

December 2012

SUPPLEMENTAL SECURITY INCOME

SSA Has Taken Steps to Prevent and Detect Overpayments, but Additional Actions Could Be Taken to Improve Oversight



G A O

Accountability * Integrity * Reliability

Contents

Letter		1
	Conclusions	4
	Recommendations for Executive Action	5
	Agency Comments and Our Evaluation	5
Appendix I	SSI Overpayments and Recovery Presentation	7
Appendix II	Comments from the Social Security Administration	46
Appendix III	GAO Contact and Staff Acknowledgments	48

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

December 14, 2012

The Honorable Erik Paulsen
Acting Chairman
Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Honorable Scott P. Brown
United States Senate

The Social Security Administration's (SSA) Supplemental Security Income program (SSI) provides cash assistance for eligible aged, blind, and disabled individuals with limited financial means. In fiscal year 2011, the SSI program paid about \$46 billion in benefits to approximately 9 million beneficiaries. The program has grown substantially in recent years, and is expected to grow more in the near future, placing added pressure on already stretched federal budgets. Given the size of the SSI program, even small errors in benefit payments can result in a significant loss of taxpayer dollars, and financial hardships for individuals of limited means who have to repay the overpayment. In fiscal year 2010, SSA reported that overpayments to program recipients exceeded \$3.3 billion. Agency data also showed that the amount of SSI debt recovered was less than half the amount of new debt detected.

To determine an individual's ongoing financial eligibility for SSI program payments, SSA conducts periodic "redeterminations." During a redetermination, field office staff perform a variety of activities to verify recipients' income, resources, living arrangements, and other factors to determine their continued SSI program eligibility. These activities may include querying internal and external databases, checking with employers and banks, and performing interviews with recipients to obtain current information. In fiscal year 2011, SSA conducted more than 2.4 million redeterminations—an increase of about 136 percent over the number conducted in fiscal year 2007—that it estimates will prevent or recover about \$3.2 billion in lifetime overpayments.

In fiscal year 2012, recipients with countable income that exceeds \$698 per month (\$1,048 for couples) are generally ineligible for SSI payments. In addition, recipients who have countable assets of more than \$2,000 (\$3,000 for couples) are also ineligible for SSI payments. SSA may overpay beneficiaries if it does not obtain timely and accurate information

regarding their earnings and assets, and act expeditiously to discontinue payments to recipients who exceed income or asset thresholds. These overpayments adversely impact program integrity, and may create economic hardship for beneficiaries who have to repay them. Moreover, the potential burden of having to repay SSI overpayments could create, for some, a disincentive to work.

Given the importance of verifying the continued eligibility of SSI recipients, and identifying and recovering potential SSI benefit overpayments, you asked us to study the extent to which SSA makes overpayments to and recovers overpayments from SSI beneficiaries. Specifically, we answered the following questions: (1) What are the major factors associated with SSI overpayments, and what actions has SSA taken to address them? and (2) What is known about SSA's recovery of overpayments from SSI recipients, including those not currently receiving SSI payments?

We used multiple data collection methods to obtain this information. We analyzed SSI overpayment debt and collection data for fiscal year 2011 to identify trends in the identification and recovery of SSI overpayments. We also worked with SSA staff to review a nongeneralizable random sample of 105 cases of SSI recipients who had an overpayment detected in fiscal year 2011 to better understand the characteristics associated with overpayments. We reviewed documentation on SSA's policies and procedures for identifying and recovering SSI benefit overpayments, prior reports by SSA and its Office of the Inspector General, relevant federal laws and regulations, and prior GAO studies of the SSI program. In addition, we conducted in-depth interviews with management and staff from SSA headquarters, selected regions, and field offices. We also examined initiatives developed by SSA to improve the identification and recovery of SSI overpayments. Finally, we report estimates of overpayment deficiency dollars that are published in SSA's annual Supplemental Security Income stewardship reports. These estimates are based on random samples of approximately 4,300 cases each year, and consequently are subject to sampling error. Although the stewardship reports do include confidence intervals for the overall overpayment accuracy rates, SSA does not provide confidence intervals for the overpayment deficiency dollar estimates. Based on available information in these reports in combination with conservative assumptions, we placed approximate bounds on the size of these sampling errors for overpayment deficiency dollar estimates. In particular, we believe that the 95 percent confidence intervals for the overpayment deficiency estimates we present do not exceed plus or minus 20 percent of the estimates themselves.

We conducted this performance audit from September 2011 to October 2012 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 based on our audit objectives.

On October 19, 2012, we briefed your staff on the results of our study of the extent to which SSA makes overpayments to and recovers overpayments from SSI beneficiaries. In summary, we found that cumulative SSI overpayment debt nearly doubled from \$3.8 billion in fiscal year 2002 to \$7.3 billion in fiscal year 2011. SSI overpayment debt recovery also increased from \$860 million to almost \$1.2 billion during the same time period. For fiscal year 2011, the unreported value of recipients' financial institution accounts, such as checking and savings accounts, and unreported wages were the major factors associated with causes of overpayments, and were associated with about \$1.7 billion (37 percent) of all SSI overpayments.¹ SSA lacks comprehensive, timely information on SSI recipients' financial institution accounts and wages, but has developed new tools to improve its information in these areas: Access to Financial Institutions (AFI) and Telephone Wage Reporting (TWR). The AFI initiative conducts electronic searches of about 96 percent of the financial institutions where SSI recipients have a direct deposit account, and provides SSA with independent data on a recipient's financial institution accounts to use when periodically redetermining a recipient's eligibility for payments. The TWR system allows recipients to call into an automated telephone system to report their monthly wages. Agency officials reported that the TWR system should ease the burden of reporting wages for some recipients and save time for SSA staff since wage data will be input directly into SSA's computer system.

