



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Old-Age, Survivors and Disability  
Insurance Debtors Who Were Not  
Current on an Installment Agreement

*A-04-18-50265 | May 2018*



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** May 25, 2018

**Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Old-Age, Survivors and Disability Insurance Debtors Who Were Not Current on an Installment Agreement (A-04-18-50265)

The attached final report presents the results of the Office of Audit's review. The objective was to review the Social Security Administration's efforts to recover Old-Age, Survivors and Disability Insurance overpayments from debtors who were not current on an installment agreement.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

A handwritten signature in black ink that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

# Old-Age, Survivors and Disability Insurance Debtors Who Were Not Current on an Installment Agreement

## A-04-18-50265



May 2018

Office of Audit Report Summary

### Objective

To review the Social Security Administration's (SSA) efforts to recover Old-Age, Survivors and Disability Insurance overpayments from debtors who were not current on an installment agreement.

### Background

SSA attempts to fully and immediately recover an overpayment. If a full refund is not possible, SSA may withhold part or all of the individual's monthly benefit, or create an installment plan when the individual is no longer receiving benefits.

Under an installment plan, the individual agrees to refund the overpayment through monthly payments. SSA negotiates the repayment agreement and establishes the payment's due date.

We identified 12,269 individuals where the Recovery of Overpayments, Accounting and Reporting system indicated SSA was attempting to recover the overpayment through an installment agreement. However, for all these overpayments, the most recent installment-related action was before June 2016. At the time of our audit, these individuals owed SSA almost \$88.3 million in overpaid benefits.

### Findings

SSA could improve its efforts to recover overpayments from debtors or their representative payees who have delinquent installment payments. Installment payments are acceptable if the debtor is financially unable, or unwilling, to make a full refund in a single payment and benefit withholding is not available. For the 12,269 debtors we reviewed, the overpayment record showed the last installment-related action occurred 11 months to 32 years before June 2016. At the time of our audit, these individuals owed SSA almost \$88.3 million in overpaid benefits.

Based on a sample of 100 of these debts, we determined SSA missed opportunities to recover 32 overpayments through (1) a benefit adjustment or (2) external collection tools. Also, for 4 of the 32 debtors, SSA could have used both overpayment recovery methods. For our sampled debtors, SSA's systems contained documentation of its follow-up efforts. However, installment plans rely on the individual submitting monthly payments. As steward of taxpayer funds, when an individual has an outstanding overpayment, SSA should use every option to recover the debt.

### Recommendation

We recommend SSA review the 12,269 delinquent debtor records and take action, where appropriate, to begin benefit adjustment or recovery using its external collection tools.

SSA agreed with our recommendation.

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## **ABBREVIATIONS**

ECO	External Collection Operation
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

Our objective was to review the Social Security Administration's (SSA) efforts to recover Old-Age, Survivors and Disability Insurance (OASDI) overpayments from debtors who were not current on an installment agreement.

## BACKGROUND

SSA administers the OASDI program to provide monthly benefits to retired or disabled workers and their families as well as to survivors of deceased workers.<sup>1</sup> The benefit amount payable under the OASDI program depends on various factors. However, given the size and complexity of the program, payment errors occur. An overpayment is the amount an individual received in excess of the amount the individual should have received.<sup>2</sup>

SSA attempts to fully and immediately recover an overpayment. If a full refund is not possible, SSA may withhold part or all of the individual's monthly benefit or create an installment plan when the individual is no longer receiving benefits.<sup>3</sup> Under an installment plan, the individual agrees to refund the overpayment through monthly payments. The SSA employee who processes the overpayment negotiates the repayment agreement and establishes the payment's due date.<sup>4</sup>

If an individual does not comply with the installment plan, SSA should issue reminder notices and attempt to contact the debtor by telephone. SSA will send a cycle of reminder notices: the *Basic Bill*, a *Did You Forget*, a *Past Due Payment*, and a *Call-In*.<sup>5</sup> Also, when a debtor cannot repay, or is not repaying, the overpayment, SSA policy instructs employees to determine whether the individual has current earnings, if there are other persons receiving benefits on the same record, and whether the individual was selected for any external collection tools.<sup>6</sup>

To conduct our review, we obtained data from all segments of the Recovery of Overpayments, Accounting and Reporting (ROAR) system.<sup>7</sup> We identified 12,269 individuals (13,131 OASDI overpayment events) where the ROAR indicated SSA was attempting to recover the

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<sup>1</sup> *Social Security Act*, 42 U.S.C. § 401 (2012).

