

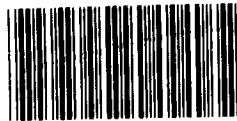
HGSR 110596



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION



110596

OCTOBER 16, 1979

B-164031(4)

The Honorable Patricia Roberts Harris
The Secretary of Health, Education,
and Welfare

AGC 00022

Dear Mrs. Harris:

Subject: [Social Security Should Obtain and Use
State Data to Verify Benefits for All
Its Programs] (HRD-80-4)

AGC 00026

The Social Security Administration (SSA) administers four programs that pay monthly benefits to 39.5 million aged and disabled persons and/or their survivors and dependents. Some of these recipients are paid benefits from more than one program. Benefit payments for these programs--Old-Age and Survivors Insurance, Disability Insurance, Supplemental Security Income (SSI), and Federal Black Lung--are expected to total about \$108.5 billion in fiscal year 1979. The integrity of these programs depends, to a large degree, on recipients voluntarily reporting changes in their income, resources, and other eligibility circumstances. This information is vital since it may eliminate a recipient's eligibility or reduce his/her benefit amount.

Estimates of the impact of reporting failures are limited to the SSI program. According to SSA's Office of Assessment, \$257.4 million in payment errors were made during fiscal year 1978 because SSI recipients provided inaccurate or incomplete information or failed to report changes in their circumstances. While much information on recipients is currently maintained by State and local governments, SSA's efforts to obtain this data have been fragmented and uncoordinated.

SSA has successfully used records maintained by other Federal agencies for reducing erroneous SSI payments. These agencies include the Veterans Administration (VA) and Railroad Retirement Board. SSA has been able to obtain these

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records without extreme difficulty because (1) specific legislation authorizes SSA to obtain and verify SSI eligibility and benefit amounts, (2) centrally administered payment records could be readily obtained from a single source, and (3) the payment records were computerized, thereby making it easier for SSA to compare these records with the SSI records on an automated basis.

SSA has obtained benefit data from VA since August 1976 for use in computing and verifying SSI benefits and from other Federal sources after that time. Consequently, it has detected recipients' being overpaid and underpaid and thus has avoided overpaying them about \$104 million annually and underpaying them about \$15 million annually. Notwithstanding these efforts, many erroneous payments to SSI recipients continue to occur.

SSA has obtained selected information directly from some State agencies to verify recipient circumstances. However, when the data were obtained, they were not used to the extent possible for all programs. A concentrated and coordinated effort is needed to assess and obtain where warranted information maintained by all States that could be used to reduce payment errors caused by recipient reporting failures in the four SSA programs.

EFFORTS TO OBTAIN INFORMATION
MAINTAINED BY STATES HAVE BEEN
FRAGMENTED AND UNCOORDINATED

Several programs at the State and local level can affect one or more SSA benefit programs. These include unemployment compensation, workmen's compensation, State pension, and general assistance. In addition, most States maintain vital information on such things as births, marriages, and deaths.

No SSA group has been designated responsibility for systematically organizing, coordinating, and directing a unified approach to soliciting and obtaining State data for use on all SSA programs. The various SSA program components have acted independently of each other with each component being concerned only with its own program. Furthermore, SSA has no comprehensive information on which States or localities pay benefits, the types of benefits paid, or what records are automated so that a computerized verification

could be made similar to that done for Federal programs. Generally, SSA lacks specific statutory rights to State information. However, it has not compiled information showing which States would cooperate or if there are any State prohibitions on using State data.

Current Efforts Involving
Automated State Systems

For programs administered by SSA, we identified only a few instances where State records had been obtained. These included death records from Michigan, unemployment insurance records from Florida, and workmen's compensation records from Pennsylvania and Kentucky. Notwithstanding the benefits which appeared to be derived from using these records, little or no action was taken to expand these efforts within the four States or to obtain similar records from other States. Moreover, the State records it had obtained were not used to the extent possible for all SSA programs.

SSA's principal efforts to verify State data have been in the SSI program. For the most part, this has consisted of trying to develop an informational exchange between State payment files and the SSI State data exchange record given the States for their use. The primary purpose of the informational exchange is to reduce erroneous payments by providing a more accurate and timely process for verification of State payments received by SSI recipients. To minimize the number of State and local governments to be contacted, SSA planned to require each State to designate a central State agency to obtain copies of payment files from all State and local agencies administering State programs.

Although the ultimate goal is to include all State payment programs in the informational exchange, SSA expected that in some States, because of limited resources, an initial comparison could include payment files of only one or more State programs. It further expected the State agency to be responsible for electronic data processing to consolidate the State payment files into a single State file. Each State would then compare the consolidated State file with the SSI State data exchange file. The results of this comparison would be sent to the respective SSA field offices in the States.

The informational exchange plan originated in late 1977 because Massachusetts was interested in participating in a pilot program to interface State benefit programs with SSI records. Four other States--Pennsylvania, California, Michigan, and New York--were also contacted and expressed interest in participating in the pilot project. However, three of these States subsequently declined because their data processing resources were committed to other projects. SSA is continuing its discussion with New York and Massachusetts.

State data SSA has obtained

In a September 1978 SSA workgroup report on overpayments, in SSA's four programs, it was pointed out that one of the improvements in detecting overpayments has been brought about by means of interfacing SSA and State records. The report cited two SSA initiatives involving interfaces with State record systems:

<u>Initiative</u>	<u>Description</u>
Supplementary Security Record v. Florida State Employment Security Records	"Work on the match of SSI records against Florida unemployment compensation records is continuing. An additional 700 cases were referred to the Atlanta Regional Integrity Staff, bringing the total to 2,000. Atlanta has completed preliminary investigation of 120 cases; fraud is suspected in 23 of them and overpayments have been discovered in many more."
Supplemental Security Record v. Michigan Death Records	"The match of SSI records against Oakland County, Michigan, death records has been completed. The purpose was to determine the extent to which beneficiary deaths go unreported and checks are issued and negotiated after death. Of 11,220 deaths reported, 300 matched to the SSR. Checks apparently were cashed after death in 30 cases."