We also found that in fiscal year 2011, 75 percent of SSI overpayment debt that was recovered was obtained by withholding a portion of recipients' ongoing Title XVI (SSI) payments, or by withholding of Title II (Old-Age, Survivors, and Disability Insurance) payments. Recipients can

¹Amounts are annual estimates based on 5-year averages from FY 2007 through FY 2011.

request a waiver of repayment under certain circumstances.² According to the standards for internal control in the federal government, agencies must have controls in place to ensure that no individual can control all key aspects of a transaction or event.³ SSA, however, does not require supervisory review or approval for overpayment waivers of \$2,000 or less;⁴ and claims representatives, who are located in SSA's more than 1,260 field offices, have the authority to unilaterally approve such waivers. In fiscal year 2011, SSA approved about 76 percent of all SSI overpayment waivers requested by recipients. Management oversight of the SSI overpayment waiver decision process is limited. The agency does not routinely analyze collected SSI waiver data to identify potential negative trends in the implementation of SSA's waiver policies and procedures, such as the type, number, and dollar value of the waivers granted, including those waivers below the \$2,000 approval threshold that SSA staff can unilaterally approve, and whether there are waiver patterns specific to SSA offices, regions, or individual staff.

Conclusions

SSA has made progress in improving SSI program integrity through the increased use of redeterminations to detect and prevent overpayments, the AFI initiative to obtain more accurate information on recipients' financial institution accounts, and its continued efforts to obtain more timely recipient wage information. Despite this progress, SSA efforts to recover identified overpayment debts are constrained by SSA policies and criteria that allow claims representatives to unilaterally waive the repayment of overpayment amounts up to \$2,000 without supervisory review and approval. SSA also lacks comprehensive management information with which to oversee the waiver process through the tracking

²The statute requires that SSA waive overpayments if a recipient is not at fault and recovering an overpayment would 1) defeat the purpose of the SSI program, 2) be against equity and good conscience, or 3) impede the effective administration of SSI due to the small amount involved. 42 U.S.C. § 1383(b)(1)(B)(i).

³The standards for internal control in the federal government provide the overall framework to assist federal agencies in establishing and maintaining internal control and for identifying and addressing major performance and management challenges and areas at greatest risk of fraud, waste, abuse, and mismanagement. For more information see GAO, Standards for Internal Control. [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

⁴SSA's Program Operations Manual System gives claims representatives the authority to waive overpayment amounts up to \$2,000 without supervisory review and approval.

of waiver approval rates, amounts, and patterns specific to SSA offices, regions, or individual staff. According to the standards for internal control in the federal government, agencies must have controls in place to ensure that no individual can control all key aspects of a transaction or event. Without the necessary oversight and controls in place, SSA will be unable to identify trends in the waiver process that could jeopardize the agency's ability to maximize its overpayment recovery efforts and safeguard taxpayer dollars.

Recommendations for Executive Action

To enhance SSA's ability to recover SSI overpayment debt, we recommend that the Commissioner of Social Security

- Review the agency's policy concerning the supervisory review and approval of overpayment waiver decisions of \$2,000 or less, to determine if the policy is still appropriate given that federal agencies must have controls in place to ensure that no individual can control all key aspects of a transaction or event. Such a review should include collecting the information needed to determine the impact of this policy on the agency's financial stewardship of SSI program dollars.
- Explore ways to strengthen the agency's oversight of the overpayment waiver process through the analysis of data to identify waiver trends, such as approval rates, amounts, and patterns specific to SSA offices, regions, or individual staff that the agency may wish to track more closely.

Agency Comments and Our Evaluation

We obtained written comments on a draft of this report from the Office of the Commissioner of the Social Security Administration. The comments are reproduced in appendix II. The agency also provided general and technical comments, which have been incorporated into the report as appropriate. SSA agreed with our first recommendation to review the agency's policy concerning the supervisory review and approval of overpayment waiver decisions of \$2,000 or less. SSA disagreed with our second recommendation to explore ways to strengthen the agency's oversight of the overpayment waiver process through the analysis of data to identify waiver trends, such as approval rates, amounts and patterns to specific SSA offices, regions, or individual staff. SSA noted that while the agency continues to strengthen its oversight of the SSI program, it does not currently have the resources available to create and analyze data at the level of detail specified in the recommendation. The agency also cited the national and regional information for waiver transaction approval and denials that it compiles as part of its ongoing review of SSI overpayments. This information is discussed on page 42 of the report. We recognize

SSA's efforts and the agency's ongoing resource constraints. However, we continue to believe that, short of additional steps to better compile and track additional data on waiver patterns specific to SSA offices and individuals, SSA will be constrained in its efforts to recover identified overpayments.

We are sending copies of this report to the Commissioner of Social Security, appropriate congressional committees, and other interested parties. This report is also available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or bertonid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Daniel Bertoni
Director, Education, Workforce,
and Income Security Issues

Appendix I: SSI Overpayments and Recovery Presentation



Supplemental Security Income: SSA Has Taken Steps to Prevent and Detect Overpayments, but Additional Actions Could Be Taken to Improve Oversight

**Staff Briefing for Acting Chairman of the Subcommittee on Human Resources,
Committee on Ways and Means, and Senator Scott Brown**

October 2012

For more information, contact Daniel Bertoni.

Page 1



Introduction

- The Supplemental Security Income (SSI) program, administered by the Social Security Administration (SSA), provides cash payments from general tax revenues to eligible aged,¹ blind, and, disabled persons with limited financial means—including adults and children.
- Applicants with income or resources over certain statutory thresholds are not eligible for SSI even if they are aged, blind, or disabled.
- In 2011, SSI paid about \$46 billion in payments to 9 million recipients.²
- SSI eligibility is determined and periodically redetermined by complex factors that can be difficult to verify, including recipients' income, resources, and living arrangements.³

¹The term "aged" refers to individuals who are 65 years of age or older.

²This includes all recipients who received at least one federal SSI payment during 2011.

³There are income and asset thresholds that can preclude individuals from SSI program eligibility.



Objectives

Given the importance of verifying the continued eligibility of SSI recipients, and identifying and recovering potential SSI benefit overpayments, we addressed the following questions:

- 1) What are the major factors associated with SSI overpayments, and what actions has SSA taken to address them?
- 2) What is known about SSA's recovery of overpayments from SSI recipients, including those not currently receiving SSI payments?



Scope and Methodology

To answer our questions, we:

- Analyzed SSI overpayment debt and collection data for fiscal year 2011.
- Worked with SSA staff to review a nongeneralizable random sample of 105 cases of SSI recipients who had an overpayment detected in fiscal year 2011 to better understand the characteristics associated with overpayments.
- Reviewed documentation on SSA's policies and procedures for identifying and recovering SSI benefit overpayments, prior reports by SSA and its Office of the Inspector General, relevant federal laws and regulations, and our prior reviews of the SSI program.
- Conducted in-depth interviews with management and staff from SSA headquarters, selected regions, and field offices.



