



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Payment Accuracy of Dually Entitled  
Title II Beneficiaries

*A-04-13-13014 | August 2014*



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: August 27, 2014

Refer To:

To: The Commissioner

From: Inspector General

Subject: Payment Accuracy of Dually Entitled Title II Beneficiaries (A-04-13-13014)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration was paying the correct benefit to individuals who had dual entitlements under the Title II program.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read 'Patrick P. O'Carroll, Jr.' with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

# Payment Accuracy of Dually Entitled Title II Beneficiaries

## A-04-13-13014



August 2014

Office of Audit Report Summary

### Objective

Our objective was to determine whether the Social Security Administration (SSA) was paying the correct benefit to individuals who had dual entitlements under the Title II program.

### Background

SSA administers the Old-Age, Survivors and Disability Insurance program under Title II of the *Social Security Act*. The program provides monthly benefits to retired or disabled workers and their families and to survivors of deceased workers.

Dual entitlement exists when a beneficiary is entitled to more than one benefit at the same time. For example, a beneficiary may be entitled to retirement benefits on his/her own earnings record and a spouse's benefits on another person's record. Although a beneficiary may be simultaneously entitled to more than one benefit, the total benefit may not be greater than the highest single benefit amount to which they are entitled. Generally, SSA calculates the amounts due and combines the benefits into one monthly payment.

Our current review assessed the accuracy of payments for beneficiaries who received benefits under more than one beneficiary record, but SSA's records did not indicate that dual entitlement existed.

### Our Findings

Of the 50 sample Title II beneficiaries who were receiving benefits on 2 Social Security records, we determined that SSA incorrectly paid 29 (58 percent) beneficiaries full benefits on both records.

Of the 29 payment error cases, 9 may have been subject to SSA's administrative finality regulations. If SSA applies its administrative finality regulations to these cases, it will not collect the overpayments or correct the ongoing payment errors. For these payment error cases, we estimate, as of March 2013, SSA had overpaid about 664 beneficiaries approximately \$7.6 million. SSA will continue overpaying the child beneficiaries until they reach age 18 and are no longer entitled to benefits or the adult beneficiaries die, resulting in additional overpayments of about \$10.3 million. In a previous report, we recommended SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.

For the remaining 20 payment error cases, we estimate that, as of March 2013, SSA had overpaid approximately 1,475 beneficiaries about \$6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. As such, we estimate that, for the 12 months following our audit, overpayments in our population totaled about \$4.3 million.

### Our Recommendations

We recommended that SSA:

1. Review all cases in our population to ensure all overpayments are identified, recorded, and pursued for recovery.
2. Based on review and analysis of the cases from recommendation one, determine whether additional controls are necessary to identify and correct Title II duplicate payments.

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## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) was paying the correct benefit to individuals who had dual entitlements under the Title II program.

## BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance program under Title II of the *Social Security Act*.<sup>1</sup> The program provides monthly benefits to retired or disabled workers and their families and to survivors of deceased workers.

Dual entitlement exists when a beneficiary is entitled to more than one benefit at the same time. For example, a beneficiary may be entitled to retirement benefits on their own earnings and a spouse's benefits on another person's Social Security record.<sup>2</sup> Although a beneficiary may be simultaneously entitled to more than one benefit, the total benefit may not be greater than the highest single benefit amount to which they are entitled. Generally, SSA calculates the amounts due and combines the benefits into one monthly payment.<sup>3</sup> Other examples of dual entitlement are an adult who is entitled on their

- own record and a deceased spouse's record, or
- current spouse's record and a deceased spouse's record.

We conducted two previous audits on benefits paid to multiple entitled beneficiaries—*Benefits Paid to Dually Entitled Title II Beneficiaries* and *Individuals Receiving Multiple Old-Age, Survivors and Disability Insurance Benefits*.<sup>4</sup> These audits evaluated the accuracy of benefit payments for beneficiaries whom SSA knew to be dually entitled. In contrast, our current review assessed the accuracy of payments for beneficiaries who received benefits under more than one beneficiary record, but SSA's records did not indicate that dual entitlement existed.

