



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Challenges in Recovering Supplemental Security Income Overpayments

A-07-21-51018 July 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: July 30, 2024

Refer to: A-07-21-51018

To: Martin O'Malley
Acting Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit
as Acting Inspector General

Subject: Challenges in Recovering Supplemental Security Income Overpayments

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration followed policies and used available tools, to prevent, detect, and recover Supplemental Security Income overpayments.

If you wish to discuss the final report, please contact me or have your staff contact Jeffrey Brown, Deputy Assistant Inspector General for Audit.

Attachment

Challenges in Recovering Supplemental Security Income Overpayments

A-07-21-51018



July 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) followed policies and used available tools, to prevent, detect, and recover Supplemental Security Income (SSI) overpayments.

Background

An SSI payment amount can vary month to month, depending on whether there are changes in a recipient's eligibility factors, such as resources, income, and/or living arrangements. An overpayment occurs when the total amount of benefits an individual receives for any period exceeds the total amount SSA should have paid the individual for that period.

SSA strives to keep SSI overpayments below a target percentage of SSI dollars paid annually. For example, in Fiscal Year (FY) 2022, SSA's target was to overpay less than 6 percent of the payments it made to SSI recipients. However, of the approximately \$57.6 billion in payments to SSI recipients, over \$4.6 billion (8 percent) were overpayments. In fact, each year from FYs 2012 through 2022, SSA overpaid more than the target rate.

To accomplish our objective, we reviewed random samples of 300 SSI recipients who had overpayments with outstanding balances and 100 who had overpayments with \$0 balances as of January 2022.

Results

SSA made errors on overpayments for 189 (47 percent) of the 400 sampled SSI recipients because it did not follow policies or use all available tools, to prevent, detect, or recover SSI overpayments. For example, overpayments could have been prevented or detected earlier, but employees made errors when they redetermined SSI eligibility. A redetermination is a review of a recipient or couple's non-medical eligibility factors (that is, income, resources, and living arrangements) to determine whether the recipient or couple is still eligible for, and receiving, the correct SSI payment amount.

Errors also occurred because employees did not always (1) send recipients complete and accurate due-process notices before they initiated recovery of overpayments; (2) follow policy when they processed waivers of overpayments; or (3) follow policy and use available tools to recover overpayments. When SSA identifies an overpayment, it sends the overpaid person written notification of the overpayment's cause and amount. Overpayment recovery can begin 60 days after SSA notifies the recipient of the overpayment if they have not requested a waiver of the overpayment collection or a reconsideration of the overpayment facts. If the individual is receiving SSI payments, SSA should begin recovery by withholding from ongoing payments. If the individual is no longer receiving SSI payments, SSA should attempt collection through various means including withholding from ongoing payments to a liable representative payee or spouse, cross-program recovery, referral for external collection through the Department of the Treasury or pursuing recovery from estates.

We estimate SSA did not follow its policies or use all available tools to prevent, detect, or recover SSI overpayments for 1.9 million recipients. For 1.7 million of these recipients, we estimated error amounts totaling over \$7 billion.

Recommendations

We made nine recommendations to improve SSA's use of policies and available tools to prevent, detect, and recover SSI overpayments. SSA agreed with our recommendations.

TABLE OF CONTENTS

Objective.....	1
Background.....	1
Scope and Methodology	2
Results of Review	2
The Agency Did Not Follow Policy or Use Available Tools to Prevent and Detect Overpayments.....	3
The Agency Did Not Send Complete and Accurate Due-process Notices	5
The Agency Did Not Follow Policy When it Processed Waivers	6
The Agency Did Not Recover Overpayments from Other Records or Liable Individuals	7
The Agency Did Not Refer Overpayments for External Collection	9
The Agency Did Not Develop for Estates for Deceased Recipients with Overpayments	10
Conclusion	10
Recommendations	11
Agency Comments.....	11
Appendix A – Scope and Methodology	A-1
Appendix B – Sampling Methodology and Results.....	B-1
Appendix C – Errors by Type	C-1
Appendix D – Agency Comments.....	D-1

ABBREVIATIONS

AONS	Automated Overpayment Notice System
C.F.R.	Code of Federal Regulations
CPR	Cross-program Recovery
DMP	Debt Management Product
FY	Fiscal Year
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
TOP	Treasury Offset Program
U.S.C.	United States Code
Web SSI-OP	Web SSI Overpayment Notices Program

OBJECTIVE

To determine whether the Social Security Administration (SSA) followed policies and used available tools to prevent, detect, and recover Supplemental Security Income (SSI) overpayments.

BACKGROUND

SSA administers the SSI program under Title XVI of the *Social Security Act*. SSI is a means-tested program that provides a minimum level of income to individuals who are aged, blind, or disabled and meet certain income and resource limits.¹ An SSI payment amount can vary by month, depending on whether there are changes in a recipient's eligibility factors, such as resources, income, and/or living arrangements.² Recipients' failure to timely report such changes and SSA's failure to timely update records with reported changes can cause overpayments.³ An overpayment occurs when the total amount of benefits an individual receives for any period exceeds the total amount SSA should have paid the individual for that period.⁴

SSA strives to keep SSI overpayments below a target percentage of SSI dollars paid annually. For example, in Fiscal Year (FY) 2022, SSA's target was to overpay less than 6 percent of the payments it made to SSI recipients. However, of the approximately \$57.6 billion in payments to SSI recipients, over \$4.6 billion (8 percent) were overpayments. In fact, each FY from 2012 through 2022, SSA overpaid more than the target rate.⁵

According to SSA, the new Debt Management Product (DMP) will address many prior Office of the Inspector General (OIG) audit recommendations related to improper payments. The DMP is a multi-year information technology investment to modernize SSA's debt-management systems. SSA originally planned to roll the DMP out in FY 2023; however, SSA put DMP development on hold in FY 2024 because the project was not funded.