Scope and Methodology (continued)

- Examined initiatives developed by SSA to improve the identification and recovery of SSI overpayments.
- Examined estimates of overpayment deficiency dollars that are published in SSA's annual SSI stewardship reports. These estimates are based on random samples of approximately 4,300 cases each year, and consequently are subject to sampling error. Although the stewardship reports do include confidence intervals for the overall overpayment accuracy rates, SSA does not provide confidence intervals for the overpayment deficiency dollar estimates. Based on available information in these reports in combination with conservative assumptions, we placed approximate bounds on the size of these sampling errors for overpayment deficiency dollar estimates. In particular, we believe that the 95 percent confidence intervals for the overpayment deficiency estimates we present do not exceed plus or minus 20 percent of the estimates themselves.



Scope and Methodology (continued)

- We conducted this performance audit from September 2011 to October 2012 in accordance with generally accepted government auditing standards. These 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 based on our audit objectives.



Summary of Results

- Cumulative SSI overpayment debt has nearly doubled from \$3.8 billion in fiscal year 2002 to \$7.3 billion in fiscal year 2011.
- SSI overpayment debt recovery increased from \$860 million in fiscal year 2002 to almost \$1.2 billion in fiscal year 2011.
- From fiscal year 2007 through fiscal year 2011, the unreported value of recipients' financial institution accounts, such as checking and savings accounts, and unreported wages were associated with about 37 percent or about \$1.7 billion in annual SSI overpayments.^{4, 5}
- SSA lacks comprehensive, timely information on financial institution accounts and wages, but has developed new tools to improve its information in these areas: Access to Financial Institutions (AFI) and Telephone Wage Reporting (TWR).

⁴Amounts are annual estimates based on 5-year averages from FY 2007 through FY 2011.

⁵This estimated overpayment is based on a sample and has 95 percent confidence intervals within plus or minus 20 percent of the estimate itself.



Summary of Results (continued)

- In fiscal year 2011, 75 percent of SSI overpayment debt that was recovered was obtained by withholding a portion of recipients' ongoing payments. However, recipients can request a waiver of repayment under certain circumstances.⁶
- SSA does not require supervisory review or approval for overpayment waivers of \$2,000 or less; claims representatives, who are located in SSA's more than 1,260 field offices, have the authority to unilaterally approve such waivers.
- SSA approved about 76 percent of the 276,226 SSI overpayment waivers requested by recipients in fiscal year 2011.
- Management oversight of the SSI overpayment waiver decision process, including the trending and tracking of waiver approval rates and amounts, is limited.

⁶The statute required that SSA make provision to waive overpayments if the recipient is not at fault and recovering an overpayment would (1) defeat the purpose of the SSI program, (2) be against equity and good conscience, or (3) impede the effective administration of SSI due to the small amount involved. 42 U.S.C. § 1383(b)(1)(B)(i).



Background

- Since 1974, when the SSI program was established under Title XVI of the Social Security Act, it has provided payments to low-income aged, blind, and disabled persons—both adults and children—who met the financial eligibility requirements.⁷
 - A disability is defined for adults as the inability to engage in any substantial gainful activity because of a medically determinable physical or mental impairment(s) that:
 - can be expected to result in death, or
 - has lasted or can be expected to last for a continuous period of not less than 12 months.⁸

⁷The SSI program was established by the Social Security Amendments of 1972 and became effective in 1974. Pub. L. No. 92-603, § 301, 86 Stat. 1329, 1465-78 (codified as amended at 42 U.S.C. § 1381-1383f).

⁸20 C.F.R. § 416.905 (2012). Individuals under age 18 are considered disabled if they have a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations, and that can be expected to cause death or has lasted or can be expected to last for a continuous period of not less than 12 consecutive months. 20 C.F.R. § 416.906 (2012).



Background (continued)

- In fiscal year 2012, an eligible individual or couple could have, in any month:
 - countable income that was less than the monthly federal SSI benefit rate of \$698 per month for an individual and \$1,048 per month for a couple, and
 - countable resources (such as financial institution accounts) of \$2,000 or less for individuals and \$3,000 or less for couples.
- Recipients are required to report changes in their income and financial resources to the agency as soon as they occur and a penalty may be deducted from the recipient's benefit if the report is not made within 10 days after the close of the month in which they occurred.⁹

⁹20 C.F.R. §§ 416.708(c) and (d) and 416.714 (2012).



Background (continued)

- To determine the continuing eligibility of SSI beneficiaries, SSA conducts periodic “redeterminations”¹⁰ that review recipients’ non-medical eligibility factors, such as income, resources, and living arrangements.¹¹
- When an SSI overpayment is identified, the beneficiary is notified of the overpayment and may request a waiver of that overpayment (thus relieving the recipient of responsibility for repayment).¹²
- SSA may grant a waiver request if the agency finds that the beneficiary was not at fault for the overpayment, and recovery or adjustment would defeat the program’s purpose (to provide basic cash payments to aged, blind and disabled persons—both adults and children—with income and resources below specified thresholds), be against equity and good conscience, or impede the effective or efficient administration of the SSI program because of the small amount of the overpayment involved.

¹⁰For purposes of this report, we use “redeterminations” to refer to full redeterminations as well as limited issue reviews that focus on particular factors of eligibility, such as wages or financial institution accounts, and are selected differently.

¹¹The amount of a recipient’s SSI benefit is determined in part by the recipient’s living arrangements—that is, the extent to which the recipient contributes to his/her food and shelter costs on a monthly basis. 20 C.F.R. §§ 416.420 and 416.1121(h).

¹²20 C.F.R. § 416.550 (2012).



Background (continued)

- If SSA denies a waiver request, full repayment is required.¹³
- If the beneficiary is currently receiving SSI or certain other SSA payments, SSA may withhold partial payment of these benefits to recover the debt.¹⁴
- If no SSA payments are currently being received, or if the beneficiary asserts that the proposed withholding amount is too large, the agency generally permits repayment over 12 to 36 months.
- When an individual is no longer receiving payments, SSA can also recover debt through several external collection tools (fig p.13).¹⁵

¹³20 C.F.R. § 416.560 (2012).