<sup>2</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.001, sec. A (October 31, 2017).

<sup>3</sup> See Appendix A for the Agency's overpayment recovery tools.

<sup>4</sup> SSA policy directs employees to establish a rate that would permit recovery within 36 months or a rate deemed reasonable for the debtor. SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.180, (July 1, 2016); and SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.214, sec. B (November 22, 2017).

<sup>5</sup> See Appendix B for the Agency's installment plan bills and reminder notices.

<sup>6</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.217, sec. A (September 15, 2015).

<sup>7</sup> The ROAR is divided into five segments, with each segment based on the last two digits of the Social Security number. SSA's ROAR controls the recovery and collection activity of OASDI overpayments. The ROAR record contains the cause and amount of the overpayment, individual liable for the debt, actions against the overpayment record, and status of the overpayment.

overpayment through an installment agreement.<sup>8</sup> For this population, each beneficiary's outstanding balance was greater than \$500 and his/her most recent installment-related action was *before* June 2016.<sup>9</sup> We selected a random sample of 100 individuals and reviewed SSA's efforts to recover the OASDI overpayment.<sup>10</sup>

## RESULTS OF REVIEW

SSA could improve its efforts to recover overpayments from debtors or their representative payees<sup>11</sup> who have delinquent installment payments. Installment payments are acceptable if the debtor is financially unable, or unwilling, to make a full refund in a single payment, and benefit withholding is not available.<sup>12</sup> For the 12,269 debtors we reviewed, the overpayment record showed the last installment-related action occurred 11 months to 32 years before June 2016.<sup>13</sup> At the time of our audit, these individuals owed SSA almost \$88.3 million in overpaid benefits.

Based on a sample of 100 of these debts, we determined SSA missed opportunities to recover 32 overpayments through (1) a benefit adjustment or (2) external collection tools. Also, for 4 of the 32 debtors, SSA could have used both overpayment recovery methods. For our sampled debtors, SSA's systems contained documentation of its follow-up efforts.<sup>14</sup> However, installment plans rely on the individual submitting monthly payments. As steward of taxpayer funds, when an individual has an outstanding overpayment, SSA should use every option to recover the debt.

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<sup>8</sup> We relied on SSA's ROAR to determine the recovery status for each overpayment event. SSA's overpayment recovery status reflects the most recent recovery effort for the overpayment event.

<sup>9</sup> To determine the most recent installment-related action, we identified the ROAR transaction codes and associated dates that establish an installment agreement or indicated an installment payment was recorded on the overpayment record.

<sup>10</sup> See Appendix C for our scope and methodology.

<sup>11</sup> A representative payee may be an individual or organization that will receive and manage an individual's benefits to meet any current or foreseeable needs. SSA, *POMS, GN-General*, ch. GN 006, subch. GN 00602.001, sec. A (March 5, 2002); and SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00501.013, sec. A (May 12, 2016).

<sup>12</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.180, sec. A (July 1, 2016).

<sup>13</sup> See Appendix D for the number of years since the last installment-related action and the associated outstanding overpayment balance.

<sup>14</sup> For our 100 sampled debtors, we reviewed SSA's Online Notice Retrieval System. For 91 sampled debtors, SSA's notice system contained documentation of the Agency's mailed follow-up (reminder) notices. For nine sampled debtors, SSA's notice system did not contain the notices. We also reviewed SSA's Debt Management System Remarks for additional evidence of SSA's follow-up efforts. The Debt Management System remarks also contained notes of the Agency's communication with debtors and their representative payees and attempts to contact these individuals.