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<sup>1</sup> *Social Security Act* § 201 *et seq.*; 42 U.S.C. § 401 *et seq.*

<sup>2</sup> SSA establishes a Master Beneficiary Record for each claimant. The Master Beneficiary Record maintains pertinent information needed to accurately pay benefits to the claimant and all entitled dependents. The information SSA maintains includes identification data (name, Social Security number, date of birth, address), type and date of disability, and monthly Disability Insurance benefit.

<sup>3</sup> SSA, Program Operations Manual System, section GN 02401.025. Generally, benefits are combined into one monthly payment unless they are derived from different Trust Funds.

<sup>4</sup> SSA OIG, *Benefits Paid to Dually Entitled Title II Beneficiaries* (A-01-06-26004), September 2007, and *Individuals Receiving Multiple Old-Age, Survivors and Disability Insurance Benefits* (A-01-08-28048), September 2009.

To accomplish our objective, we identified a population of about 3,700 individuals who were receiving dual entitlement benefits as of November 2012 but for whom SSA's records did not indicate dual entitlement. From this population, we randomly selected 50 records for detailed analysis. Appendix A contains our scope and methodology.

## RESULTS OF REVIEW

Because SSA did not always recognize that beneficiaries were receiving benefits on two Social Security records, SSA paid beneficiaries more benefits than they were entitled to receive. Of the 50 dual-entitlement cases we reviewed, SSA overpaid 29 (58 percent) beneficiaries.

Of the 29 payment error cases, 9 may have been subject to SSA's administrative finality regulations.<sup>5</sup> If SSA applies administrative finality to these cases, it will not collect the overpayments or correct the ongoing payment errors.<sup>6</sup> For these payment error cases, we estimate that, as of March 2013, SSA had overpaid about 664 beneficiaries approximately \$7.6 million. SSA will continue overpaying the child beneficiaries until they reach age 18<sup>7</sup> and are no longer entitled to benefits or the adult beneficiaries die,<sup>8</sup> resulting in additional overpayments of about \$10.3 million. In a previous report, we recommended SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.<sup>9</sup>

For the 20 payment error cases that did not involve administrative finality, we estimate that, as of March 2013, SSA had overpaid approximately 1,475 beneficiaries about \$6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. Based on the number of continuing overpayment errors, we estimate, for 1 year following March 2013, overpayments in our population totaled about \$4.3 million.

Additionally, 21 (42 percent) of the 50 sample cases did not have dual-entitlement overpayments. When we obtained the audit population in November 2012, 2 of the 21 sampled

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<sup>5</sup> Generally, under administrative finality, SSA will only revise an incorrect Title II benefit calculation that resulted in payment of more benefits than were due, if the error is discovered within 4 years. Conversely, if SSA discovers the error after 4 years, the Agency generally does not adjust the payment amounts. See *Social Security Act* §§ 205(c)(4) and (5), 42 U.S.C. §§ 405 (c)(4) and (5), 20 C.F.R. §§ 404.987-404.996, and SSA's Program Operations Manual System, section GN 04020.

<sup>6</sup> If a payment error results in a beneficiary being underpaid, SSA may correct the underpayment regardless of when the error occurred. See SSA's Program Operations Manual System GN 04020.080.A.

<sup>7</sup> For the children in our sample, we estimated that the future payment errors would continue until the beneficiary attained age 18 when they would no longer be entitled to child benefits.

<sup>8</sup> For the beneficiaries in our sample who were already past SSA's full retirement age (which is between 65-and 67-years-old based on a beneficiary's date of birth), we estimated the future payment errors would continue until they die. For our estimates, we used the life expectancies as reported by the Centers for Disease Control (*National Vital Statistics Report*, Vol. 62, no. 7, January 6, 2014, Tables 2 and 3).