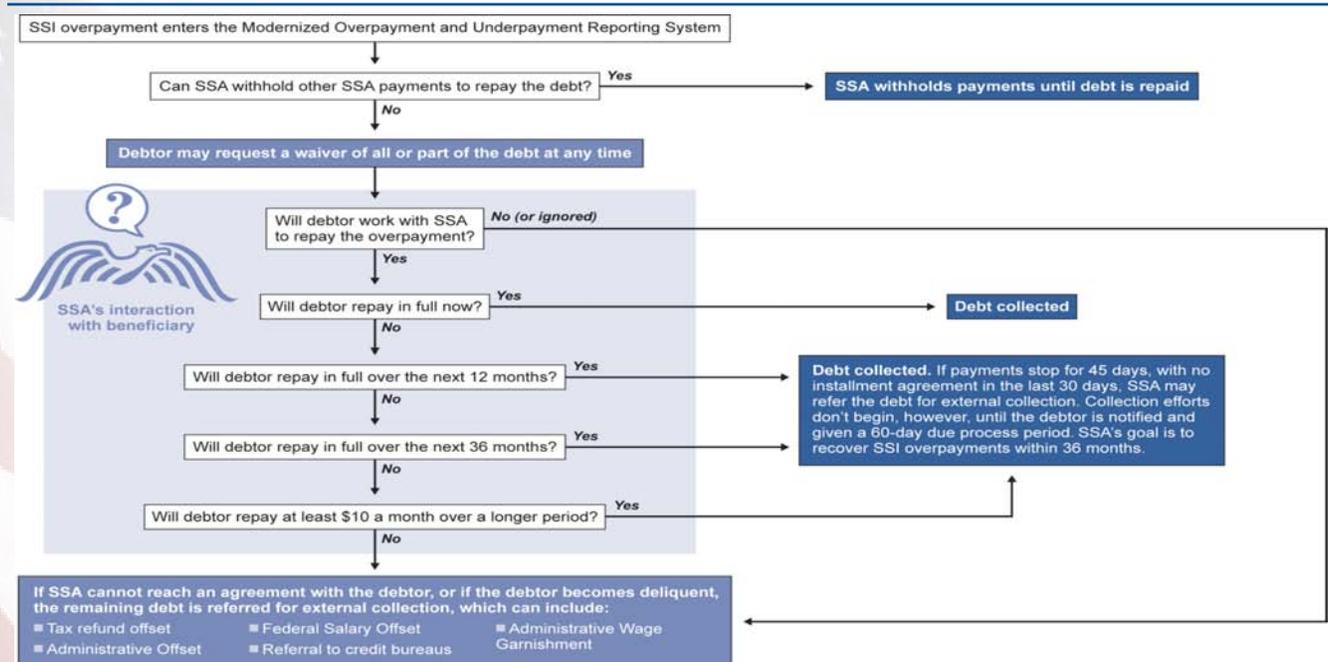
¹⁴20 C.F.R. §§ 416.570 and 416.571 (2012).

¹⁵20 C.F.R. §§ 416.572 and 416.580 (2012).



Background (continued)

SSA's Debt Recovery Process (For Those Not Currently Receiving SSI Payments)



Source: SSA officials and guidance.



Objective One

What are the major factors associated with SSI overpayments, and what actions has SSA taken to address them?

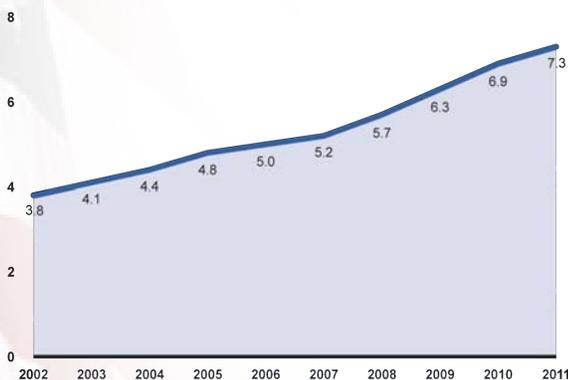


Total SSI Overpayment Debt Is Increasing

- Cumulative SSI overpayment debt nearly doubled over 10 years, from \$3.8 billion to \$7.3 billion.¹⁶

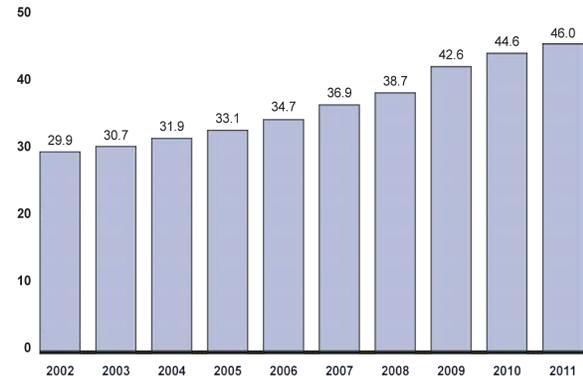
Cumulative SSI Debt

Dollars (in billions)



Total Annual SSI Payments

Dollars (in billions)



- Program participation has increased by about 18 percent, and the average payment made to beneficiaries has risen 23 percent over the same period.

Source: GAO analysis of SSA data.

¹⁶The total SSI overpayment debt figures do not include the amount of overpayment dollars waived in a given year. Waived debts are total write-offs and are not collected.