## Overpayment Recovery Through Benefit Adjustments

SSA did not use benefit adjustments for some delinquent debtors in our sample. Four of our sampled debtors were receiving monthly Social Security benefits that ranged from \$592 to \$1,157. These individuals received monthly Social Security benefits under their own or another's account. For example, one sampled debtor received survivor benefits under her deceased husband's benefit record and had an outstanding overpayment balance of \$6,536. The ROAR showed the last installment payment was in August 2006. However, the debtor had been entitled to disability benefits under her own benefit record since February 2004 and received \$1,157 in monthly benefits. Per SSA policy, if an overpaid person is receiving Social Security benefits, SSA should withhold all or part of the monthly benefit to recover the overpayment.<sup>15</sup> Table 1 provides additional information on the four sampled debtors.

**Table 1: Sampled Debtors Receiving Social Security Benefits**

Sample Debtor	Date of <i>Initial Entitlement to Benefits</i>	Date of Last Installment-related Action	Outstanding Overpayment Balance
1	February 2004	August 2006	\$6,536
2	January 2007	May 2010	955
3	October 2012	January 2013	7,116
4	January 2015	September 2014	35,042
<b>TOTAL</b>			<b>\$49,649</b>

Source: SSA's Master Beneficiary Record and ROAR.

<sup>15</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.001 (May 7, 2012); and SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.008, sec. A (April 25, 2013).

For 17 of the sampled debtors, at least 1 other individual on the overpaid record received benefits. Their monthly benefits ranged from \$128 to \$1,789. If an overpaid individual is not due a benefit and SSA cannot recover the overpayment from the overpaid person, SSA may recover the overpayment by withholding all or part of the benefits payable to another individual on the same benefit record, referred to as a contingent liability.<sup>16</sup> For example, one debtor received survivor benefits under a parent's benefit record and had an outstanding overpayment balance of \$1,113. The ROAR showed an installment agreement established in March 2008. However, an installment payment had not been made. On the overpaid record, there was another beneficiary receiving \$1,603 in monthly benefits. Per SSA policy, SSA can attempt recovery from this contingently liable individual. Table 2 provides additional information on the 17 sampled debtors.<sup>17</sup>

**Table 2: Sampled Debtors with a Contingently Liable Individual on the Overpaid Record**

Sample Debtor	Initial Benefit Entitlement for Contingently Liable Individual	Date of Last Installment-related Action	Outstanding Overpayment Balance
1	September 1989	June 2009	\$501
2	September 1990	March 2010	9,236
3	March 1996	January 2004	12,913
4	March 1998	May 2016	3,401
5	July 2000	March 2008	700
6	October 2000	June 2000	2,269
7	March 2003	August 2013	1,542
8	December 2003	January 2007	12,142
9	July 2005	March 2008	1,113
10	July 2007	March 2004	756
11	September 2007	December 2012	4,830
12	July 2009	July 2013	884
13	February 2010	October 2012	592
14	March 2012	August 2010	1,226
15	August 2012	February 2016	3,223
16	July 2014	July 2012	780
17	October 2014	May 1996	591
<b>TOTAL</b>			<b>\$56,699</b>

**Source:** SSA's Master Beneficiary Record and ROAR.

<sup>16</sup> Contingently liable individuals are only liable for an overpayment if SSA cannot recover from the primarily liable person(s). SSA will cease its recovery efforts from a contingently liable individual when the benefits are suspended or terminated, the overpaid person reestablishes eligibility, or SSA grants a waiver of recovery. SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02205.005, sec. A (December 20, 2012); and SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.007, sec. A (October 19, 2010).

<sup>17</sup> For Sample Debtor 4, there were two additional individuals receiving benefits on the overpaid record. They were initially entitled to benefits in February and April 2006, and each receives \$170 in monthly benefits.