<sup>9</sup> See Federal Register/Vol.78, No. 147/Wednesday, July 31, 2013/ Proposed Rules (page 46309).

cases did not have an overpayment, but 19 had dual-entitlement overpayments. However, during our audit period, SSA identified the overpayments and took corrective actions. Although we did not report these 19 cases as payment errors, had SSA timely identified that the beneficiaries were receiving full benefits on 2 records, the Agency could have prevented the large overpayments.

## SSA Overpaid Dual-entitlement Benefits

Because SSA did not always recognize that some beneficiaries were receiving benefits on two records, SSA paid beneficiaries more benefits than they were entitled to receive. Of the 50 dual-entitlement cases we reviewed, 29 (58 percent) contained payment errors. Of these 29 payment error cases, 9 may have been subject to SSA’s administrative finality regulations. If SSA applies its administrative finality regulations to these cases, it will not collect the overpayments or correct the ongoing payment errors. Table 1 summarizes and projects these error cases to the population.

**Table 1: Sample Results Projected to the Population<sup>10</sup>**

| Overpayments                                       | Number of Error Cases | Projected Overpayments as of March 2013 | Preventable Overpayments |
|--|-----------------------|---|--------------------------|
| Overpayments—Administrative Finality May Apply     | 9                     | \$7,644,626                             | \$10,279,135             |
| Overpayments—Not Involving Administrative Finality | 20                    | 5,912,621                               | 4,289,898 <sup>11</sup>  |
| <b>TOTALS</b>                                      | <b>29</b>             | <b>\$13,557,247</b>                     | <b>\$14,569,033</b>      |

Additionally, 21 (42 percent) of the 50 sampled cases did not have current dual-entitlement overpayments. Two of these cases never had a dual-entitlement payment error. However, 19 of these cases had dual-entitlement overpayments when we obtained the audit population in November 2012, but, during our audit period, SSA identified the overpayments and took corrective actions. For these 19 cases, the overpayments totaled about \$132,000, and the overpayment periods ranged from 3 months to over 5 years. Moreover, for 6 of the cases, SSA recorded overpayments ranging from \$11,194 to \$24,417, totaling over \$95,000. Although we did not report these 19 cases as payment errors, had SSA timely identified that the beneficiaries were receiving full benefits on 2 records, it could have prevented the large overpayments.

<sup>10</sup> See Appendix B for sample results and projections.

<sup>11</sup> This amount represents additional overpayments for 18 of 20 cases in which the overpayments continued during the 1-year period April 2013 through March 2014.

## *Dual-entitlement Errors Involving Administrative Finality*

For 9 (18 percent) of the 50 sample cases reviewed, SSA's administrative finality regulations may apply and therefore SSA will not correct the payment errors. In general, administrative finality applies when the payment error occurred 4 years before SSA recognized the error.<sup>12</sup> Based on our sample results, we estimate that had SSA recognized the dual-entitlement overpayments, it would not have paid about 664 beneficiaries approximately \$7.6 million in benefits that these beneficiaries were not entitled to receive. Further, if SSA applies its administrative finality regulations, the Agency will not correct the ongoing overpayments and will therefore improperly pay about \$10.3 million in future benefits—until the child beneficiaries attain age 18 and are no longer entitled to the benefits or the adult beneficiaries die.

Once SSA decides a claimant is eligible for benefits and determines the benefit amount, it may occasionally review or update the beneficiary's record when current information becomes available. SSA's review and update may result in a change to the monthly benefit amount, such as recognizing an over- or underpayment or suspending or terminating benefits. However, SSA implemented administrative finality regulations to protect beneficiaries from the inconvenience or hardship that could result from the correction of an Agency error.<sup>13</sup>

Generally, under administrative finality, SSA will only revise an incorrect Title II benefit calculation that resulted in payment of more benefits than were due if the error is discovered within 4 years. Further, if SSA discovers the error after 4 years, the Agency does not adjust the payment amounts unless a new determination is made because of a change in the type of benefit—for example, when benefits are converted from disability to retirement upon a beneficiary's attainment of full retirement age. However, in certain circumstances involving fraud or similar fault, SSA may reopen a case at any time.<sup>14</sup>

Following are examples of dual-entitlement overpayment cases we found in our sample that may have involved SSA's administrative finality regulations.