SSA Performs Periodic Redeterminations to Ensure the Continuing Eligibility of Program Participants and Prevent Overpayments

- SSA uses a risk-based approach to target redeterminations to recipients most likely to incur an overpayment, and the majority of redeterminations in fiscal year 2011 were done on such recipients.
- SSA estimates that every dollar spent on redeterminations yields about \$6 in program savings over 10 years, including savings accruing to Medicaid.¹⁷
- In fiscal year 2011, SSA conducted more than 2.4 million redeterminations—an increase of about 136 percent since fiscal year 2007.
- SSA estimates that the fiscal year 2011 redeterminations will prevent or recover about \$3.2 billion in lifetime SSI overpayments.¹⁸

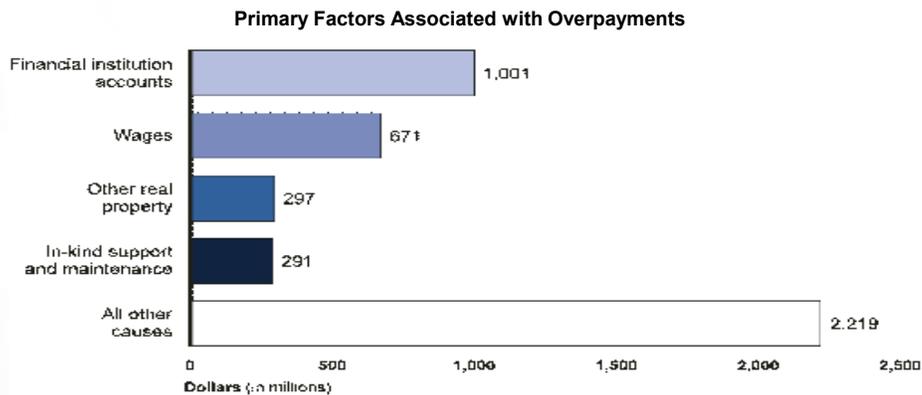
¹⁷Medicaid is a state-run medical program that is federally funded and pays for medical assistance for adults and children with income and resources below specified thresholds. 42 U.S.C. §§ 1396-1396w-5. Usually, a person receiving SSI is also eligible for Medicaid.

¹⁸This estimate is from SSA's 2011 change rate study based on a random sample. Although that study did not publish confidence intervals, based on conservative assumptions we are 95 percent confident that the actual value is within approximately plus or minus 13 percent of the estimate itself.



Unreported Financial Institution Accounts and Unreported Wages Were Leading Factors Associated with Overpayments

- From fiscal year 2007 through fiscal year 2011, the unreported value of recipients' financial institution accounts and unreported wages were associated with about 37 percent or about \$1.7 billion in annual SSI overpayments.¹⁹



Source: GAO Analysis of SSA data.

Note: Amounts are annual estimates based on 5-year averages from fiscal year 2007 through fiscal year 2011 and have 95 percent confidence intervals within plus or minus 20 percent of the estimates themselves. In-kind support and maintenance is unearned, non-cash income, such as rental subsidies or food. Other real property includes some type of real property other than the recipient's primary residence. All other causes included life insurance, child support, and living arrangements.

¹⁹The sum of the dollars for particular causes exceeds the total estimated overpayment dollars due to cases having more than one overpayment cause.



SSA Historically Has Relied on Outdated Internal Revenue Service Data to Detect Changes in Financial Institution Accounts

- According to SSA figures, from fiscal year 2007 through fiscal year 2011 about 96 percent of the approximately \$1 billion in annual overpayments associated with financial institution accounts were made because recipients failed to report either the existence of financial institution accounts or increases in account balances.^{20, 21}
- SSA conducts periodic computer matches with the Internal Revenue Service's (IRS) Form 1099 interest income data to independently verify recipients' financial accounts that may not have been reported.
 - While the match provides SSA with more information than if it relied exclusively on recipients to self-report their financial information, our prior work indicates that the IRS data can be up to roughly 2 years old by the time the match is conducted and the results reach SSA staff for follow-up. During this time overpayments may accrue and become larger.

²⁰For reporting financial institution accounts, recipients or representative payees are required to timely report changes in resources of recipients or deermors (those whose resources are deemed in part to be resources of the recipient, such as a parent or ineligible spouse living with the recipient). 20 C.F.R. § 416.708(d) (2012). Representative payees are persons who receive SSI payments on behalf of SSI recipients who are incapable of managing or directing the management of their benefits. 20 C.F.R. § 416.601 (2012).

²¹This estimated overpayment is based on a sample and has 95 percent confidence intervals within plus or minus 20 percent of the estimate itself.



SSA Implemented the Access to Financial Institutions Initiative to Improve Financial Institution Account Information

- To improve its ability to detect and verify recipients' financial institution accounts, SSA implemented the Access to Financial Institutions (AFI) initiative that conducts electronic searches of about 96 percent of the financial institutions where SSI recipients have a direct deposit account.
- AFI provides the agency with independent data on a recipient's financial institution accounts that SSA can utilize when determining or periodically redetermining a recipient's eligibility for payments.
- In January 2012, for example, SSA reported using AFI to identify where a recipient had 6 unreported financial institution accounts that each had balances of nearly \$25,000. The recipient, however, reported having only one financial institution account that was under the resource limit.
- The agency completed its AFI rollout to all states in June 2011.



SSA Implemented the Access to Financial Institutions Initiative to Improve Financial Institution Account Information (continued)

- The agency generally requires that AFI be used during initial claims processing and periodic redeterminations of program eligibility if the recipient reports \$750 or more in liquid resources.²² For recipients who report a lesser amount of liquid resources, who do not report any accounts, or who fail to disclose other accounts they may have, SSA staff are generally not required to use AFI, but have the discretion to do so.
- According to SSA officials, it would not be possible to expand the use of AFI to periodically match the SSI rolls against a comprehensive financial institution accounts database because no such database exists. In addition, such a match would require greater staff resources to follow up on any discrepancies that could result from the match and determine how the information would affect the recipients' eligibility for payments.
- SSA projects that if AFI's current account verification process is used on a long-term basis, fiscal year 2013 verifications would yield an estimated \$365 million in lifetime Federal SSI program savings consistent with a return on investment of \$9 to \$1.²³

²²AFI is also used for other situations, such as when an SSA data match identifies a discrepancy that needs to be reconciled.

²³SSA officials reported that in fiscal year 2013, the agency plans to conduct more rigorous checks of alleged financial assets using the AFI process dependent upon adequate resources.



SSA Lacks Timely Information on Recipients' Wages

- According to SSA figures, from fiscal year 2007 through fiscal year 2011, about 90 percent of the approximately \$671 million in overpayments resulting from wages were made because recipients failed to report their monthly earnings.^{24, 25}
 - For example, we found that a recipient received an overpayment of \$3,695 due to unreported wages that were earned over a year and a half.
- In addition to recipient reported wage information, SSA uses independent data from certain federal databases to detect wages.
 - SSA also conducts semiannual data matches between SSI records and the annual wage data in the agency's Master Earnings File (MEF).²⁶ The MEF data can be up to 1-2 years old, however, when SSA field offices are notified of detected wages that need to be reconciled.

