15 counties in 5 states—California, Florida, Illinois, New Jersey, and New York—accounted for 54 percent of all residency overpayments detected by SSA during this period. (See fig. 1.) In addition to Los Angeles County, there were other counties with a significant percentage of SSI residency overpayments: Queens County, N.Y. (5.2 percent); New York County, N.Y. (5.0 percent); Kings County, N.Y. (4.8 percent); San Diego County, Calif. (4.1 percent); and Bronx County, N.Y. (3.5 percent). Moreover, of approximately 3,000 U.S. counties, 50 accounted for 77 percent of all residency overpayments detected by SSA during this time. (See fig. 1.)

[5]The rationale for targeting these cases was that financially needy individuals who were aged or disabled are likely to use Medicaid services on a regular basis. Thus, SSI recipients who have not used Medicaid for long periods of time may have left the U.S. or died.

[6]These studies considered the effect of only one potential indicator of residency violations—Medicaid nonutilization.

Figure 1: Top 15 Counties for SSI Residency Overpayments, 1997-2001



County	Overpayments (millions of dollars)
Los Angeles, Calif.	$ 12.4
Queens, N.Y.	$ 6.2
New York, N.Y.	$ 5.9
Kings, N.Y.	$ 5.7
San Diego, Calif.	$ 4.9
Bronx, N.Y.	$ 4.2
Orange, Calif.	$ 3.9
Santa Clara, Calif.	$ 3.9
Dade, Fla.	$ 3.3
Cook, Ill.	$ 2.9
San Francisco, Calif.	$ 2.7
Alameda, Calif.	$ 2.5
Passaic, N.J.	$ 2.2
San Mateo, Calif.	$ 1.6
Riverside, Calif.	$ 1.5

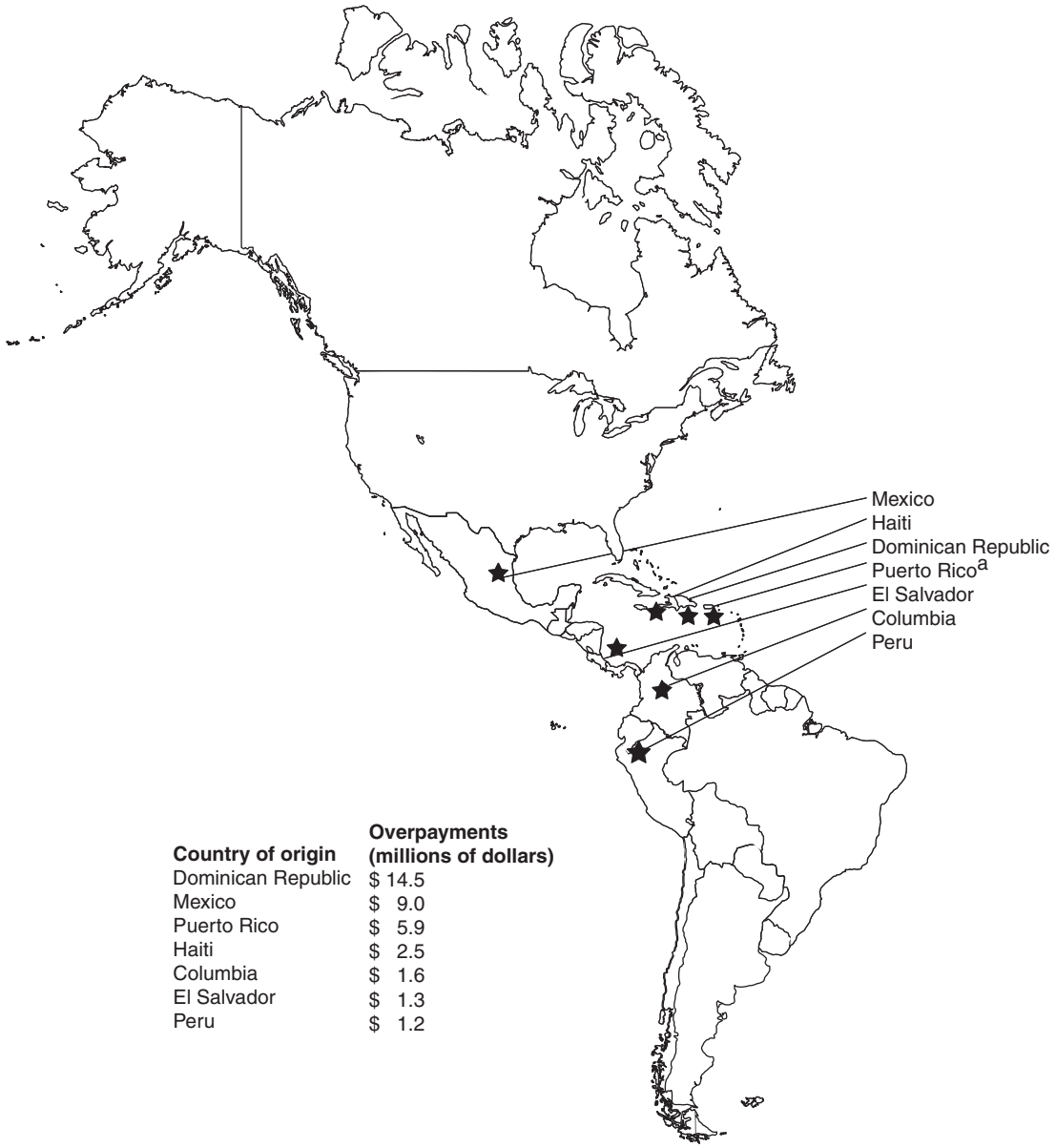
Source: GAO.