## Overpayment Recovery Through SSA's External Collection Operation

For 15 of our sampled debtors, SSA should have terminated its internal collection efforts for possible recovery through its external collection operation (ECO).<sup>18</sup> When SSA terminates its internal collection efforts,<sup>19</sup> it deems the debt temporarily unrecoverable, and the overpayment remains on the benefit record for collection when a future recovery method is available.<sup>20</sup> Additionally, when SSA terminates its internal collection efforts, and the debt meets certain criteria, SSA can attempt collection through its ECO. SSA's ECO allows overpayment recovery using the Treasury Offset Program, Administrative Wage Garnishment, and Federal Salary Offset or by reporting the overpayment balance to credit bureaus. For SSA to use its external collection tools, among other ECO selection criteria, the debt must be delinquent<sup>21</sup> and the debtor must be alive; be at least age 18 when SSA established the debt and have an outstanding debt of \$25 or more; not be receiving benefits; and not be making regular installment payments.<sup>22</sup>

Our random sample of 100 debtors included 75 childhood<sup>23</sup> and 25 adult beneficiaries. Of these, eight childhood<sup>24</sup> and seven adult beneficiaries met SSA's main criteria for possible collection through ECO, after SSA terminates its internal collection efforts. Table 3 provides additional information on the 15 debtors that met SSA's main criteria for possible recovery through ECO.

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<sup>18</sup> For 4 of the 15 sampled debtors, there is also a contingently liable individual on the overpaid record. If SSA cannot recover overpaid benefits from a contingently liable individual and terminates its internal collection efforts, the 15 debtors meet SSA's main criteria for possible recovery through ECO.

<sup>19</sup> SSA policy allows it to cease its internal collection efforts when one of the following conditions exists: debtor cannot or will not repay the debt; debtor cannot be located after a diligent search; cost of further effort is likely to exceed the amount recovered; or no voluntary payment made in the last 25 months. SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02215.235, sec. C.2 (July 2, 2015).

<sup>20</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02215.235, sec. B.4 (July 2, 2015).

<sup>21</sup> An OASDI debt is delinquent when no voluntary payment is made 30 days after the latest of the following: the date the debt was established; of the last voluntary payment; of an installment payment arrangement (if no payment was received); or of the reconsideration or waiver denial decision. SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02215.235, sec. B.3 (July 2, 2015). As of May 2017, SSA was not referring to ECO debts with a delinquency date of May 19, 2002 or earlier. Debts with a delinquency date after May 19, 2002 remain eligible for recovery through ECO.

<sup>22</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.030, sec. A.2 (March 9, 2016). See Appendix A for the Agency's overpayment recovery tools.

<sup>23</sup> Of the 75 childhood beneficiaries, SSA had established the debt for 61 when the individual was under age 18. As such, these childhood beneficiaries did not meet SSA's main criteria for recovery through ECO.

<sup>24</sup> From the 14 childhood beneficiaries who were age 18 or older when SSA established the debt, we excluded individuals who had a representative payee. SSA policy states it will not select an individual for ECO if the person billed was the representative payee. We also excluded childhood beneficiaries who were selected for ECO under a separate benefit record and a childhood beneficiary who was not the original debtor because the overpayment was the result of contingent liability.

**Table 3: Debtors Who Met SSA’s Main Criteria for Recovery Through ECO**

Sample Debtor	Date of Last Installment-related Action	Outstanding Overpayment Balance
1	October 2004	\$632
2	January 2006	616
3	March 2008	1,113
4	May 2009	2,545
5	July 2010	4,812
6	August 2010	1,226
7	May 2012	20,495
8	December 2012	4,830
9	March 2014	30,741
10	April 2014	8,322
11	January 2016	1,150
12	February 2016	3,223
13	March 2016	22,590
14	April 2016	12,013
15	May 2016	14,963
<b>TOTAL</b>		<b>\$129,271</b>

Source: SSA’s Master Beneficiary Record and ROAR.