²⁴Recipients and representative payees are required to timely report changes in income of recipients and deemors. 20 C.F.R. § 416.708(c) (2012).

²⁵This estimated overpayment is based on a sample and has 95 percent confidence intervals within plus or minus 20 percent of the estimate itself.

²⁶The Master Earnings File is an SSA database that includes IRS Form W-2 wage data.



SSA Lacks Timely Information on Recipients' Wages (continued)

- The agency conducts quarterly matches between SSI records and the National Directory of New Hires' (NDNH)²⁷ quarterly wage data. While the wage information obtained from this match is significantly more timely than the information obtained from the IRS data match, the NDNH data can be about 6 months old when SSA field offices are notified of the detected wages that need to be reconciled.
- During an initial application or SSI redetermination, SSA staff generally verify wages reported by applicants and recipients, or detected by SSA by obtaining additional information, such as the applicant's or recipient's pay slips or information from employers.
 - SSA staff can use wage verification companies, such as The Work Number,²⁸ to verify recipient wages. These companies provide wage information to SSA for participating employers rather than SSA contacting the specific employer.

²⁷The Department of Health and Human Services' Office of Child Support Enforcement's NDNH contains quarterly state wage information, which is more recent than the annual wage information that SSA obtains through its current IRS data match.

²⁸The Work Number is a national payroll provider with wage information for over 2,000 participating employers. SSA recently obtained immediate online access to wage information from The Work Number.



SSA Lacks Timely Information on Recipients' Wages (continued)

- Staff also have online access to databases, including NDNH or SSA's Master Earnings File, and access to the agency's online verifications with The Work Number to investigate individual instances of potentially unreported wages. These sources provide amounts of quarterly or annual wages as a way to verify recipients' monthly wages. As previously discussed, the information obtained from these sources can range from 6 months to 2 years old.



SSA Implemented the Telephone Wage Reporting System to Improve Wage Data, but Its Use Is Limited

- To help improve its ability to gather information on recipients' wages, SSA implemented the Telephone Wage Reporting (TWR) system in fiscal year 2008 to allow recipients to call into an automated telephone system to report their monthly wages.²⁹
- SSA officials reported that the TWR system should ease the burden of reporting wages for some recipients and save time for SSA staff since wage data will be input directly into SSA's computer system.
- TWR is one of several options to report wages (e.g., calling a field office or teleservice center, or mailing or bringing pay slips to a field office).
- While a TWR pilot conducted in 2003 found that recipient self-reported wage information was 92 percent accurate, the pilot did not provide information concerning the accuracy of self-reported wage information for recipients opting not to use TWR for comparison purposes.

²⁹SSA verifies wages reported through TWR during a redetermination in certain circumstances, such as when data matches comparing recipient records and federal databases on wages show differences in amounts of wages.



SSA Implemented the Telephone Wage Reporting System to Improve Wage Data, but Its Use Is Limited (continued)

- The TWR pilot also differed from the agency's current wage verification practices in that SSA staff verified wages at the end of the pilot for all participants, while recipient wage information submitted through TWR is generally not verified during a redetermination.
- TWR has several limitations that restrict its effectiveness. For example, TWR
 - relies on self-reported data, which GAO has found to be a key vulnerability leading to overpayments.
 - is not intended or appropriate for all recipients with wages, including recipients who speak in a foreign language or who are unable to follow simple directions, and only a limited number of recipients have used the system, according to SSA officials.
 - is unable to process wage information for individuals who work for more than one employer.



SSA Implemented the Telephone Wage Reporting System to Improve Wage Data, but Its Use Is Limited (continued)

- The SSA officials we interviewed said that they do not have plans to address language barriers, and did not know the extent of recipients with wages who were excluded from TWR due to various technological limitations.³⁰
- According to agency officials, the monthly use of the TWR system increased to over 36,000 successful wage reports per month, for September 2012.³¹
- SSA estimates that about 600,000 recipients and deemors³² have wages.
- SSA officials reported that to increase the volume of representative payees who report wages via the TWR program, the agency mailed over 30,000 TWR recruitment notices to representative payees of SSI recipients in September 2012, asking them to use the TWR program to report the recipient's monthly wages to the agency. As a result, SSA hopes that at least 4,800 representative payees will use TWR in fiscal year 2013 in at least 1 month.

³⁰For those unable to report wages by telephone using TWR because of the language barrier, SSA provides interpreter services through a toll-free telephone number.

³¹One caller may make more than one wage report, such as a representative payee who handles payments for more than one working recipient. Representative payees are persons who receive SSI payments on behalf of SSI recipients who are incapable of managing their finances.

³²Deemors are individuals whose resources are deemed in part to be resources of the recipient, such as a parent or ineligible spouse living with the recipient.



SSA Implemented the Telephone Wage Reporting System to Improve Wage Data, but Its Use Is Limited (continued)

- SSA officials told us that the agency is developing a smart phone wage reporting application known as the SSI Mobile Wage Reporting (SSIMWR) to allow SSI recipients to report their wages via smart phones. According to SSA officials, this mobile application will serve as another alternative for representative payees, SSI recipients, and deemors, to report SSI wages.
- SSA officials also reported that the agency plans to conduct a 6-month rollout of the SSIMWR application to 50 SSA field offices nationwide, and hopes that SSI recipients, deemors, and representative payees will be able to submit their wages using the application beginning in December 2012.



Objective Two

What is known about SSA's recovery of overpayments from SSI recipients, including those not currently receiving SSI payments?