In October 2023, SSA formed an overpayment strategy team that is conducting an Agency-wide review to improve how it processes overpayments and how it prevents overpayments.⁶

¹ *Social Security Act*, 42 U.S.C. §1381; SSA, *Annual Report of the Supplemental Security Income Program*, ssa.gov (May 30, 2023)

² SSA, *POMS*, SI 01110.001.B.3 (July 1, 1990) and SI 00501.001 (November 30, 2023).

³ SSA, *POMS*, SI 02301.005 (December 20, 2023).

⁴ SSA, *POMS*, SI 02201.005.A (October 18, 2023).

⁵ SSA, *FY 2023 Agency Financial Report*, ssa.gov (November 14, 2023); SSA, *FY 2019 Agency Financial Report*, ssa.gov (November 12, 2019); SSA, *FY 2017 Agency Financial Report*, ssa.gov (November 9, 2017).

⁶ SSA is changing some policies that affect how it calculates SSI payments, including how food assistance is considered, the definition of a household, and rental subsidy exception rules. These changes, which will take effect on September 30, 2024, may prevent overpayments.

SCOPE AND METHODOLOGY

From the Supplemental Security Record, we identified four sampling frames of recipients with overpayments established for amounts over \$1,000:⁷

- Sampling Frame 1: SSI recipients who were receiving payments and had overpayments with outstanding balances as of January 20, 2022.
- Sampling Frame 2: SSI recipients who were not receiving payments, had overpayments with outstanding balances as of January 20, 2022, and (1) were entitled on another record or (2) had a representative payee or eligible spouse/parent entitled on another record.
- Sampling Frame 3: SSI recipients who were not receiving payments, had overpayments with outstanding balances as of January 20, 2022, and were neither entitled on another record nor had a representative payee or eligible spouse/parent entitled on another record.
- Sampling Frame 4: SSI recipients who had overpayments established in FYs 2018 through 2021 with \$0 balances as of January 2022.

We reviewed a random sample of 100 recipients from each of the 4 sampling frames, for a total of 400 recipients, to determine whether SSA followed policies and used available tools to prevent, detect, and recover SSI overpayments.⁸

RESULTS OF REVIEW

SSA did not follow policies, or use all available tools, to prevent, detect, or recover SSI overpayments for 189 (47 percent) of the 400 sampled recipients. Errors occurred because employees did not:

- Follow policy or use available tools to prevent and detect overpayments.
- Always send complete and accurate due-process notices to recipients before they initiated recovery of overpayments.
- Follow policy when they processed overpayment waivers.
- Follow policy and use available tools to recover overpayments.

⁷ We limited our review to overpayments greater than \$1,000 to focus on substantial benefit amount changes that resulted in overpayments greater than SSA's administrative waiver tolerance. SSA, *POMS*, GN 02210.220, A (January 3, 2019) and GN 02250.350, A (December 12, 2023).

⁸ See Appendix A for additional information about the scope and methodology of our review and Appendix B for our sampling methodology and results.

We identified multiple error types for some recipients.⁹ For 170 of the 189 recipients with errors, we identified error amounts totaling over \$783,000.¹⁰ Errors for the remaining 19 recipients did not have associated error amounts.¹¹

The Agency Did Not Follow Policy or Use Available Tools to Prevent and Detect Overpayments

Employees are required to update eligibility and payment information on records when recipients report changes or SSA conducts redeterminations of SSI eligibility.¹² During a redetermination, SSA reviews a recipient or couple's non-medical eligibility factors (that is, income, resources, and living arrangements) to determine whether the recipient or couple is still eligible for, and receiving, the correct SSI payment amount.¹³

According to SSA, “. . . [redeterminations] are one of the most effective program integrity tools; however, the number of [redeterminations] conducted annually is budget driven.”¹⁴ Although redeterminations effectively prevent overpayments, the nature of the SSI program can make them complex and time-consuming for employees to work. According to SSA, “Factors such as a recipient's monthly income, resources, and living arrangements can affect his or her eligibility and monthly benefit amount, and even relatively minor changes can result in an [incorrect payment].”¹⁵ Because of these complexities, during redeterminations, employees may make erroneous inputs or fail to develop for all relevant information. These errors can result in overpayments, which create a burden on recipients and administrative costs to SSA.

⁹ See Appendix C for the error types by sampling frame.

¹⁰ Not all error amounts represent improper payments. Specifically, we identified error amounts for overpayments SSA (1) could have prevented or detected earlier; (2) recovered without sending complete or accurate due-process notices; (3) did not waive or document waivers in accordance with policy; (4) did not attempt to recover from other records, from other liable individuals, or via external collections; or (5) did not develop for recovery from estates.

¹¹ We did not identify error amounts when SSA did not properly apply due-process provisions but had not recovered any portion of the overpayment and could have detected an overpayment earlier but could not have prevented any portion of it.

¹² 20 C.F.R. § 416.204.

¹³ SSA, *POMS*, SI 02305.001.A (September 5, 2019).

¹⁴ SSA, *Improper Payment Prevention Package*, p. 21 (April 29, 2022).

¹⁵ SSA, *Improper Payment Prevention Package*, p. 10 (April 29, 2022).