## CONCLUSIONS

SSA could improve its efforts to recover overpayments from debtors or their representative payees who were delinquent on installment agreements. We identified 12,269 individuals who had an outstanding overpayment balance of \$500 or more, and the most recent installment-related action occurred 11 months to 32 years before June 2016. Because these individuals were not repaying their overpayment, almost \$88.3 million in overpaid benefits remained uncollected. Also, SSA missed opportunities to recover the overpayment through a benefit adjustment or possible recovery using its external collection tools, if it terminates its internal collection efforts.

## RECOMMENDATION

We recommend SSA review the 12,269 delinquent debtor records and take action, where appropriate, to begin benefit adjustment or recovery using its external collection tools.

## AGENCY COMMENTS

SSA agreed with our recommendation. The Agency’s comments are included in Appendix E.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – THE AGENCY’S OVERPAYMENT RECOVERY TOOLS

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The Social Security Administration (SSA) attempts to fully and immediately recover an Old-Age, Survivors and Disability Insurance (OASDI) overpayment.<sup>1</sup> If a full refund is not possible, SSA may recover an overpayment through other methods, as follows.

- If an overpaid individual is receiving Social Security benefits, SSA may withhold all or part of his/her monthly benefit to repay the overpayment.<sup>2</sup>
- If an overpaid individual receives a payment from another SSA-administered program, SSA may recover the overpayment by decreasing the amount payable from the other program through cross-program recovery.<sup>3</sup>
- If an overpaid individual is not due a benefit, SSA may be able to recover the overpayment by withholding all or part of the benefits payable to another individual on the same Social Security record as the overpaid person. This is called contingent liability.<sup>4</sup>
- When benefit withholding is not possible and an overpaid person is unable to make a full refund in a single payment, he/she may enter into an agreement to refund the overpayment through monthly installment payments.<sup>5</sup>
- SSA may also settle a debt through a compromise settlement, which occurs when an individual offers to repay a lesser amount than the total amount owed and is relieved of responsibility for the remainder of the debt.<sup>6</sup>
- If SSA issues benefits to a representative payee after an OASDI beneficiary’s death or the representative payee received overpaid benefits before the OASDI beneficiary’s death for which the payee is responsible, SSA may recover the overpayment through its Non-Entitled Debtors program. This program allows SSA to control debts owed by individuals not entitled to Social Security benefits (or Supplemental Security Income<sup>7</sup> payments).<sup>8</sup>

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<sup>1</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.150, sec. A (October 16, 2008).

<sup>2</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.001 (May 7, 2012).

<sup>3</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.008 (April 25, 2013).

<sup>4</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02205.005, sec. A (December 20, 2012); and SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.015, sec. A.2 (February 13, 2012).

<sup>5</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02210.180, sec. A (July 1, 2016).

<sup>6</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02215.100, sec. A (December 13, 2005).

<sup>7</sup> The Supplemental Security Income program makes monthly payments to aged, disabled, or blind adults and children who have limited income and resources. *Social Security Act*, 42 U.S.C. § 1381 (2012).

<sup>8</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02230.035 (October 31, 2017).

SSA must notify all individuals from whom it will seek recovery of the overpayment. All notifications must include the reason (cause), amount, and months the beneficiary was overpaid. Along with the options to resolve the overpayment, the notice explains the right to request reconsideration of the overpayment determination and waiver of recovery.<sup>9</sup>

## SSA's External Collection Operation System

If debts meet certain selection criteria, SSA uses its External Collection Operation (ECO) to refer delinquent debts to the following external collection methods.