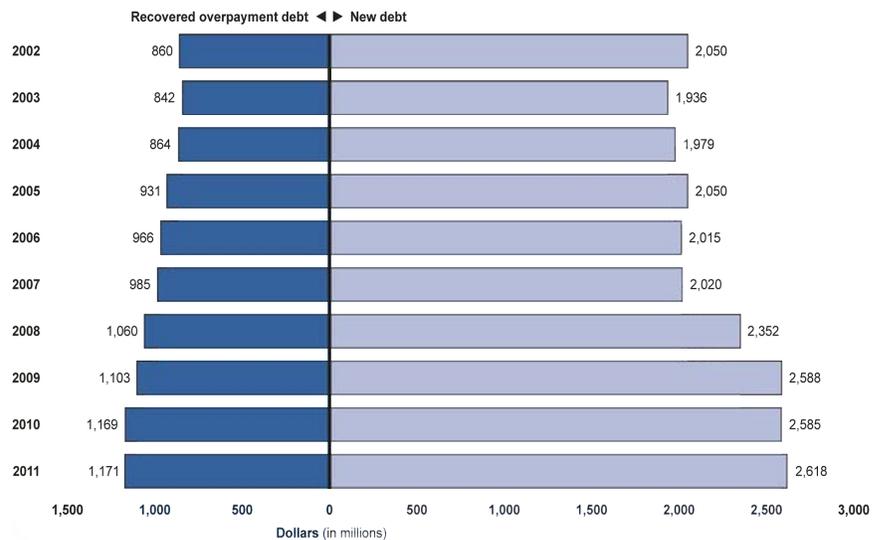


Detection and Recovery of SSI Overpayment Debt Has Increased Over the Last 10 Years

From fiscal year 2002 to 2011:

- New SSI overpayments detected increased by 28 percent from \$2 billion to \$2.6 billion.
- SSI overpayments recovered increased by 36 percent from \$860 million to \$1.2 billion.

Detection and Recovery of SSI Overpayments, Fiscal Years 2002- 2011



Source: GAO analysis of SSA data



Debt Recovery Options Depend on Whether an Individual Receives Payments

- In fiscal year 2011, SSA reported that:
 - 75 percent of the SSI overpayment debt that was recovered—approximately \$874 million—was recovered by withholding some portion of the recipients' ongoing Title XVI (SSI)³³ or Title II (OASDI) payments.
 - Of that amount, approximately 65 percent of the SSI overpayment debt was recovered by withholding SSI payments and 10 percent by withholding Title II payments.³⁴
 - about 25 percent of the SSI overpayment debt that was recovered—about \$298 million—was recovered through SSA's use of external collection tools.

³³ The statute limits the SSA's ability to collect overpayments from SSI recipients to the lesser of the benefit amount for the month or 10 percent of the recipient's income for the month federal benefit rate or the entire benefit if it is less than 10 percent of the full rate. 42 U.S.C. § 1383(b)(1)(B)(ii).

³⁴ Some individuals are dually entitled to SSI under Title XVI of the Social Security Act (42 U.S.C. §§ 1381-1385) and Old-Age, Survivors, and Disability Insurance under title II of the act (42 U.S.C. §§ 401-434).



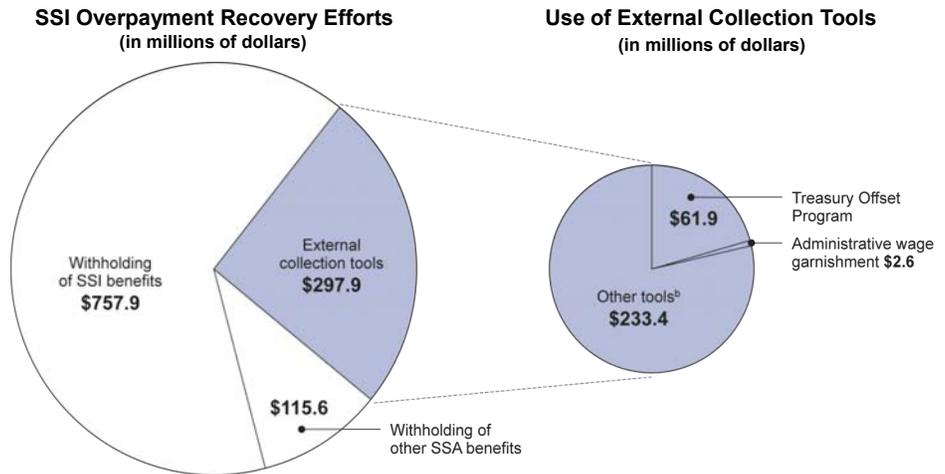
Debt Recovery Options Depend on Whether an Individual Receives Payments (continued)

- External debt collection tools include:
 - tax refund offset, which withholds or reduces federal tax refunds;
 - federal salary offset, which withholds or reduces wages and payments to a federal employee;
 - administrative offset (against other than SSA payments), which withholds or reduces federal payments other than tax refunds or salary;
 - administrative garnishment of wages and payments from private employers or state and local governments;
 - credit bureau referral, which refers delinquent accounts to credit bureaus.



SSI Overpayment Recovery Tools and Results, Fiscal Year 2011

- SSA's primary tools for recovering SSI overpayment debt are the withholding of SSA payments, the withholding of Title II (OASDI) payments, and through the Treasury Offset Program for individuals who are not receiving SSA payments.



Source: GAO analysis of SSA data.

a: Treasury Offset Program includes refund recovery and credit bureau reporting

b: Other tools include refund recovery, and other collections.



SSA Grants Most SSI Overpayment Waiver Requests, and Waiver Documentation and Oversight Is Limited

- In fiscal year 2011, SSA approved approximately 76 percent of recipients' requests to waive their SSI overpayment debt.
- SSA's Program Operations Manual System gives claims representatives located in the agency's approximately 1,260 field offices the authority to waive overpayment amounts up to \$2,000 without supervisory review and approval.
- However, the standards for internal control in the federal government³⁵ state that federal agencies must ensure that no one individual controls all key aspects of a transaction or event.

³⁵The standards for internal control in the federal government provide the overall framework to assist federal agencies in establishing and maintaining internal control and for identifying and addressing major performance and management challenges and areas at greatest risk of fraud, waste, abuse, and mismanagement. GAO, *Standards for Internal Control*. GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).



SSA Grants Most SSI Overpayment Waiver Requests, and Waiver Documentation and Oversight Is Limited (continued)

- Moreover, SSA claims representatives may, on behalf of the agency, waive an overpayment debt only if the liable individual is without fault in causing the overpayment, and recovery or adjustment would:
 - defeat the purpose of the program,
 - be against equity and good conscience, or
 - impede effective or efficient administration of Title XVI of the Social Security Act because of the small amount involved.³⁶

³⁶42 U.S.C. § 1383(b)(1)(B)(i).