- One adult beneficiary received \$804 in full benefits on her own Social Security record and, as a surviving divorced wife, \$345 on another record, totaling \$1,149 a month.<sup>15</sup> This individual received benefits on two records from December 1991 through the end of our review period in March 2013. While this individual was entitled to benefits on both records, had SSA recognized the dual-entitlement, she would not have received full benefits on both. The correct combined payable amount for this individual was \$921. Considering the allowable dual-entitlement payment in this case, SSA overpaid the beneficiary approximately \$45,000. Further, if SSA applies its administrative finality regulations to this case, it will not

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<sup>12</sup> 20 C.F.R. § 404.988(b).

<sup>13</sup> SSA, Benefit Authorizer Basic Training Program, Administrative Finality (BA-48), last updated May 3, 2013.

<sup>14</sup> 20 C.F.R. § 404.988(c)(1).

<sup>15</sup> For example purposes, we used the two benefit amounts for March 2013. The monthly benefit amounts change due to annual cost of living adjustments and other changes to beneficiaries' records.

correct the payment error or collect the existing overpayment. If the case is not corrected, we estimate SSA will pay this individual about \$17,750 more in future benefits than she is entitled to receive.

- Another adult beneficiary received \$84 in full benefits on her own record and \$383 as a divorced wife, totaling \$467 a month. This individual received benefits on two records from July 2007 through the end of our review period in March 2013. While this individual was entitled to benefits on both records, had SSA recognized the dual-entitlement, she would not have received full benefits on both. The correct combined payable amount for this individual was \$389. Considering the allowable dual-entitlement payment in this case, SSA overpaid the beneficiary approximately \$5,100. Further, if SSA does not correct the payment error, we estimate the Agency will pay this individual about \$17,500 more in future benefits than she is entitled to receive.

In 2012, we recommended the Agency evaluate its administrative finality regulations and consider revising them to allow for the collection of more debt.<sup>16</sup> SSA agreed with our recommendation and is evaluating comments from the public on proposals for changing these rules. We are encouraged that SSA is taking steps to address its regulations and therefore we will not reiterate our previous recommendation in this report. However, SSA will continue paying the incorrect amounts throughout beneficiaries' lifetimes unless its administrative finality regulations are revised to permit payment error corrections. Because these continuing improper payments affect the integrity of Agency Trust Funds, we will monitor SSA's progress in addressing this corrective action and make further recommendations in future audits, as necessary.

### *Dual-entitlement Errors Not Involving Administrative Finality*

Of the 50 sample cases reviewed, 20 (40 percent) had overpayment errors and did not involve SSA's administrative finality regulations. Based on these results, we estimate that, as of March 2013, SSA overpaid approximately 1,475 beneficiaries about \$6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. Based on this continuing number of errors, we estimate that, for 1 year after March 2013, the overpayments in our population totaled about \$4.3 million.

SSA has policies and procedures to recognize and process cases in which claimants are paid on more than one Social Security record.<sup>17</sup> SSA told us that, in addition to automated alerts, in the normal course of processing claims, staff might identify beneficiaries receiving full benefits on two Social Security records. For example, when SSA employees update a claim with new information, they may recognize the dual payment error and take action to correct the

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<sup>16</sup> SSA OIG, *Significance of Administrative Finality in the Social Security Administration's Programs* (A-08-11-21107), July 2012.

<sup>17</sup> SSA, Program Operations Manual System, section SM 00820. SSA also has an automated and manual operation for identifying and correcting improper duplicate payment situations.

overpayment. However, SSA explained that, because of the various unusual situations that result in dual-entitlement and the inconsistent information claimants may provide to SSA, staff did not always recognize dual-entitlement situations.

Below are examples of dual-entitlement overpayment cases we found in our sample for which SSA's administrative finality regulations did not apply, because the error began less than 4 years from the date we identified it.