- The Treasury Offset Program enables the Department of the Treasury to recover an individual's delinquent debt by offsetting any Federal or State payment due that individual.<sup>10</sup>
- Administrative Wage Garnishment is the process whereby SSA orders an employer to withhold amounts each pay period from an employee who owes a debt to the Agency, and the employer pays those amounts to SSA.<sup>11</sup>
- Federal Salary Offset is the process whereby the employing agency withholds amounts each pay period from a Federal employee who owes a debt to the Agency.<sup>12</sup>
- Credit bureau reporting is the posting of a debt to an individual's credit record. SSA uses credit bureau reporting as a way of influencing a debtor to repay a debt.<sup>13</sup>

For SSA to use these external collection tools, the debt must be delinquent and the debtor must meet the main criteria for ECO selection.<sup>14</sup> The debtor must

- be alive;
- not be entitled to, or eligible for, benefits;
- have been at least age 18 when the debt was established;
- have an outstanding debt of \$25 or more; and
- not be making regular installment payments, or efforts to recover the debt have terminated.

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<sup>9</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.009, sec. A and B (October 26, 2017).

<sup>10</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.029, sec. A.2 (March 9, 2016).

<sup>11</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.040, sec. A.2 (December 19, 2017).

<sup>12</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.043, sec. A.2 (March 9, 2016).

<sup>13</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.032, sec. A.2 (March 9, 2016).

<sup>14</sup> SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02201.030, sec. A.2 (March 9, 2016).

As of May 2017, SSA had stopped referring debts to ECO that had a delinquency date<sup>15</sup> of May 19, 2002 or earlier. Debts with a delinquency date after May 19, 2002 remain eligible for recovery through ECO.

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<sup>15</sup> An OASDI debt is delinquent when no voluntary payment was made 30 days after the latest of the following: the date the debt was established; the date of the last voluntary payment; the date of an installment payment arrangement (if no payment was received); or the date of the reconsideration or waiver denial decision. SSA, *POMS, GN-General*, ch. GN 022, subch. GN 02215.235, sec. B.3 (July 2, 2015).

## Appendix B – THE AGENCY’S INSTALLMENT PLAN BILLS AND REMINDER NOTICES

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The Social Security Administration’s (SSA) billing and follow-up system generates monthly installment bills. When the debtor fails to remit the agreed-upon installment payment, SSA should issue reminder notices and attempt to contact the debtor by telephone. Table B–1 describes SSA’s billing and follow-up (reminder) notices.<sup>1</sup>

**Table B–1: SSA’s Monthly Installment Bills and Reminder Notices**

<i>Basic Bill</i>	SSA issues the <i>Basic Bill</i> when a debtor remits the agreed-upon installment payment.
<i>Installment – Did You Forget?</i>	The first reminder notice when the debtor fails to make a payment.
<i>Installment – Past Due Payment</i>	The second reminder notice when a debtor fails to make a payment.
<i>Basic Bill – Low Remittance</i>	SSA issues the <i>Basic Bill – Low Remittance</i> when a debtor makes a timely payment for an amount less than the agreed installment amount.
<i>Low Remittance – Did You Forget?</i>	The first reminder notice when a debtor makes a partial payment for a prior month and is behind at least one, but less than two, times the agreed installment amount.
<i>Low Remittance – Past Due Payment</i>	The second reminder notice when a debtor makes a partial payment for a prior month(s) and is currently behind at least two, but less than three, times the agreed installment amount.
<i>Call-In</i>	SSA issues a <i>Call-In</i> notice when a debtor fails to respond to any of the reminder notices and owes at least three full installment payments. The <i>Call-In</i> notice requests the debtor call the Agency to discuss repayment of the overpayment.
<i>Final Statement</i>	SSA issues a final statement when it receives the final payment and the debtor’s overpayment balance is zero.

**Source:** SSA’s POMS

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<sup>1</sup> SSA, *POMS, NL-Notices, Letters and Paragraphs*, ch. NL 007, subch. NL 00740.050 (July 9, 2003).