SSA Grants Most SSI Overpayment Waiver Requests, and Waiver Documentation and Oversight Is Limited (continued)

- However, in fiscal year 2011, a high number of waiver requests were granted even though many recipients or their representative payees failed to fulfill their financial institution account and wage reporting responsibilities.
- The amount of SSI overpayment dollars waived has risen 38 percent, from \$122 million in fiscal year 2008 to \$167 million in fiscal year 2011, and
- The average amount of an overpayment waiver granted has risen about 20 percent, from \$665 in fiscal year 2008 to \$795 in fiscal year 2011.



SSA Grants Most SSI Overpayment Waiver Requests, and Waiver Documentation and Oversight Is Limited (continued)

- SSA monitors some management information data and conducts limited oversight of the waiver process. For example, the agency:
 - retains recipients' waiver information in individual records,
 - tracks the number of waivers requested and granted nationally and by SSA region, and
 - conducts a limited quality review of approved waivers to identify cases where field office staff and regions have improperly granted waivers.



SSA Grants Most SSI Overpayment Waiver Requests, and Waiver Documentation and Oversight Is Limited (continued)

- The agency, however, does not routinely:
- analyze collected SSI waiver data to identify potential negative trends in the application of SSA's waiver requirements, such as:
 - the type, number, and dollar value of the waivers granted, including those waivers below the \$2,000 approval threshold that SSA staff can unilaterally approve, and
 - whether there are waiver patterns specific to SSA offices, regions, or individual staff.



Conclusions

- SSA has made progress in improving SSI program integrity through the increased use of redeterminations to detect and prevent overpayments, the AFI initiative to obtain more accurate information on recipients' financial institution accounts, and its continued efforts to obtain more timely recipient wage information.
- The agency's efforts to recover identified overpayment debts, however, are constrained by SSA policies and criteria that allow claims representatives to unilaterally waive the repayment of overpayment amounts up to \$2,000 without supervisory review and approval, and SSA's lack of comprehensive management information with which to oversee the waiver process through the tracking of waiver approval rates, amounts, and patterns specific to SSA offices, regions, or individual staff.
- Federal agencies must have controls in place to ensure that no individual can control all key aspects of a transaction or event.
- Without the necessary oversight and controls in place, SSA will be unable to identify trends in the waiver process that could jeopardize the agency's ability to maximize its overpayment recovery efforts and safeguard taxpayer dollars.

Page 38



Recommendations

To enhance SSA's ability to recover SSI overpayment debt, we recommend that the Commissioner of Social Security

- Review the agency's policy concerning the supervisory review and approval of overpayment waiver decisions of \$2,000 or less, to determine if the policy is still appropriate given that federal agencies must have controls in place to ensure that no individual can control all key aspects of a transaction or event. Such a review should include collecting the information needed to determine the impact of this policy on the agency's financial stewardship of SSI program dollars.
- Explore ways to strengthen the agency's oversight of the overpayment waiver process through the analysis of data to identify waiver trends, such as approval rates, amounts, and patterns specific to SSA offices, regions, or individual staff that the agency may wish to track more closely.

Appendix II: Comments from the Social Security Administration



SOCIAL SECURITY
Office of the Commissioner

November 26, 2012

Mr. Daniel Bertoni
Director, Education, Workforce, and
Income Security Issues
United States Government Accountability Office
441 G. Street, NW
Washington, D.C. 20548

Dear Mr. Bertoni,

Thank you for the opportunity to review the draft report, "SUPPLEMENTAL SECURITY INCOME: SSA Has Taken Steps to Prevent and Detect Overpayments but Additional Actions Could Be Taken to Improve Oversight" (GAO-13-109). Our response to the recommendations is enclosed. We also provided technical comments directly to your staff.

If you have any questions, please contact me at (410) 965-0520. Your staff may contact Amy Thompson, Senior Advisor for Records Management and Audit Liaison Staff, at (410) 966-0569.

Sincerely,

A handwritten signature in cursive script that reads "Dean S. Landis".

Dean S. Landis
Deputy Chief of Staff

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO) DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME: SSA HAS TAKEN STEPS TO PREVENT AND DETECT OVERPAYMENTS BUT ADDITIONAL ACTIONS COULD BE TAKEN TO IMPROVE OVERSIGHT" (GAO-13-109)

GENERAL COMMENT

GAO's first objective is to identify the major factors associated with Supplemental Security Income (SSI) overpayments and the actions we have taken to address the overpayments. We appreciate that GAO highlighted two of our important program integrity efforts--SSI Telephone Wage Reporting and Access to Financial Institutions. However, they are only two of the many processes we use to detect and correct improper payments in the SSI program.

Other examples of our efforts include: 1) interfacing with various Federal organizations that detect unreported income and changes to the living arrangements of SSI recipients; 2) using recipients' pay stubs to process large numbers of wage reports; and 3) timely securing wage information through private payroll processors. We believe the report should mention these efforts in order to present a more complete picture of our stewardship of the SSI program.

Recommendation 1

Review the agency's policy concerning the supervisory review and approval of overpayment waiver decisions of \$2,000 or less, to determine if the policy is still appropriate given that Federal agencies must have controls in place to ensure that no individual can control all key aspects of a transaction or event. Such a review should include collecting information needed to determine the impact of this policy on the agency's financial stewardship of SSI program dollars.

Response

We agree.

Recommendation 2

Explore ways to strengthen the agency's oversight of the overpayment waiver process through the analysis of data to identify waiver trends, such as approval rates, amounts, and patterns specific to SSA offices, regions, or individual staff that the agency may wish to track more closely.

Response

We disagree. While we continue to strengthen our oversight of the SSI program, we do not currently have the resources available to create and analyze data at the level of detail specified in the recommendation. We note that for fiscal years 2007 through 2011, as part of our ongoing review of SSI overpayment waivers, we compiled national and regional information for all waiver transactions approvals and denials.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Daniel Bertoni, (202) 512-7215 or bertonid@gao.gov

Staff Acknowledgments

Jeremy Cox (Assistant Director) and Arthur T. Merriam Jr (Analyst-in-Charge) managed all aspects of this assignment. James Bennett, Jessica Botsford, David Chrisinger, Danielle Giese, Jason S. Palmer, Mark Ramage, Matthew Saradjian, Vanessa Taylor, Walter Vance, Craig Winslow, and Jill Yost made significant contributions to this report.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