- One child beneficiary received benefits from both parents from September 2010 through March 2013. A child is not eligible to receive full benefits on two Social Security records. However, SSA did not recognize it was paying this child beneficiary on two records. In this case, the beneficiary was receiving two benefit amounts—\$788 and \$291, which totaled \$1,079 a month. However, the child beneficiary was only due the higher monthly benefit of \$788 from the mother's Social Security record. The child was not entitled to the \$291 payment on the father's record. As a result, the child beneficiary was overpaid approximately \$10,000. Further, we estimate SSA overpaid the child about \$3,500 in the 12 months following our review period.
- An adult beneficiary received \$798 in full disability benefits on her own Social Security record and \$919 as a disabled surviving divorced wife on another individual's record, which totaled \$1,717 a month. This individual received benefits on two records from May 2012 through the end of our review period in March 2013. Although this individual was entitled to benefits on both records, had SSA recognized the dual-entitlement, the beneficiary would not have received full benefits on both records. The correct combined payable amount for this individual was \$1,147. Taking into account the allowable dual-entitlement payment in this case, SSA overpaid the beneficiary \$6,200. In addition, we estimate SSA overpaid this beneficiary about \$6,800 in the 12 months following our review period.

We believe SSA should ensure it is paying the correct benefit to individuals who have dual entitlements under the Title II program.

## CONCLUSIONS

Because SSA did not always recognize that some beneficiaries were receiving benefits on two Social Security records, it improperly paid full benefits on both records. As a result, we estimate SSA overpaid millions of dollars.

Further, if SSA applies administrative finality to the nine error cases with an ongoing overpayment dating back more than 4 years, it will not collect the overpayments or make corrections to prevent future overpayments on these cases or any other cases in the population where administrative finality applies. In a previous report, we recommended SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and is evaluating the public's response to proposed regulation changes. We are encouraged that SSA is actively considering changes to its regulations. As such, we will not restate our previous recommendation in this report.

## RECOMMENDATIONS

We recommend that SSA:

1. Review all cases in our population to ensure all overpayments are identified, recorded, and pursued for recovery.
2. Based on review and analysis of the cases from recommendation one, determine whether additional controls are necessary to identify and correct Title II duplicate payments.

## AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act*, Code of Federal Regulations, and the Social Security Administration's (SSA) Program Operations Manual System.<sup>1</sup>
- Identified a population, from SSA's Master Beneficiary Record,<sup>2</sup> of 3,687 individuals who were receiving dual-entitlement benefits as of November 2012 but for whom SSA's records did not indicate dual-entitlement.
- Selected a random sample of 50 records from the population for detailed analysis.
- Met with staff from SSA's Office of Operations on selected cases to review our payment error determinations and our case review methodology.
- Updated our review of the error cases—as of March 31, 2014—to determine whether SSA identified the payment errors resulting from full benefit payments on two records.

We conducted our review between July 2013 and March 2014 in Atlanta, Georgia. We determined the data used for this audit were sufficiently reliable to meet our audit objective. Our review of internal controls was limited to obtaining an understanding of SSA's dual-entitlement program.

The principal entities audited were SSA field offices and program service centers under the Office of the Deputy Commissioner for Operations. 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 our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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<sup>1</sup> *Social Security Act* § 201 *et seq.*; 42 U.S.C. § 401 *et seq.*; 20 C.F.R. §§ 404.987-404.996; and SSA's Program Operations Manual System, sections SM 00820, RS 00615.020, and GN 04020.

<sup>2</sup> SSA establishes a Master Beneficiary Record for each claimant. The Master Beneficiary Record maintains pertinent information needed to accurately pay benefits to the claimant and all entitled dependents. The information SSA maintains includes identification data (name, Social Security number, date of birth, address), type and date of disability, and monthly Disability Insurance benefit.

## Appendix B – SAMPLE RESULTS AND PROJECTIONS

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From the Social Security Administration’s (SSA) Master Beneficiary Record,<sup>1</sup> we identified a population of 3,687 individuals who were receiving dual-entitlement benefits as of November 2012, but SSA’s records did not indicate dual-entitlement. From this population, we selected a random sample of 50 records for detailed analysis.