Of the 400 sampled recipients, SSA could have prevented and/or detected overpayments earlier for 33:¹⁶

- Overpayments for 19 could have been prevented or detected earlier, but employees made errors during redeterminations.
- Overpayments for the remaining 14 could have been prevented or detected earlier, but SSA employees made other types of errors when they computed payments or developed and processed information.

For example, during a December 2017 redetermination, an SSA employee incorrectly recorded conflicting information in SSA's system, noting the recipient was separated from their spouse and therefore considered an individual, but the recipient had been married to, and living with, the person since 2015 and should have been considered a spouse. In June 2019, SSA identified the error and determined it had incorrectly paid the recipient more than they were due. SSA posted a \$4,719 overpayment. The overpayment could have been prevented had the SSA employee properly resolved the conflicting information during the redetermination and input correct information into the system.

According to SSA, the Consolidated Claims Experience will provide a “. . . single-entry point for employees to process all SSA benefits, and include eligibility screening, initial claims intake and processing, and post-entitlement/post-eligibility activities.”¹⁷ SSA indicated it will include enhancements, such as preventing employees from clearing a redetermination without fully developing for information, that could help prevent and detect overpayments.

SSA also identifies employee training as a mitigation strategy to reduce improper payments caused by administrative and processing errors. According to SSA, its “. . . [t]raining efforts are broad, expansive, and ongoing. National quality review efforts assist in identifying training needs and trends related to improper payments, while regional and local quality reviews assist managers with employee specific performance and processing accuracy.” SSA must ensure employees have adequate time and resources to accurately compute payments and develop for information or increase automation efforts to reduce the burden on employees.

¹⁶ SSA could not have prevented or detected earlier the remaining 367 overpayments because of the nature of the SSI program, recipient delays in returning or giving SSA information, and failures or inaccuracies in recipients reporting information to SSA.

¹⁷ SSA, *Improper Payment Prevention Package*, p. 33 (April 29, 2022).

The Agency Did Not Send Complete and Accurate Due-process Notices

Per Federal regulation, SSA must notify an overpaid individual of their due-process rights before it initiates recovery of overpayments.¹⁸ When SSA identifies an overpayment, it sends the overpaid person written notification of the overpayment cause and amount as well as liability for repayment. The notice includes the recipient's right to request waiver of collection or reconsideration of the overpayment's facts or amount.¹⁹ Overpayment recovery can begin 60 days after SSA notifies the person of the overpayment if they have not repaid in full, made payment arrangements, or requested a waiver or reconsideration.²⁰

SSA's Automated Overpayment Notices System (AONS) automatically sends recipients a notice in most cases. AONS generates all required information in the notice before it sends the notice to the recipient. There are exclusions to AONS. Those exclusions require that employees manually create notices. SSA systems establish diaries on records where there are unresolved overpayments that need a manual notice. To resolve the diary, employees must make a determination on the overpayment; prepare, record, and send an overpayment notice; resolve how to dispose of the overpayment; and add a disposition decision to the record.

Of the 400 sampled recipients, SSA did not follow policy related to due-process notices for 84 recipients (21 percent). Specifically, employees did not send complete and accurate due-process notices when SSA's systems could not automatically issue them. Further, some records contained manual notice dates, but there were no corresponding notices in SSA systems. Therefore, we could not determine whether employees sent notices for these overpayments.

For example, SSA overpaid a recipient \$2,349 from April through July 2019 and established the overpayment on the record in September 2020. According to SSA, an AONS processing exclusion required a manual notice for this overpayment. The employee should have manually prepared the notice and documented it in SSA's systems. However, because the employee did not document the notice, we could not determine whether SSA sent it. At the time of our review, SSA had collected almost \$1,984 through benefit withholding without evidence it provided due-process rights to the recipient.

¹⁸ 20 C.F.R. § 416.558(a).

¹⁹ SSA, *POMS*, SI 02220.010 (October 20, 2023).

²⁰ SSA, *POMS*, SI 02201.025 (December 4, 2008).

SSA created the Web SSI Overpayment Notices Program (Web SSI-OP) to assist technicians when they process some manual SSI overpayment notices. Employees must enter some information manually, and the system uses the information on the record to create the overpayment notice.²¹ SSA identified Web SSI-OP as a control to ensure due-process notices contain all the required elements. However, policies for resolving diaries and sending manual notices do not direct employees to use Web SSI-OP or provide clear guidance on how to prepare and document the notice.

The Agency Did Not Follow Policy When it Processed Waivers

Overpaid recipients have the right to ask SSA to waive their overpayments. SSA will waive recovery of an overpayment if the liable recipient is without fault in causing the overpayment and recovery or adjustment would defeat the purpose of Title XVI of the Act, be against equity and good conscience, or impede effective or efficient administration of Title XVI of the Act because of the small amount involved.²² SSA's policies instruct employees to document their waiver determinations by recording in SSA's systems details concerning their decisions on whether the recipients were at fault in creating the overpayments and can repay.²³

Recipients may ask SSA to waive an overpayment at any time.²⁴ Before May 13, 2024, if the overpayment amount was greater than \$1,000, SSA required a written request before it would make a waiver determination.²⁵ Employees are responsible for assessing each request for waiver, approving, or disapproving the request, documenting the rationale for the decision, and notifying the recipients of the decision. Although policy directs employees to document waiver determinations, employees did not always record waiver requests on the records, follow up on pending requests, document waiver decisions, or notify recipients of their decisions.²⁶

²¹ Employees can use Web SSI-OP in most situations; however, it does have some limitations and exclusions. For example, the program cannot properly generate a notice for both members of a couple on the same record. It will correctly generate the notice for the primary recipient, but, when processing the spouse's notice, Web SSI-OP incorrectly includes information for the primary recipient. In such cases, employees must take additional steps to edit the letters before they print and archive them.