Death records

In an April 6, 1979, HEW Office of the Inspector General report to the Commissioner of SSA it was pointed out that the receipt of death data directly from a State or local government agency should contribute to more efficient SSA and Health Care Financing Administration operations and strengthen control over payments in all its programs. Some of the potential results cited that might be realized were:

"If SSA was notified of a death within a few days of the happening, the deceased person's case could be removed from the next payment run. During fiscal year 1978, over 1.5 million returned checks were handled by SSA and the Treasury because the person had died. Also, SSA estimated that over \$3.2 million in overpayments were made to persons after their death in fiscal year 1978. Stopping the payment would save on processing, printing, and mailing the Title II and XVI checks, the handling of returned checks, and the costs of overpayment recovery. It would also lessen the opportunity for fraud."

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"Personnel in SSA's offices would not have to be burdened with reviewing obituary columns of newspapers for possible deaths of SSA recipients."

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"Under the SSI program, the State Data Exchange System is used to inform the States about the payment status of a person. More timely death information could improve the States' administration of SSI State Supplementation payments and the Medicaid program."

The report pointed out that there are basically two ways that SSA could obtain death data from States--either receive copies of the death certificates or receive a magnetic tape of the data. The report added that either method would

require SSA to contract with each State or local government to reimburse them for supplying the death information.

State workmen's compensation

In May 1978, we issued a report pointing out that Federal Black Lung benefits had been incorrectly paid in Pennsylvania and Kentucky because recipients failed to report the receipt of workmen's compensation to Social Security. If SSA had accurate workmen's compensation data, it could reduce overpayments in Pennsylvania and Kentucky by \$926,000 annually and correct underpayments by \$39,000.

Although it was not covered in our report, we advised Black Lung and SSI program managers at the completion of our review that our preliminary estimate was that this same State data could save about \$100,000 in annual SSI overpayments and possibly could affect SSA disability insurance records. However, when Pennsylvania and Kentucky furnished the workmen's compensation benefit information to SSA, it was not used to verify information in the SSI or disability records.

OBTAINING UNEMPLOYMENT COMPENSATION
RECORDS COULD YIELD ADDITIONAL SAVINGS

During this review, we contacted three States-- California, New York, and Ohio--to determine whether they would be willing to help test whether a State benefit-- unemployment compensation--could result in savings for the SSI program. Unemployment compensation for fiscal year 1978 totaled about \$8.8 billion.

California and New York agreed to provide us with unemployment compensation payments for SSI recipients. California and New York unemployment payments for fiscal 1978 totaled about \$1.1 billion and \$1.0 billion, respectively. However, Ohio would not cooperate because State agency officials believed that any information SSA could furnish the State in administering the unemployment compensation system would be of no value to them.

The results of our comparison and subsequent analysis of California and New York SSI and unemployment compensation records for July 1978--the sample month used--showed 1,040

SSI recipients were being overpaid about \$1.6 million annually (\$1.1 million in California and \$0.5 million in New York).

CONCLUSIONS

The accuracy of payments to recipients is highly dependent upon recipients voluntarily reporting their income, resources, and other eligibility circumstances. In the SSI program, the only program measuring overpayments and underpayments for failures of reporting, \$257.4 million in payment errors were made during fiscal year 1978. While SSA has successfully obtained and verified benefit information from some other Federal agencies to help minimize incorrect payments, little has been done to obtain information maintained by State and local governments which could be used in further reducing erroneous payments. SSA efforts to obtain State and local records have been, for the most part, fragmented and uncoordinated.

Our work with California and New York unemployment insurance records showed that about \$1.6 million in erroneous SSI payments could be detected annually. Previously, we reported that Federal Black Lung overpayments totaling \$926,000 could be reduced if SSA obtained and used Pennsylvania and Kentucky workmen's compensation benefit data in computing the Black Lung payments. Subsequently, SSA obtained the data but failed to use them for verifying information in the SSI and disability insurance programs.

We recognize that there are many obstacles confronting SSA in obtaining State data. These obstacles include no specific legislative requirements for States to provide the data, the many agencies within a State, and the degree of automation of State records. In its previous approach to obtaining data, Social Security has generally placed the burden of performing computerized comparisons on the State and then asking for the results. We believe SSA should meet the convenience of State systems rather than relying on States to do most of the work.

RECOMMENDATIONS

We recommend that you direct the Commissioner of SSA to develop and implement a comprehensive national effort to obtain and use State and local data, noting (where appropriate)

legislative and administrative impediments to obtaining such data. Significant impediments should be brought to the attention of the Congress and/or HEW for resolution. In addition, Social Security should be directed to immediately request California and New York assistance in obtaining unemployment compensation benefits, and should use these records as well as current Pennsylvania and Kentucky workmen's compensation data to verify SSA's SSI and disability insurance records.

PROGRAM OFFICIALS' COMMENTS

We discussed the results of our review with SSA program officials. They agreed with our recommendations and indicated that actions will be taken to implement them.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen of the four above-mentioned Committees; Chairmen of other interested congressional committees and subcommittees; and the Director, Office of Management and Budget.

We appreciate the cooperation and assistance of SSA personnel during our review and would like to be advised of any actions taken and planned on the matters discussed in this letter.

Sincerely yours,


Gregory J. Ahart
Director