



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Recovery of Old-Age, Survivors and  
Disability Insurance Overpayments  
When a Contingently Liable  
Beneficiary Stops Receiving Benefits

*A-04-18-50651 | May 2019*



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** May 15, 2019

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits (A-04-18-50651)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration should have initiated recovery of Old-Age, Survivors and Disability Insurance overpayments after a contingently liable beneficiary stopped receiving benefits.

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 cursive script that reads 'Gail S. Ennis'.

Gail S. Ennis

Attachment

# Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits A-04-18-50651



May 2019

Office of Audit Report Summary

## Objective

To determine whether the Social Security Administration (SSA) should have initiated recovery of Old-Age, Survivors and Disability Insurance (OASDI) overpayments after a contingently liable beneficiary stopped receiving benefits.

## Background

An OASDI overpayment occurs when SSA pays a beneficiary more than he/she is due for a given period. When the overpaid person is not due a benefit and additional efforts to collect from the overpaid person are unsuccessful, any beneficiary receiving benefits on the same Social Security record as the overpaid person can be held liable for repaying an overpayment. This is known as contingent liability. SSA will cease recovery efforts from a contingently liable beneficiary when benefits are suspended or terminated, the overpaid person re-establishes eligibility, or SSA grants a waiver of recovery.

We identified 5,720 beneficiaries with an overpayment established under SSA's contingent-liability policy. As of March 2018, SSA had terminated benefits for these contingently liable beneficiaries and stopped its collection efforts for the contingently liable overpayments, totaling over \$17.7 million.

## Findings

Of the \$17.7 million in overpayments, SSA should have initiated recovery of over

- \$2.6 million through benefit adjustments by removing the uncollected debt from 1,030 terminated contingently liable beneficiaries and resuming recovery from the overpaid person or from another contingently liable beneficiary on the overpaid record and
- \$15.1 million by removing the uncollected debt from 4,690 terminated contingently liable beneficiaries and transferring the balance to the overpaid person for an immediate payment or until future recovery was available.

According to SSA, staff is not alerted to all records that allow for continued benefit adjustments. Further, when benefit adjustments are not available, SSA's systems do not prompt staff to remove the balance and re-establish the debt to the original debtor.

## Recommendations

We recommend SSA:

1. Review the 1,030 terminated contingently liable records and take action to adjust benefits.
2. Review and take action to remove the overpayment balance from the 4,690 terminated contingently liable beneficiaries and transfer the debt balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools.
3. Establish controls to remove the outstanding debt from terminated contingently liable beneficiaries and transfer the balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools when available.

SSA agreed with our recommendations.

# TABLE OF CONTENTS

Objective .....	1
Background .....	1
Results of Review .....	2
Overpayment Recovery from Original Debtors and Other Contingently Liable Beneficiaries Through Benefit Adjustments .....	3
Overpayment Recovery Through Payment of Uncollected Balance .....	5
Conclusions .....	6
Recommendations .....	7
Agency Comments .....	7
Appendix A – Scope and Methodology .....	A-1
Appendix B – The Agency’s Overpayment Recovery Methods .....	B-1
Appendix C – Agency Comments .....	C-1

## **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 determine whether the Social Security Administration (SSA) should have initiated recovery of Old-Age, Survivors and Disability Insurance (OASDI) overpayments after a contingently liable beneficiary stopped receiving benefits.

## BACKGROUND

The OASDI program provides monthly benefits to retired and disabled workers as well as their dependents and survivors.<sup>1</sup> An OASDI overpayment occurs when SSA pays a beneficiary more than he/she is due for a given period.<sup>2</sup> When a beneficiary is overpaid, SSA will attempt recovery from the overpaid person by requesting a full and immediate payment.<sup>3</sup> However, if the overpaid person receives a benefit, SSA may withhold all or part of the monthly benefit to repay the overpayment. SSA may withhold benefits payable on the overpaid record, on a separate benefit record,<sup>4</sup> or from another SSA-administered program.<sup>5</sup>

When the overpaid person is not due a benefit and additional efforts to collect from the overpaid person are unsuccessful, SSA may recover the overpayment from benefits payable to another beneficiary on the same Social Security record. This is known as contingent liability.<sup>6</sup> Any beneficiary receiving benefits on the same Social Security record<sup>7</sup> as the overpaid person can be held liable for repaying an overpayment, whether living in the same or a different household.<sup>8</sup> SSA will cease recovery efforts from a contingently liable beneficiary when his/her benefits are suspended or terminated, the overpaid person re-establishes eligibility, or SSA grants a waiver of recovery.<sup>9</sup>

---

<sup>1</sup> *Social Security Act*, 42 U.S.C. §§ 401, 402, 423 (govinfo.gov 2017).

<sup>2</sup> *Social Security Act*, 42 U.S.C. § 404 (govinfo.gov 2017); SSA, *POMS*, GN 02201.001, A (October 31, 2017).