²² SSA, *POMS*, SI 02260.001.A.1 (January 12, 2024).

²³ SSA, *POMS*, SI 02260.001.B4 and B5 (January 12, 2024).

²⁴ SSA, *POMS*, SI 02260.001.A.3 (January 12, 2024).

²⁵ Effective May 13, 2024, SSA changed the threshold to \$2,000. SSA, *POMS*, SI 02260.001.B (May 28, 2024) and SSA, *POMS*, SI 02260.030.B.2 (May 20, 2024)

²⁶ SSA, *POMS*, SI 02260.001.B4 and B5 (January 12, 2024).

Of the 400 sampled recipients from all 4 sampling frames, 20 had 1 or more overpayments that SSA waived or the recipients requested SSA waive. Of these 20, SSA did not process 12 waivers in accordance with policy. For example, on January 22, 2022, SSA notified a recipient he had a \$29,368 overpayment. On May 10, 2022, the recipient's representative payee called the field office to inquire about the overpayment and ask for a waiver. Rather than process the waiver request, the SSA employee suspended recovery efforts and recorded the recipient as unwilling to repay, which could have led to SSA pursuing a civil suit against the recipient.²⁷ As of the date of our review, SSA had not taken action on the waiver request and was not trying to collect the overpayment.

In FY 2022, as part of its annual reporting on SSA's financial statements and related internal controls, an independent public accounting firm indicated SSA had not addressed prior-year findings that identified ineffective controls over waivers.²⁸ The firm recommended SSA continue exploring opportunities for training and consider implementing new tools to ensure the Agency documents overpayments completely, accurately, and timely. In March 2022, SSA provided employees reminders of the policies and procedure it uses for overpayment waiver determination documentation and processing requirements.²⁹ In addition, on May 13, 2022, SSA responded to the firm that it made existing overpayment tools more easily accessible to employees. As such, we are not making a recommendation regarding waivers.

The Agency Did Not Recover Overpayments from Other Records or Liable Individuals

If an overpaid individual is receiving SSI payments, SSA should begin recovery by withholding from ongoing payments. If an overpaid individual is no longer receiving SSI payments, SSA should attempt collection through various means including withholding from ongoing payments to a liable representative payee or spouse. SSA will recover the overpayment from the liable representative payee or spouse's record if they are eligible for Old-Age, Survivors, and Disability Insurance (OASDI) benefits or SSI payments on their own record and recovery is waived or otherwise unavailable on the overpaid recipient's own record.³⁰ An employee must take manual action to transfer an overpayment for collection from the overpaid individual to the liable representative payee or spouse's record.

²⁷ SSA, *POMS*, GN 02210.217.G.2 (March 16, 2022).

²⁸ SSA, *Agency Financial Report Fiscal Year 2022*, p. 117 (November 10, 2022).

²⁹ SSA, AM-22028 REV (March 31, 2022).

³⁰ SSA, *POMS*, SI 02201.023 (October 27, 2023).

Of the 200 sampled SSI recipients who were not receiving payments, SSA did not recover overpayments from other records or other liable individuals for 63.³¹ For example, SSA overpaid a recipient approximately \$1,855 in SSI payments for October 2018 through October 2019 because of his earnings. The recipient was not entitled to benefits on his own, or any other, record, but he had a representative payee entitled to OASDI on her own record. On April 10, 2021, SSA sent the representative payee a notice informing her that, if the overpayment could not be recovered from the overpaid individual, it would be transferred to the individual's record for recovery. As of April 2024, the overpayment remained on the overpaid individual's record and had not been transferred to the representative payee's record for recovery.

SSA can also collect overpayments via cross-program recovery (CPR), which is collection from any OASDI benefits due the overpaid SSI recipient.³² Selection of SSI debts for mandatory CPR from monthly OASDI benefits is automatic if the debts meet certain criteria. If recovery cannot be automated, SSA employees must take a manual action.³³ In certain situations, overpayment diaries alert employees that overpayments need to be addressed with manual inputs.³⁴ However, these diary alerts are not specific to CPR. According to SSA, there are no systematic controls to ensure SSI overpayments are properly coded so CPR can begin.

For example, SSA overpaid a recipient approximately \$3,970 in SSI payments for April through August 2021. Initially, SSA was recovering the overpayment by partially withholding SSI payments. This reduced the overpayment to \$2,070. The recipient was refunding another SSI overpayment via CPR of OASDI benefits, but the \$2,070 overpayment remains on the SSI record. Despite this overpayment meeting the criteria for automated CPR, the system did not transfer it to the OASDI record for recovery. Therefore, an SSA employee should have taken manual action to initiate CPR. There is no indication employees were alerted that manual action was necessary. Hence, SSA lacked controls to ensure an employee took the proper action.

We identified similar findings in prior audits and recommended SSA establish alerts and processes to ensure employees take appropriate manual overpayment actions.³⁵ SSA has not implemented new systems improvements to address prior findings related to recovering SSI overpayments from jointly liable recipients or transferring overpayments to surviving spouses' records. SSA's failure to use available tools, including recovery from other records or other liable individuals, resulted in the Agency not recovering overpayments.

³¹ At the time of our review, recipients in Sampling Frame 3 neither were entitled on another record nor had a representative payee or eligible spouse/parent on another record. However, during our review, we found some recipients previously were entitled on other records or had representative payees or spouses/parents entitled on other records from whom SSA could have recovered the overpayments.