Most Overpayments Were Made to Recipients Born Outside the U.S.

SSA's data also showed that individuals born outside the U.S. accounted for at least 87 percent of all SSI residency overpayments between 1997 and 2001.[7] Residency overpayments were most common among recipients who were born in Latin America, the Caribbean, and South/Southeast Asia, but included other areas as well, such as the Middle East. Recipients from the Philippines accounted for the greatest amount of residency violations or $24 million of all SSI residency overpayments during this period. SSA data also showed that recipients from just 14 countries and 1 U.S. territory accounted for about 73 percent of all residency overpayments during this period. These include the Dominican Republic, (12.3 percent), Mexico (7.6 percent), Puerto Rico (7.5 percent), India (7.1 percent), and Iran (3.4 percent). (See fig. 2.)

[7]The percentage of total residency overpayments attributed to recipients born outside of the U.S. may be higher than 87 percent because SSA could not identify a specific country of birth for recipients that represent about $10 million in SSI overpayments.

Figure 2: Top 15 Countries of Origin for SSI Residency Overpayments, 1997-2001



Country of origin	Overpayments (millions of dollars)
Dominican Republic	$ 14.5
Mexico	$ 9.0
Puerto Rico	$ 5.9
Haiti	$ 2.5
Columbia	$ 1.6
El Salvador	$ 1.3
Peru	$ 1.2

Source: GAO.

[a] Puerto Rico is a United States territory.

Country of origin	Overpayments (millions of dollars)
Philippines	$ 24.0
India	$ 8.4
Iran	$ 4.1
Vietnam	$ 3.5
China	$ 3.4
Korea	$ 2.0
Pakistan	$ 1.3
Taiwan	$ 1.3

Reliance on Self-Reported Information and Other Vulnerabilities Have Impeded SSA's Ability to Detect and Deter Violations

SSA's ability to detect and deter residency violations has been impeded by three kinds of weaknesses. First, the agency has relied heavily on self-reported information from recipients to determine domestic residency, often without independently verifying such information. Second, SSA has made insufficient use of its existing tools for identifying potential violations, such as its risk analysis system to screen for high-risk cases. SSA has also not made optimal use of redetermination reviews, home visits, monetary penalties, and administrative sanctions to deter future violations. Finally, the agency historically has not made adequate use of independent data sources from other federal agencies or private organizations to detect nonresidency of SSI recipients.

SSA Has Relied Heavily on Self-Reported Information That Can be Manipulated

SSA has relied on self-reported information, such as documents and statements from recipients, to establish proof of U.S. residency. Our prior work has shown that about 77 percent[8] of all payment errors in the SSI program were attributable to recipients who do not comply with reporting requirements.[9] In our recent review, about half the SSA field staff we interviewed reported that they relied on recipients to self-report important information with respect to travel outside the U.S. SSI program guidelines have generally directed SSA staff to accept recipients' assertions concerning residency unless they have reason to question the accuracy of their statements. If SSA field staff have reason to believe that a recipient has been outside the country for more than 30 days, they may request additional documentation such as a plane ticket, passport (or similar evidence which establishes date of entry into the U.S.), or a signed statement from one or more U.S. residents such as neighbors, clergy, or others who may have knowledge of the individual's whereabouts. However, program guidelines do not require field staff to perform any additional verification steps to establish recipients' residency. [10]

[8]This figure represents data from fiscal years 1991 through 1995.