## Appendix C – SCOPE AND METHODOLOGY

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To conduct this review, we:

- Reviewed applicable Federal laws and regulations and sections of the Social Security Administration’s (SSA) policies and procedures related to overpayments and overpayment recovery.
- Reviewed prior Office of the Inspector General reports.
- Obtained clarification from SSA’s Offices of the Deputy Commissioners for Operations; Retirement and Disability Policy; and Budget, Finance, and Management.
- Obtained data from all segments of the Recovery of Overpayments, Accounting and Reporting (ROAR) system<sup>1</sup> for overpayments that had an outstanding balance of \$500 or more as of November 18, 2016. We later obtained overpayment records, as of May 2017, to determine whether our population still met our selection criteria. For this population, the ROAR showed recovery was through an installment agreement,<sup>2</sup> and the most recent installment-related action was before June 2016.<sup>3</sup> For our population, we considered SSA’s
  - remittance processing backlog where the debtor may have submitted a payment that SSA had not yet processed and<sup>4</sup>
  - cycle of follow-up (reminder) notices.<sup>5</sup>
- Identified 12,269 Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries, who had 13,131 overpayment events, that met our selection criteria. For our population, the
  - outstanding balance ranged from \$500 to \$212,706, totaling \$88,295,888, and
  - date of the last installment-related action ranged from August 1984 to May 2016.

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<sup>1</sup> SSA’s ROAR system controls the recovery and collection activity of OASDI overpayments. The ROAR is divided into five segments, with each segment based on the last two digits of the Social Security number. The ROAR record contains the cause and amount of the overpayment, individual liable for the debt, actions against the overpayment record, and the status of the overpayment.

<sup>2</sup> We relied on SSA’s overpayment records to determine the recovery status for each overpayment event. SSA’s overpayment recovery status reflects the most recent recovery effort for the overpayment event.

<sup>3</sup> To determine the most recent installment-related action, we identified the ROAR transaction codes and associated dates that established an installment agreement or indicated an installment payment was recorded on the overpayment record.

<sup>4</sup> SSA, OIG, *The Social Security Administration’s National Remittance Process, A-04-16-50111* (March 2017).

<sup>5</sup> See Appendix B for the Agency’s installment plan bills and reminder notices.

- Removed from our population 23 individuals who had 31 OASDI overpayment events previously included in a prior review. These individuals had an outstanding overpayment balance totaling \$459,982.<sup>6</sup>
- Removed from our population individuals with a
  - payment or installment-related action that occurred on or after June 1, 2016 on a separate overpayment event;
  - separate overpayment event in recovery or due process;<sup>7</sup>
  - date of death shown on the Master Beneficiary Record (MBR);<sup>8</sup> or
  - Collection Query section on the overpaid record.<sup>9</sup>
- Selected a random sample of 100 individuals and conducted analysis to determine whether SSA documented its follow-up and contact attempts, the presence of income and resources, and whether an alternate method of overpayment recovery was available. To conduct our analysis, we queried information from the following SSA records and systems.
  - Debt Management System Remarks
  - Online Notice Retrieval System
  - Paperless System
  - Detailed Earnings Query
  - Accurint/LexisNexis
  - MBR
  - ROAR

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<sup>6</sup> SSA, OIG, *Overpayments Collected Through Long-term Repayment Plans*, A-07-16-50082; (May 2017).

<sup>7</sup> Due process gives the beneficiary the opportunity, within a certain time, to protest recovery of the overpayment and request reconsideration of the fact or amount of the overpayment.

<sup>8</sup> SSA establishes an MBR for each OASDI claimant. The MBR maintains pertinent information needed to pay benefits to the claimant and all entitled auxiliary beneficiaries. Auxiliary beneficiaries can be children, widows, spouses, and parents who receive OASDI benefits based on a primary wage earner's Social Security record.

<sup>9</sup> If repayment agreements are not successful, SSA can use external collection operations (ECO), such as the Treasury Offset Program, Administrative Wage Garnishment, Federal Salary Offset, or report the overpayment balance to credit bureaus. The Collection Query section of the MBR contains information on individuals selected for SSA's ECO. See Appendix A for the Agency's overpayment recovery tools.