³² SSA, *POMS*, SI 02220.020 (March 30, 2023).

³³ SSA, *POMS*, SI 02220.020.C.1 (March 30, 2023).

³⁴ SSA, *POMS*, SI 02220.020.C.1 (March 30, 2023).

³⁵ SSA, *OIG, Recovering Supplemental Security Income Overpayments from Jointly Liable Recipients*, A-07-17-50201, pp. 3 through 6 (May 2017); *Cross-program Recovery to Collect Overpayments*, A-13-15-15029, pp. 3 through 12 (April 2017); *Manually Posted Supplemental Security Income Overpayments to Surviving Spouses*, A-13-14-14058, pp. 2 through 6 (April 2016); and *Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration*, A-07-15-15030, pp. 3 through 8 (September 2015).

The Agency Did Not Refer Overpayments for External Collection

If an overpaid individual is no longer receiving SSI payments, SSA can use its External Collection Operation, which selects and maintains debts sent for external collection through credit bureaus, administrative wage garnishment, Federal payment offset, and the Treasury Offset Program (TOP).³⁶ Of the 200 sampled SSI recipients who were not currently receiving payments, SSA did not refer overpayments for external collections for 14.

According to SSA, systems limitations in the External Collection Operation prevent SSA from appropriately referring overpayments. For example, SSA generally moves overpayments on terminated records to the latest records when it takes new claims for benefits.³⁷ In most cases, overpayment collection automatically begins when SSA processes the new claim. However, in some cases, such as when a new claim is denied, SSA's systems cannot automatically initiate collection after SSA transfers the overpayment to the latest record. SSA's systems cannot identify these records, and employees must take a manual action.

For example, SSA overpaid a recipient approximately \$4,897 from May 2014 through July 2015. SSA terminated the recipient's record in December 2015, but it did not recover the overpayment. The individual applied for SSI again in March 2018, which created a new record, but SSA found him ineligible. SSA transferred the overpayment to the new record. However, as of April 2024, SSA had not referred the overpayment for external collection—even though the overpayment met the criteria—because an SSA employee did not manually initiate collection.

TOP was the most common external collection tool SSA used for the overpayments in our sample. TOP is a centralized, Government-wide program that enables the Department of the Treasury to collect delinquent debts owed to SSA by applying administrative offset to other federal payments due to a debtor.³⁸ Effective March 26, 2020, in response to the COVID-19 pandemic, SSA suspended referring new delinquent debt to TOP. On August 31, 2020, SSA instructed employees to resume normal processing for most workloads, including those that result in adverse actions and overpayments. However, SSA did not lift the suspension to refer new delinquent debts to TOP for collection. According to SSA,

Since the end of the COVID-19 Public Health Emergency in May 2023, we have been making resumption plans and establishing our resumption timetable for all TOP-eligible debts that have accumulated during the temporary suspension. The TOP resumption process will take a minimum of 11 months and require work across multiple agency components; therefore, we are working to prioritize this effort in FY 2024.

We identified seven cases where SSA suspended referral to TOP because of the Agency's COVID-19 protocol. While we did not consider them errors for the purposes of our audit, these cases represent overpayments SSA could attempt to collect if it lifted the suspension.

³⁶ SSA, *POMS*, GN 02201.029.A.2 (November 1, 2018).

³⁷ SSA, *POMS*, SI 02220.011.B (June 03, 2021).

³⁸ SSA, *POMS*, GN 02201.029 (November 1, 2018).

The Agency Did Not Develop for Estates for Deceased Recipients with Overpayments

When an overpaid SSI recipient dies, SSA determines whether it can recover the overpayment from another liable individual or there is an indication of fraud.³⁹ If not, SSA pursues recovery from the overpaid recipient's estate.⁴⁰ The overpayment balance affects how SSA will proceed if there is an estate. If the overpayment is \$5,000 or less, SSA notifies the estate but does not pursue recovery of the overpayment. If the overpayment is more than \$5,000, SSA pursues recovery from the decedent's estate.⁴¹ When SSA is developing for an estate, it should do so no earlier than 60 days after the recipient's death and no later than 2 years after the death.⁴²

Of the 200 sampled SSI recipients who were not receiving payments, 30 were deceased. Of these 30, SSA did not notify 22 of the estates and/or pursue recovery of the overpayments over \$5,000. For example, SSA overpaid an SSI recipient \$4,040 from May through September 2009. The recipient died on June 1, 2010. Because the overpayment was less than \$5,000, SSA should have notified the estate between August 31, 2010, and June 1, 2012. However, SSA did not develop for an estate and had taken no additional action on the overpayment.

Although policy states specific timeframes for when SSA should develop for an estate, employees do not always follow these policies. Per SSA, ". . . there are no diaries or alerts set when a person is deceased, has no survivor and there is an overpayment that is not fully recovered." By not developing for estates, SSA may have missed the opportunity to recover overpayments.

CONCLUSION

SSA needs to improve how it prevents, detects, and recovers SSI overpayments. Based on our sample results, we estimate SSA did not follow its policies or use all available tools to prevent, detect, or recover SSI overpayments for 1.9 million recipients. For 1.7 million of these recipients, we estimated error amounts totaling over \$7 billion.⁴³ This represents overpayments SSA could have prevented or detected sooner to reduce the burden on SSI recipients and administrative costs to the agency as well as overpayments SSA could have recovered and returned to the General Fund of the U.S. Treasury.

³⁹ SSA, *POMS*, SI 02220.045.A (December 14, 2023).