[9]See U.S. General Accounting Office, *Supplemental Security Income: Action Needed on Long-Standing Problems Affecting Program Integrity*, GAO/HEHS-98-158 (Washington, D.C.: Sept. 14, 1998).

[10]SSI program guidance allows field staff to use home visits in selected circumstances, such as in response to a report from a third party that a recipient is outside the U.S. In addition, home visits may be employed if a recipient fails to provide information requested by SSA staff, or if a recipient does not respond to letters and/or telephone calls from staff asking them to appear at the local office. However, program guidelines give field office managers discretion in determining when to use home visits and allow them to take into consideration factors such as the safety of staff who perform such visits.

We also learned that some of the documents accepted by SSA as proof of residence are subject to manipulation or forgery. For example, staff in one field office noted that documents such as rent receipts can be purchased from a local drugstore and easily forged. Other field staff said that statements from neighbors could be falsified or manipulated to support assertions that an individual has not traveled outside the country. Field staff also reported that recipients may use multiple passports in order to conceal extended stays outside the country. For example, staff in two SSA regions we visited said that SSI recipients sometimes use a foreign passport to exit and reenter the country while maintaining a separate, "clean" U.S. passport for evidence of continuing residency.

Given the agency's reliance on self-reported information, SSA field staff often used their personal experience, judgment, and ad hoc interviewing procedures to detect potential residency violations. In particular, SSA field staff have looked for inconsistencies in recipient statements or a recipient's inability to answer simple questions about where they live. For example, recipients may be asked about the names of people living in their household, or basic facts about their neighborhood such as the location of a well-known landmark. Staff may also ask whether a recipient owns property outside the U.S. Questionable or inconsistent answers to such questions may result in requests to provide additional documentation. However, effectively identifying residency violators has often depended on the experience and persistence of individual staff.

Our review also found that the procedures for documenting recipients' residency varied widely among the offices we visited, in particular, the number and types of evidentiary documents requested by staff. While staff in several offices reported that they often request only the most basic documentation required by SSI program guidelines, staff in other offices told us that they routinely ask for additional documentation for recipients, such as a second passport or other travel documents to determine whether the individual has been outside the country for more than 30 days. While these steps are not required, some field staff reported that they have been effective in identifying potential violators and deterring future violations. SSA staff reported a number of reasons for different documentation requirements such as variance in individual office policies, personal preferences based on experience, time pressures to complete cases, and the inability to effectively verify supplied documentation.

SSA Has Not Fully Exploited Its Tools for Detecting and Deterring Program Violations

SSA has not made optimal use of several tools that could be used to detect residency violations. These include its "risk analysis system" for screening cases more likely to result in overpayments, its "redetermination reviews" of recipients' eligibility, and home visits to verify recipients' whereabouts. SSA has used statistical risk analysis techniques for many years in the SSI program to identify recipients who are more likely to be overpaid due to excess income or resources. Since SSA lacks adequate staff resources to conduct an annual review of every recipient, it uses this technique to identify recipients who are most likely to have a change in their eligibility status or benefit amount. [11]

Despite the proven effectiveness of its risk analysis system to help the agency identify cases with the highest potential for overpayments, SSA has not used this tool to specifically identify potential residency violations. To determine whether it would be possible for SSA to more effectively identify potential residency violators by using its existing systems, we developed and tested a statistical model of factors possibly associated with residency violations.[12] Using this model as a screen, we examined all recipients who were currently in violation of residency requirements as of April 2003,[13] and found that recipients born outside the U.S.—noncitizens as well as naturalized citizens—were more than 40 times as likely to be violating residency requirements than were native-born recipients. Similarly, recipients with prior residency violations were about 10 times as likely to be current violators compared with recipients who have no prior violations. We also found that recipients who used post office boxes were somewhat more likely to be receiving benefits outside the country than those without post office boxes. Given the potential usefulness of this limited modeling demonstration, it may be possible for SSA to expand and

[11]SSA's risk analysis system incorporates about 48 different characteristics—or variables—to help the agency determine which recipients will be selected for annual redetermination reviews. Recipients identified as being at higher risk for overpayments are designated as High Error Profile cases and may be subject to more frequent reviews that entail personal contact with SSA field office staff. Those recipients identified as being less likely to incur an overpayment are designated as Medium or Low Error Profile and may only receive a redetermination conducted by mail rather than in person. Some Low Error Profile cases are only examined once every 6 years.