<sup>3</sup> SSA, *POMS*, GN 02210.150, A (August 6, 2006) and GN 02210.001 (October 12, 2018).

<sup>4</sup> SSA, *POMS*, GN 02210.001, A (October 12, 2018); GN 02210.015, A.1 and A.2 (February 13, 2012); and GN 02210.016, A.1 and A.2 (June 14, 2010).

<sup>5</sup> SSA, *POMS*, GN 02210.008, A (April 25, 2013).

<sup>6</sup> SSA, *POMS*, GN 02205.005, A (December 20, 2012); GN 02210.015, A.2 (February 13, 2012); and GN 02210.007, A (October 12, 2018).

<sup>7</sup> SSA establishes a Master Beneficiary Record (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>8</sup> SSA, *POMS*, GN 02205.005, A (December 20, 2012).

<sup>9</sup> SSA, *POMS*, GN 02210.007, B (October 12, 2018).

SSA uses the Recovery of Overpayments, Accounting and Reporting (ROAR) system to track overpayments.<sup>10</sup> From the ROAR, we identified 5,720 beneficiaries with an overpayment established under SSA's contingent-liability policy. As of March 2018, SSA had terminated their benefits<sup>11</sup> and stopped its collection efforts<sup>12</sup> for over \$17.7 million<sup>13</sup> in contingently liable overpayments. For these 5,720 beneficiaries, the ROAR showed the terminated contingently liable beneficiaries remained responsible for any future repayment. From this population, we selected a random sample of 50 beneficiaries to determine whether SSA re-established the overpayment to the overpaid person or another contingently liable beneficiary. See Appendix A for our scope and methodology.

## RESULTS OF REVIEW

Of the \$17.7 million in overpayments, SSA should have initiated recovery of over

- \$2.6 million through benefit adjustments by removing the uncollected debt from 1,030 terminated contingently liable beneficiaries and resuming recovery from the overpaid person or another contingently liable beneficiary on the overpaid record and
- \$15.1 million by removing the uncollected debt from 4,690 terminated contingently liable beneficiaries and transferring the balance to the overpaid person for an immediate payment or until future recovery was available.

SSA's ROAR erroneously showed the 5,720 terminated contingently liable beneficiaries remained responsible for any future repayment. Also, our review of 50 sampled beneficiaries verified that SSA did not re-establish the overpayment to the overpaid person or another contingently liable beneficiary. If SSA resumes benefit payments to the overpaid person or starts paying benefits to a contingently liable beneficiary, SSA's system will alert staff to these beneficiaries. However, according to SSA, the alerts do not identify all records where continued benefit adjustments are possible. Further, when benefit adjustments are not available, SSA's systems do not prompt staff to remove the balance and re-establish the debt to the original debtor.

---

<sup>10</sup> SSA's ROAR controls the recovery and collection activity of OASDI overpayments. The ROAR contains the cause and amount of the overpayment, person liable for the debt, actions against the overpayment record, and status of the overpayment.

<sup>11</sup> There are certain events that terminate a beneficiary's entitlement to OASDI benefits. For 91 percent of the contingently liable beneficiaries, SSA terminated their benefits because they turned age 18 and were not a full-time student or disabled; the student was no longer in school full-time; or they died.

<sup>12</sup> When SSA terminates its internal collection efforts, it deems the debt temporarily unrecoverable. The overpayment remains on the benefit record for collection when a future recovery method is available. When SSA terminates its internal collection efforts, and the debt meets certain criteria, SSA can attempt collection through its External Collection Operation. SSA, *POMS*, GN 02215.235, B.1, B.4, and C.6 (January 14, 2019). See Appendix B for a description of SSA's External Collection Operation.

<sup>13</sup> These overpayments ranged from \$255 to \$80,139. In Fiscal Year 2017, the average cost to collect a Disability Insurance overpayment was \$254. Therefore, we excluded all overpayments less than \$255 from our review.

## Overpayment Recovery from Original Debtors and Other Contingently Liable Beneficiaries Through Benefit Adjustments

SSA should have initiated recovery of over \$2.6 million through benefit adjustments by having staff remove the outstanding debt from 1,030 terminated contingently liable beneficiaries and resume recovery from beneficiaries receiving benefits. Table 1 shows the number of terminated contingently liable beneficiaries and the outstanding debt SSA could have recovered from beneficiaries (original debtors or other contingently liable beneficiaries) who were receiving benefits.