For each overpayment case in our sample, we estimated the overpayment results from the first month the dual entitlement began through March 2013. We projected our test results at the 90-percent confidence level.

### Overpayment Errors—Not Involving Administrative Finality

We determined that 20 (40 percent) of the 50 dually entitled beneficiaries reviewed had overpayments and did not involve SSA’s administrative finality<sup>2</sup> regulations because the error began less than 4 years from the date we identified it.

Table B–1 details our sample results and projections to the population.

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<sup>1</sup> SSA establishes a Master Beneficiary Record for each claimant. The Master Beneficiary Record maintains pertinent information needed to accurately pay benefits to the claimant and all entitled dependents. The information SSA maintains includes identification data (name, Social Security number, date of birth, address), type and date of disability, and monthly Disability Insurance benefit.

<sup>2</sup> Generally, under administrative finality, SSA will only revise an incorrect Title II benefit calculation that resulted in payment of more benefits than were due, if the error is discovered within 4 years. Conversely, if SSA discovers the error after 4 years, the Agency generally does not adjust the payment amounts. See *Social Security Act* §§ 205(c)(4) and (5), 42 U.S.C. §§ 405 (c)(4) and (5), 20 C.F.R. §§ 404.987-404.996, and SSA’s Program Operations Manual System, section GN 04020.

**Table B–1: Overpayments—Not Involving Administrative Finality**

| <b>Projections of Attribute and Variable Appraisals</b>                          |                    |
|--|--------------------|
| <b>Population and Sample Data</b>  |                    |
| Total Population—Number of Dual-Entitlement Cases Not Recognized in SSA’s System | 3,687              |
| Sample Size—Number of Cases  | 50                 |
| Number of Overpayments in Sample   | 20                 |
| Dollar Value of Overpayments in Sample   | \$80,182           |
| <b>Attribute Appraisal Projections</b>   |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | 1,475              |
| Lower Limit  | 1,047              |
| Upper Limit  | 1,936              |
| <b>Variable Appraisal Projections</b>  |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | \$5,912,621        |
| Lower Limit  | \$3,370,632        |
| Upper Limit  | \$8,454,609        |
| <i>Projections made at the 90-percent confidence level.</i>                      |                    |

## Continuing Overpayments—Not Involving Administrative Finality

We determined for the 50 sample cases, 20 had overpayments and did not involve administrative finality, because the error began less than 4 years from the date we identified it. Of these cases, 18 had overpayments that continued after March 2013. Table B–2 details our test results and projections to the population.

**Table B–2: Continuing Overpayments—Not Involving Administrative Finality**

| <b>Projections of Attribute and Variable Appraisals</b>                          |                    |
|--|--------------------|
| <b>Population and Sample Data</b>  |                    |
| Total Population—Number of Dual-Entitlement Cases Not Recognized in SSA’s System | 3,687              |
| Sample Size—Number of Cases  | 50                 |
| Number of Overpayments in Sample   | 18                 |
| Dollar Value of Overpayments in Sample   | \$58,176           |
| <b>Attribute Appraisal Projections</b>   |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | 1,327              |
| <i>Projections made at the 90-percent confidence level.</i>                      |                    |

Table B–3 details our estimation of the continuing overpayments for 1 year after March 2013.

**Table B–3: Continuing Overpayments—Not Involving Administrative Finality**

| <b>1-Year Estimate—Overpayment Cases with Continuing Overpayment Errors</b>                               |             |
|---|-------------|
| Number of Dual-Entitlement Sample Cases Not Recognized in SSA’s System that have a Continuing Overpayment | 18          |
| Total Continuing Overpayment for the 18 Error Cases for March 2013  | \$58,176    |
| Average Continuing Overpayment for the 18 Cases as of March 2013  | \$3,232     |
| Estimated Number of Continuing Overpayments in the Population   | 1,327       |
| Estimated Continuing Overpayments for the 1 Year Following March 2013                                     | \$4,289,898 |
| <i>Projections made at the 90-percent confidence level.</i>   |             |

## Overpayments—Administrative Finality May Apply

We determined that 9 (18 percent) of the 50 dually entitled beneficiaries reviewed had overpayments, but SSA’s administrative finality rules may apply. Table B–4 details our test results and projections to the population.