[12]The variables used in our model are not an exhaustive list of potential variables that SSA could use in its risk analysis system. They represent just a few of the characteristics that were frequently cited by prior reviews as well as SSA and OIG staff as potentially good predictors of residency violations.

[13]SSI recipients with residency violations were compared against recipients with no violations.

refine its risk analysis system to better target potential violators. SSA is studying the potential for refining its screening technique to improve its effectiveness for identifying recipients at high risk for residency violations.

Beyond the targeting problems we identified with SSA's risk analysis system, we found that the agency was not using redeterminations as efficiently as it could despite the fact that SSA's data and our prior reviews have documented their effectiveness for verifying recipients' eligibility.[14] In particular, home visits were used infrequently during redetermination reviews according to staff in a number of offices we visited.

Those field offices that have used home visits as part of their redetermination procedures have found them effective. About half of the field offices we visited (9 of 17) employed home visits at least some of the time to verify whether recipients actually live at the address they report to SSA. For example, the SSA regional office in Dallas, Texas contracted with a private investigation firm to conduct residency home visits. Using these investigators, field offices within the region performed 4,200 home visits that uncovered at least $2.1 million in additional overpayments between October 1997 and January 2003. According to SSA data, this project achieved a benefit-to-cost ratio of almost 8 to 1. Similarly, the California Department of Health Services has worked cooperatively with SSA field offices in the San Diego area by conducting residency home visits. Because Medicaid eligibility is often directly tied to SSI eligibility, identifying residency violations may save funds from both programs. Between October 2000 and September 2002, state Medicaid investigators identified about 1,600 SSI recipients with residency violations. In one instance, state investigators discovered an SSI recipient who was using a residence in southern California as a mailing address, while actually residing in Tijuana, Mexico, for at least 8 years. In another case, state investigators found an SSI recipient using a post office box in southern California as a mailing address, although the recipient was in fact living in San Felipe, Mexico, since 1982. Because the state provides these investigative services to SSA free of charge, it is highly cost-effective. To

[14]SSA data show that, in 1998, refining the case selection methodology increased estimated overpayment benefits—amounts detected and future amounts prevented—by $99 million over the prior year. SSA officials have estimated that conducting substantially more redetermination reviews would yield hundreds of millions of dollars in additional overpayment benefits annually. See U.S. General Accounting Office, *Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue*, GAO-02-849, (Washington, D.C.: Sept. 6, 2002).

address this issue, SSA is currently exploring the potential for having states assist in performing home visits using their Medicaid fraud investigators. According to SSA, 27 states and the District of Columbia have expressed an interest in assisting in this effort.

In terms of deterring future violations, we found that existing monetary penalties and administrative sanctions are rarely, if ever, used in the offices we visited.[15] For example, about 72 percent of the field staff we interviewed said that penalties or sanctions are not used in their offices, or are only used occasionally. National data on SSA's use of monetary penalties and administrative sanctions also suggest that these tools are not routinely utilized for recipients who fail to report important information that can affect their eligibility, including absences from the country. In a recent report, we estimated that at most about 3,500 recipients were penalized for reporting failures in fiscal year 2001.[16] Under the law, SSA may impose monetary penalties on recipients who do not file timely reports about factors or events that can affect their benefits. A penalty causes a reduction in 1 month's benefits. Penalty amounts are $25 for a first occurrence, $50 for a second occurrence, and $100 for the third and subsequent occurrences. The penalties are meant to encourage recipients to file accurate and timely information. However, a large number of staff we interviewed noted that monetary penalties are too low to be an effective deterrent against future residency violations.