⁴⁰ SSA, *POMS*, SI 02220.045.A.1 (December 14, 2023).

⁴¹ SSA, *POMS*, SI 02220.045.A.3 (December 14, 2023).

⁴² SSA, *POMS*, SI 02220.045.A.4 (December 14, 2023).

⁴³ See Appendix B for our sampling methodology and results.

RECOMMENDATIONS

We recommend SSA:

1. Correct the 189 errors, as appropriate.
2. Ensure a future systems modernization roadmap includes controls to improve payment and redetermination accuracy.
3. Require that employees use the Web SSI-OP notice program, when appropriate.
4. Clarify instructions on resolving diaries requiring manual notices to ensure employees send and document accurate overpayment notices.
5. Include controls in future debt management system modernization efforts to address system limitations causing overpayments to not be recovered via CPR or transferred to another liable individual for recovery.
6. Pending automation improvements, remind employees of circumstances when a manual action is needed to initiate CPR or transfer a debt to another liable individual for recovery.
7. Establish a process to identify and address overpayments SSA transferred to the latest record but for which it could not automatically initiate collection activities, including external collections.
8. Complete efforts to lift the suspension for the External Collection Operation so overpayments that meet the criteria for TOP may be referred for collection.
9. Create a diary or revise policies for existing overpayment diaries, as appropriate, that will alert employees to develop for an estate when a deceased recipient has an overpayment and there are no liable persons to whom it should transfer.

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix D for the full text of the Agency's response.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws, regulations, and sections of the Social Security Administration’s (SSA) Program Operations Manual System (POMS) as well as prior audit recommendations related to recovering, detecting, and preventing Supplemental Security Income (SSI) overpayments.
- Obtained from the Supplemental Security Record data extracts of:
 - 8,476,280 SSI overpayments with outstanding balances as of January 20, 2022 regardless of when SSA established them, and
 - 4,917,636 SSI overpayments established in Fiscal Years (FY) 2018 through 2021, with a \$0 balance as of January 2022.
- Matched the data extracts to the Supplemental Security Record and Master Beneficiary Record to determine whether the recipients were entitled to benefits or had a representative payee or eligible spouse/parent entitled to benefits on another record.
- Identified four sampling frames of recipients with overpayments established for amounts over \$1,000:¹
 - Sampling Frame 1: 859,546 recipients with 1,166,629 overpayments with outstanding balances where the recipient was in current pay status.
 - Sampling Frame 2: 526,397 recipients with 692,389 overpayments with outstanding balances where the recipient was in a non-current payment status but was entitled on another record or had a representative payee or eligible spouse/parent entitled on another record.
 - Sampling Frame 3: 1,640,223 recipients with 2,246,394 overpayments with outstanding balances where the recipient was in a non-current pay status and was neither entitled on another record nor had a representative payee or eligible spouse/parent entitled on another record.
 - Sampling Frame 4: 854,185 recipients with 1,049,915 overpayments with \$0 balances.

¹ We limited our review to overpayments greater than \$1,000 to focus on substantial benefit amount changes that resulted in overpayments greater than SSA’s administrative waiver tolerance. SSA, POMS, GN 02210.220, A (January 3, 2019).

- We reviewed a random sample of 100 recipients from each of the 4 sampling frames, for a total of 400 recipients.² To do so, we:
 - Reviewed records, computation documentation, employee remarks, and notices from the following:
 - Master Beneficiary Record;
 - Recovery of Overpayments, Accounting, and Reporting system;
 - Online Retrieval System;
 - Claims File User Interface; and
 - Paperless Read Only Query System.
 - Determined whether the overpayments were:
 - Attributable to SSA not following policy to provide due process;
 - Attributable to SSA not following policy in processing waivers;
 - Attributable to SSA not using all available tools to recover overpayments; or
 - Attributable to SSA not detecting or preventing the overpayment earlier.
 - We considered as errors where SSA did not follow policies and use available tools to prevent, detect, and recover SSI overpayments.³

We conducted our review between June 2022 and January 2024. We assessed the reliability of data obtained for our analysis by (1) performing electronic testing; (2) reviewing existing information about the data and the system that produced them; and (3) tracing a statistically random sample of data to source documents. We determined the data used for this audit were sufficiently reliable to meet our objective.

The principal entity audited was the Office of Operations. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objective.

² See Appendix B for our sampling methodology.

³ Not all errors had associated error amounts and not all error amounts represent improper payments. We identified error amounts for overpayments SSA (1) could have prevented or detected earlier; (2) recovered without sending complete or accurate due process notices; (3) did not waive or document waivers in accordance with policy; (4) did not attempt recovery from other records, from other liable individuals, or via external collections; or (5) did not develop for recovery from estates. We did not identify error amounts when SSA: (1) did not properly apply due process provisions, but had not recovered any portion of the overpayment, and (2) could have detected an overpayment earlier but could not have prevented any portion of it.

- Component 1: Control Environment
 - Principle 1: Demonstrate commitment to integrity and ethical values
- Component 3: Control Activities
 - Principle 10: Design control activities
 - Principle 11: Design activities for the information system
 - Principle 12: Implement control activities
- Component 5: Monitoring
 - Principle 16: Perform monitoring activities
 - Principle 17: Remediate deficiencies

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Sampling Methodology

We established four sampling frames as detailed in Appendix A. To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used for creating a sample from a sampling frame completely at random. For Sampling Frames 1 through 4, we selected random samples of 100 recipients for review. Each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the sampling frame, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire sampling frame under review. Our sampling approach for this review ensures our reported projections are statistically sound and defensible.