**Table B–4: Overpayments—Administrative Finality May Apply**

| <b>Projections of Attribute and Variable Appraisals</b>                          |                    |
|--|--------------------|
| <b>Population and Sample Data</b>  |                    |
| Total Population—Number of Dual-Entitlement Cases Not Recognized in SSA’s System | 3,687              |
| Sample Size—Number of Cases  | 50                 |
| Number of Overpayment Errors in Sample   | 9                  |
| Dollar Value of Overpayment Errors in Sample                                     | \$103,670          |
| <b>Attribute Appraisal Projections</b>   |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | 664                |
| Lower Limit  | 361                |
| Upper Limit  | 1,077              |
| <b>Variable Appraisal Projections</b>  |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | \$7,644,626        |
| Lower Limit  | \$563,486          |
| Upper Limit  | \$14,725,765       |
| <i>Projections made at the 90-percent confidence level.</i>                      |                    |

Additionally, because SSA may not be able to correct the ongoing overpayments, we estimated the future overpayments—until the child beneficiaries attain the age of 18 and are no longer entitled to the benefits, or the adult beneficiaries die. Table B–5 details our test results and future projections to the population.

**Table B–5: Future Overpayments—Administrative Finality May Apply**

| <b>Projections of Attribute and Variable Appraisals</b>                          |                    |
|--|--------------------|
| <b>Population and Sample Data</b>  |                    |
| Total Population—Number of Dual-Entitlement Cases Not Recognized in SSA’s System | 3,687              |
| Sample Size—Number of Cases  | 50                 |
| Number of Overpayment Errors in Sample   | 9                  |
| Dollar Value of Overpayment Errors in Sample                                     | \$139,397          |
| <b>Attribute Appraisal Projections</b>   |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | 664                |
| Lower Limit  | 361                |
| Upper Limit  | 1,077              |
| <b>Variable Appraisal Projections</b>  |                    |
| <b>Projection to Population</b>  | <b>Projections</b> |
| Point Estimate   | \$10,279,135       |
| Lower Limit  | \$2,641,048        |
| Upper Limit  | \$17,917,222       |
| <i>Projections made at the 90-percent confidence level.</i>                      |                    |

## Appendix C – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

Date:

Refer To: S1J-3

To: Patrick P. O’Carroll, Jr.  
Inspector General

From: Katherine Thornton  
Deputy Chief of Staff

Subject: Office of the Inspector General Reissued Draft Report, “Payment Accuracy of Dually Entitled Title II Beneficiaries” (A-04-13-13014) — INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL REISSUED DRAFT REPORT, “PAYMENT ACCURACY OF DUALY ENTITLED TITLE II BENEFICIARIES” (A-04-13-13014)**

**Recommendation 1**

Review all cases in our population to ensure all overpayments are identified, recorded, and pursued for recovery.

**Comment**

We agree. We will send the 3,687 cases to the Program Service Centers (PSC) for review and manual processing to correct any payment errors on the Master Beneficiary Record (MBR). We expect to complete casework by December 31, 2014.

**Recommendation 2**

Based on review and analysis of the cases from recommendation one, determine if additional controls are necessary to identify and correct Title II duplicate payments.

**Comment**

We agree. We will work to ensure that our automated and manual processes effectively identify and correct as many improper Title II duplicate payment situations as possible. Based on our review and analysis of the cases from recommendation one and our comparison of the results of this audit with our Master File Duplicate Detection Operation (MAFDUP) software application (designed to find beneficiaries incorrectly receiving Title II benefits across more than one MBR), we will determine if additional controls or policies are necessary.

## Appendix D – MAJOR CONTRIBUTORS

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Theresa Roberts, Director, Atlanta Audit Division

Frank Nagy, Audit Manager

Mike Leibrecht, Senior Auditor

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