The Foster Care Independence Act of 1999 (Pub. L. No. 106-169) gave SSA authority to impose administrative sanctions on persons who misrepresent material facts that they know, or should have known, were false or misleading. In these circumstances, SSA may suspend benefits for up to 24 months. Despite having this authority, we found that benefit suspensions are rarely if ever used by field staff for residency violators. In fact, administrative sanctions were only imposed in 21 cases nationwide as of January 2002.[17] A substantial number of staff told us that they rarely use sanctions because the process for imposing them is often time-consuming and cumbersome. In addition, some staff reported that SSA management does not encourage the use of penalties or sanctions to deter residency

[15]Prior GAO reports indicate that monetary penalties and administrative sanctions may be underutilized in the SSI program. See GAO-02-849.

[16]See GAO-02-849.

[17]Ibid.

violations. SSA is currently evaluating its policies for imposing monetary penalties and administrative sanctions.[18]

SSA Had Not Actively Pursued Third-Party Data Sources to Detect Potential Violators

While SSA uses third-party information to verify certain aspects of recipients' eligibility such as income, we found that the agency has historically lacked adequate outside data sources to verify that recipients are residents of the U.S.[19] The agency currently receives periodic paper reports from immigration officials on noncitizens who have current and planned absences from the U.S. and sends them to the appropriate SSA field offices for follow up. However, these procedures are only effective for recipients who voluntarily report their absence to immigration officials. Thus, SSA will remain limited in its ability to independently verify the residency of SSI recipients who deliberately seek to conceal extended periods outside the country. Over half of the SSA managers and field staff we interviewed told us that access to automated immigration data would help them to more accurately verify recipients' residency. We have recommended that SSA consider using a new system called the U.S. Visitor and Immigrant Status Indicator Technology system (US VISIT) to verify some recipients' entry and exit from the country. It is currently being used by the Department of Homeland Security and will incorporate existing entry-exit databases. When fully implemented, this system will provide a mechanism to monitor major ports of entry/exit in the U.S., including land crossings, seaports, and airports. As noted previously, SSA is examining the potential for obtaining access to the system to identify SSI recipients who reside outside the U.S. for more than 30 consecutive days.

SSA has also not fully utilized its authority to obtain independent data from other sources such as financial institutions as a tool for detecting potential residency violations. The Foster Care Independence Act of 1999 (FCIA) granted SSA new authority to verify recipients' financial accounts. To implement this authority, SSA issued proposed regulations on its new processes for accessing financial data in May 2002.[20] In September 2003, the agency issued its final regulations. SSA is testing processes to access the records of financial institutions and credit bureaus to detect

[18]Ibid.

[19]For example, SSA routinely uses information from the Department of Health and Human Service's National Directory of New Hires to verify SSI recipients' income.

[20]See Access to Information Held by Financial Institutions, 67 *Fed. Reg.* 22021 (now codified at 20 C.F.R. pt. 416).

unreported income or resources of SSI applicant and recipients. However, it is not clear whether SSA plans to use financial institution data more broadly to detect potential residency violations. In particular, it may be missing potentially helpful sources of information such as data on recipients who conduct banking transactions outside the U.S. using ATMs. As noted previously, a large proportion of the residency overpayments SSA detected between 1997 and 2001 were tied to recipients who originated in various countries in Latin America and South/Southeast Asia. However, SSA currently has no way to identify recipients who withdraw SSI benefits from ATMs outside the U.S. Information we obtained from a national financial data vendor indicates that it is now possible for authorized users to obtain detailed information on individuals' financial transactions from a large number of national and international institutions. SSA may be able to obtain data for recipients whose SSI benefits are direct-deposited into a U.S. bank and then withdrawn from automated teller machines outside the country over extended time periods. In response to our recommendation, SSA has indicated that it would explore the feasibility of obtaining such information to identify recipients who reside outside the U.S. for more than 30 consecutive days.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you or other Members of the Subcommittee may have.

GAO Contacts and Staff Acknowledgments

For information regarding this testimony, please contact Robert E. Robertson, Director, or Daniel Bertoni, Assistant Director, Education, Workforce, and Income Security Issues at (202) 512-7215. Individuals making contributions to this testimony include Susan Bernstein, Jeff Bernstein, Jeremy Cox, Sal Sorbello, Vanessa Taylor, Wendy Turenne, and Shana Wallace.

Related GAO Products

Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue. GAO-02-849. Washington, D.C.: September 16, 2002.

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