The entities reviewed were the Offices of the Deputy Commissioners for Operations; Retirement and Disability Policy; and Budget, Finance, and Management. We conducted our review in Atlanta, Georgia, between July and December 2017. We determined the data used in this report were sufficiently reliable given the review objective and its intended use. 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 our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix D– NUMBER OF YEARS SINCE LAST INSTALLMENT-RELATED ACTION

We identified 12,269 Old-Age, Survivors and Disability Insurance (OASDI) debtors (13,131 OASDI overpayment events) where the Recovery of Overpayments, Accounting and Reporting (ROAR) system showed recovery was through an installment agreement.<sup>1</sup> For this population, each beneficiary’s outstanding balance was greater than \$500, and the overpayment record showed the last installment-related action occurred 11 months to 32 years before June 2016.<sup>2</sup> Table D–1 shows the outstanding overpayment balance for the number of years since the last installment-related action.

**Table D–1: Number of Years Since Last Installment-Related Action (As of June 2016)**

Number of Years Since Last Installment-related Action	Number of Overpayment Events	Total Outstanding Overpayment Balance
Less than 12 months	181	\$1,186,040
1 to less than 2 years	2,897	21,266,990
2 to less than 3 years	1,957	14,248,757
3 to less than 4 years	1,631	11,941,110
4 to less than 5 years	1,085	8,027,212
5 to less than 6 years	688	5,383,688
6 to less than 7 years	603	4,668,256
7 to less than 8 years	559	4,208,653
8 to less than 9 years	431	3,148,602
9 to less than 10 years	376	2,253,106
10 to less than 15 years	1,732	8,599,817
15 to less than 20 years	775	2,838,997
20 to less than 25 years	93	348,349
25 to less than 30 years	54	73,775
30 to 32 years	69	102,536
<b>TOTAL</b>	<b>13,131</b>	<b>\$88,295,888</b>

Source: SSA’s ROAR

<sup>1</sup> We removed from our population 23 OASDI debtors (31 OASDI overpayment events) previously included in a prior review. These individuals had an outstanding overpayment balance totaling \$459,982. SSA, OIG, *Overpayments Collected Through Long-term Repayment Plans, A-07-16-50082*; (May 2017).

<sup>2</sup> To determine the most recent installment-related action, we identified the ROAR transaction codes and associated dates that establish an installment agreement or indicated an installment payment was recorded on the overpayment record.

We selected a random sample of 100 individuals to review SSA's efforts to recover the OASDI overpayment. After our data selection, for 10 of our sampled debtors, SSA recovered the overpayments, began benefit adjustments, or received a recent installment payment. For seven of our sampled debtors, SSA terminated its internal collection efforts. Combined, the 17 sampled debtors (18 OASDI overpayment events) had an outstanding overpayment balance totaling \$50,859.

## Appendix E – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

Date: May 16, 2018 Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

*Stephanie Hall*

From: Stephanie Hall  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Old-Age, Survivors and Disability Insurance Debtors Who Were Not Current on an Installment Agreement" (A-04-18-50265) --  
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 Trae Sommer at (410) 965-9102.

Attachment

**SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “OLD-AGE, SURVIVORS AND DISABILITY INSURANCE DEBTORS WHO WERE NOT CURRENT ON AN INSTALLMENT AGREEMENT” (A-04-18-50265)**

**GENERAL COMMENTS**

We have a robust debt collection program, and we use a variety of collection tools and techniques to recover overpayments from individuals who are currently receiving benefits and from those who are no longer receiving them. We focus on collection tools that yield the most recovery.

We continue to evaluate ways to improve our collection efforts in the various phases of our debt management programs. We are also reviewing our processes to identify opportunities to use automation wherever possible. For instance, we are evaluating whether there is a systematic method to identify some types of debts found during this review, which could potentially enable us to automate these collection actions.

**Recommendation**

Review the 12,269 delinquent debtor records and take action, where appropriate, to begin benefit adjustment or recovery using its external collection tools.

**Response**

We agree.

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