Table B–1: Sampling Frame and Sample Size

Sampling Frame	Sampling Frame Size (Recipients)	Sample Size
Sampling Frame 1: Current pay status	859,546	100
Sampling Frame 2: Non-current pay status and entitled on another record or liable person entitled on another record	526,397	100
Sampling Frame 3: Non-current pay status, not entitled on another record, and no liable person entitled on another record	1,640,223	100
Sampling Frame 4: Overpayments with a zero balance	854,185	100
Total	3,880,351	400

Sample Results and Projections

We reviewed the 400 sampled records to determine whether the Social Security Administration (SSA) followed policies and used available tools to prevent, detect, and recover Supplemental Security Income (SSI) overpayments.

Sampling Frame 1

From the 100 recipients with overpayments in Sampling Frame 1, we found 34 errors. From these 34 overpayments, we associated error amounts totaling over \$76,000 for 27. Based on our results, we projected 292,246 recipients had overpayments with errors. Of these, we project 232,077 recipients had overpayments with associated error amounts totaling almost \$655 million.

Table B–2: Sampling Frame 1 Errors

Description	Number of Errors	Number of Errors with Associated Dollars	Error Amounts
Sample Results	34	27	\$76,183
Projected Quantity/Point Estimate	292,246	232,077	\$654,829,906
Projection – Lower Limit	224,784	170,129	\$345,883,605
Projection – Upper Limit	365,980	303,085	\$963,776,208

Note: All projections are at the 90-percent confidence level.

Sampling Frame 2

From the 100 recipients with overpayments in Sampling Frame 2, we found 68 errors. From these 68 overpayments, we associated error amounts totaling almost \$381,000 for 63. Based on our results, we projected 357,950 recipients had overpayments with errors. Of these, we project 331,630 recipients had overpayments with associated error amounts totaling over \$2 billion.

Table B–3: Sampling Frame 2 Errors

Description	Number of Errors	Number of Errors with Associated Dollars	Error Amounts
Sample Results	68	63	\$380,895
Projected Quantity/Point Estimate	357,950	331,630	\$2,005,021,801
Projection – Lower Limit	313,167	286,067	\$1,415,867,070
Projection – Upper Limit	398,407	374,077	\$2,594,176,532

Note: All projections are at the 90-percent confidence level.

Sampling Frame 3

From the 100 recipients with overpayments in Sampling Frame 3, we found 60 errors. From these 60 overpayments, we associated error amounts totaling over \$231,000 for 53. Based on our results, we projected 984,134 recipients had overpayments with errors. Of these, we project 869,318 recipients had overpayments with associated error amounts totaling almost \$4 billion.

Table B-4: Sampling Frame 3 Errors

Description	Number of Errors	Number of Errors with Associated Dollars	Error Amounts
Sample Results	60	53	\$231,264
Projected Quantity/Point Estimate	984,134	869,318	\$3,793,244,499
Projection – Lower Limit	841,399	726,763	\$2,736,739,168
Projection – Upper Limit	1,119,405	1,009,637	\$4,849,749,829

Note: All projections are at the 90-percent confidence level.

Sampling Frame 4

From the 100 recipients with overpayments in Sampling Frame 4, we found 27 errors with associated error amounts totaling over \$95,000. Based on our results, we projected 230,630 recipients had overpayments with associated error amounts totaling almost \$812 million.

Table B-5: Sampling Frame 4 Errors

Description	Number of Errors	Number of Errors with Associated Dollars	Error Amounts
Sample Results	27	27	\$95,016
Projected Quantity/Point Estimate	230,630	230,630	\$811,613,274
Projection – Lower Limit	169,068	169,068	\$511,695,728
Projection – Upper Limit	301,194	301,194	\$1,111,530,820

Note: All projections are at the 90-percent confidence level.

Combined Projections

From the 400 recipients with overpayments across all sampling frames, we found 189 errors. From these 189 overpayments, we associated error amounts totaling over \$783,000 for 170. Based on our results, we projected 1,864,960 recipients had overpayments with errors. Of these, we project 1,663,655 recipients had overpayments with associated error amounts totaling over \$7 billion.

Table B–6: SSI Overpayment Errors

Sampling Frame	Number of Errors	Projected Errors	Number of Errors with Associated Dollars	Projected Error with Associated Dollars	Error Amounts	Projected Error Amounts
1 (see Table B–2)	34	292,246	27	232,077	\$76,183	\$654,829,906
2 (see Table B–3)	68	357,950	63	331,630	\$380,895	\$2,005,021,801
3 (see Table B–4)	60	984,134	53	869,318	\$231,264	\$3,793,244,499
4 (see Table B–5)	27	230,630	27	230,630	\$95,016	\$811,613,274
Total	189	1,864,960	170	1,663,655	\$783,358	\$7,264,709,480

Note: All projections are at the 90-percent confidence level.

Appendix C – ERRORS BY TYPE

We reviewed a random sample of 100 recipients from each of 4 sampling frames (see Appendix B), for a total of 400 recipients, to determine whether the Social Security Administration (SSA) followed policies and used available tools to prevent, detect, and recover Supplemental Security Income (SSI) overpayments. We identified errors when SSA did not:

1. Follow policy and use available tools to prevent and detect overpayments.
2. Send complete or accurate due-process notices or did not send notices to recipients before it initiated recovery of overpayments.
3. Follow policy when it processed waivers of overpayments.
4. Follow policy and use available tools to recover overpayments.
5. Refer overpayments for external collection.
6. Notify the estate and/or pursue recovery of overpayments from recipients' estates.

Of the 100 recipients from Sampling Frame 1, we identified errors for 34.

Table C-1: Sampling Frame 1

Error Reasons	Total Recipients
Due Process	24
Earlier Detection Possible/Prevention Possible	7
Prevention Possible/Due Process	2
Waiver	1
Total	34

Of the 100 recipients from Sampling Frame 2, we identified errors for 68.

Table C-2: Sampling Frame 2

Error Reasons	Total Recipients
Due Process	7
Prevention Possible	2
Recovery Tools	33
Recovery Tools/Due Process	20
Waiver	4
Waiver/Due Process	1
Waiver/Recovery Tools	1
Total	68

Of the 100 recipients from Sampling Frame 3, we identified errors for 60.

Table C-3: Sampling Frame 3

Error Reasons	Total Recipients
Due Process	15
Recovery tools	32
Recovery tools/Due Process	5
Earlier Detection Possible/Prevention Possible	3
Recovery tools/Prevention Possible	4
Earlier Detection Possible/Prevention Possible/Recovery tools	1
Total	60

Of the 100 recipients from Sampling Frame 4, we identified errors for 27.

Table C-4: Sampling Frame 4

Error Reasons	Total Recipients
Due Process	9
Earlier Detection Possible/Prevention Possible	12
Earlier Detection Possible/Due Process	1
Waiver/Prevention Possible	1
Waiver	4
Total	27

Of the 400 sampled recipients from all 4 sampling frames, SSA could have prevented and/or detected overpayments earlier for 33.

Table C-5: Prevention and Detection Errors

Error Type	Number of Recipients
Sampling Frame 1 (see Table C-1)	
Earlier Detection Possible/Prevention Possible	7
Prevention Possible/Due Process	2
Sampling Frame 2 (see Table C-2)	
Prevention Possible	2
Sampling Frame 3 (see Table C-3)	
Earlier Detection Possible/Prevention Possible	3
Recovery Tools/Prevention Possible	4
Earlier Detection Possible/Prevention Possible/Recovery tools	1
Sampling Frame 4 (see Table C-4)	
Earlier Detection Possible/Prevention Possible	12
Earlier Detection Possible/Due Process	1
Waiver/ Prevention Possible	1
Total	33

Of the 400 sampled recipients from all 4 sampling frames, SSA did not send complete or accurate due-process notices or did not send notices to 84 recipients.

Table C-6: Due Process Errors

Error Type	Number of Recipients
Sampling Frame 1 (see Table C-1)	
Due Process	24
Prevention Possible/Due Process	2
Sampling Frame 2 (see Table C-2)	
Due Process	7
Waiver/Due Process	1
Due Process/Recovery Tools	20
Sampling Frame 3 (see Table C-3)	
Due Process	15
Due Process/Recovery Tools	5
Sampling Frame 4 (see Table C-4)	
Due Process	9
Earlier Detection Possible/Due Process	1
Total	84

Of the 400 sampled recipients from all 4 sampling frames, SSA did not process 12 waivers in accordance with policy.

Table C-7: Waivers Errors

Error Type	Number of Recipients
Sampling Frame 1 (see Table C-1)	
Waiver	1
Sampling Frame 2 (see Table C-2)	
Waiver	4
Waiver/Due Process	1
Waiver/Recovery tools	1
Sampling Frame 4 (see Table C-4)	
Prevention Possible/Waiver	1
Waiver	4
Total	12

Of the 200 sampled recipients not in current pay, SSA did not recover overpayments from other records or other liable individuals for 63.

Table C-8: Other Record/Other Liable Individuals Errors

Error Type	Number of Recipients
Sampling Frame 2 (see Table C-2)	
Recovery Tools	29
Waiver/Recovery Tools	1
Due Process/Recovery Tools	18
Sampling Frame 3 (see Table C-3)	
Recovery Tools	10
Due Process/Recovery Tools	2
Recovery Tools/Prevention Possible	2
Earlier Detection Possible/Prevention Possible/Recovery Tools	1
Total	63

Of the 200 sampled recipients not in current pay, SSA did not refer overpayments for external collections for 14.

Table C–9: External Collections Errors

Error Type	Number of Recipients
Sampling Frame 2 (see Table C–2)	
Recovery Tools	1
Sampling Frame 3 (see Table C–3)	
Recovery Tools	9
Due Process/Recovery Tools	1
Recovery Tools/Prevention Possible	2
Earlier Detection Possible/Prevention Possible/Recovery Tools	1
Total	14

Of the 200 sampled recipients not in current pay, SSA did not notify the estate and/or pursue recovery of overpayments from the estates of 22.

Table C–10: Estate Errors

Error Type	Number of Recipients
Sampling Frame 2 (see Table C–2)	
Due Process/Recovery Tools	2
Recovery Tools	4
Sampling Frame 3 (see Table C–3)	
Recovery Tools	14
Due Process/Recovery Tools	2
Total	22

Appendix D – AGENCY COMMENTS




SOCIAL SECURITY

MEMORANDUM

Date: July 12, 2024

Refer To: TQA-1

To: Michelle L. H. Anderson
Acting Inspector General

From: Dustin Brown 
Acting Chief of Staff

Subject: Office of the Inspector General Draft Report, "Challenges in Recovering Supplemental Security Income Overpayments" (A-07-21-51018) – INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. One of Commissioner O'Malley's top three priorities is to reduce inequities related to overpayments in administering our programs. These recommendations support that effort.

Please let me know if I can be of further assistance. You may direct staff inquiries to Hank Amato at (407) 765-9774.



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