**Table 1: Overpayment Recovery Through Benefit Adjustments**

Person Receiving Benefits	Number of Beneficiaries Receiving Benefits	Number of Terminated Contingently Liable Beneficiaries	Overpayment Balance Uncollected from Terminated Contingently Liable Beneficiaries
Original Debtor	608	605	\$1,460,664
Additional Contingently Liable Beneficiary	448	392	1,144,720
Original Debtor and a Contingently Liable Beneficiary	72	33	63,453
<b>Total</b>	<b>1,128</b>	<b>1,030</b>	<b>\$2,668,837</b>

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

For 605 terminated contingently liable beneficiaries, 608 original debtors were receiving monthly Social Security benefits.<sup>14</sup> The overpayment record identified the original debtor for whom SSA initially established the overpayment before it transferred the debt balance to the contingently liable beneficiary. According to policy, SSA stops its recovery from a contingently liable beneficiary when collection is available from the overpaid person.<sup>15</sup>

<sup>14</sup> Our population included instances where SSA combined multiple beneficiaries' overpayment balances and transferred the debt to a contingently liable beneficiary.

<sup>15</sup> SSA, *POMS*, GN 02210.007, B (October 12, 2018) and GN 02210.015, A.2 (February 13, 2012).

For these debts, SSA either resumed the original debtor's monthly benefits on the overpaid record or the original debtor received benefits under his/her own account.<sup>16</sup> Had SSA removed the outstanding debt from the terminated contingently liable beneficiaries and re-established the overpayment to original debtors receiving benefits, it could have initiated recovery of over \$1.4 million in overpayments through benefit adjustments. These original debtors were receiving monthly benefits that ranged from \$34 to \$2,368 from which SSA could have recovered the debt.<sup>17</sup>

For 392 terminated contingently liable beneficiaries, the overpaid record showed additional contingently liable beneficiaries receiving benefits.<sup>18</sup> Specifically, there were 448 other beneficiaries receiving monthly benefits that ranged from \$23 to \$2,460 from which SSA could have recovered the debt.<sup>19</sup> According to policy, if recovery from the overpaid person is unsuccessful, any beneficiary receiving benefits on the same Social Security record as the overpaid person can be held contingently liable to repay an overpayment.<sup>20</sup> SSA will notify the contingently liable beneficiary of his/her responsibility to repay the overpayment and the proposed adjustment against monthly benefits.<sup>21</sup> SSA will also provide the contingently liable beneficiary an opportunity to contest the decision or request that SSA waive liability.<sup>22</sup> Had SSA removed the outstanding debt from the terminated contingently liable beneficiaries and pursued collection from another contingently liable beneficiary, it could have initiated recovery of over \$1.1 million in overpayments through benefit adjustments.

For 33 terminated contingently liable beneficiaries, the benefit record showed the original debtor and a contingently liable beneficiary were receiving benefits. For these records, there were 72 beneficiaries receiving monthly benefits that ranged from \$116 to \$1,857.<sup>23</sup> According to policy, when multiple beneficiaries are receiving benefits, SSA applies a priority of adjustments to recover an overpayment.<sup>24</sup> SSA will first attempt recovery from the overpaid person and adjust benefits payable to the overpaid person on any earnings record.<sup>25</sup> If SSA cannot collect

---

<sup>16</sup> For example, an original debtor could be an auxiliary beneficiary on the overpaid record and later become entitled to benefits under his/her own Social Security number.

<sup>17</sup> We acknowledge the range of monthly benefits received. However, SSA offers liable beneficiaries options to repay or protest recovery of the debt.

<sup>18</sup> When multiple beneficiaries are receiving benefits, SSA applies a priority of adjustment to recover an overpayment. SSA, *POMS*, GN 02210.016 (June 14, 2010).

<sup>19</sup> See Footnote 17.

<sup>20</sup> SSA, *POMS*, GN 02205.005, A (December 20, 2012).

<sup>21</sup> SSA, *POMS*, GN 02210.007, B and C (October 12, 2018).

<sup>22</sup> SSA, *POMS*, GN 02210.007, D and E (October 12, 2018).

<sup>23</sup> See Footnote 17.

<sup>24</sup> SSA, *POMS*, GN 02210.015, A (February 13, 2012).

<sup>25</sup> SSA, *POMS*, GN 02210.015, A.1 (February 13, 2012).

from the overpaid person, it will apply its contingent liability policy.<sup>26</sup> Had SSA removed the outstanding debt from the terminated contingently liable beneficiaries and pursued recovery from either the original debtor or another contingently liable beneficiary, it could have initiated recovery of over \$63,000 through benefit adjustments.

When staff delays initiating benefit adjustments, SSA may not fully recover overpaid benefits. Policy<sup>27</sup> prohibits SSA from using benefit adjustment to recover an overpayment more than 10 years after a debt accrues<sup>28</sup> and benefit withholding was available but not initiated. For 665 of these terminated contingently liable beneficiaries, SSA may be prohibited from recovering over \$1.5 million in overpaid benefits because it did not resume collection efforts when the original debtor or contingently liable beneficiary began receiving benefits. Each June, SSA's system produces the Reentitled and Contingently Liable Overpayment Alerts File. This File identifies records where SSA resumed benefit payments to the overpaid person or started paying benefits to a contingently liable beneficiary living in the same household. However, according to SSA, the alerts do not identify all records where continued benefit adjustments are possible. SSA told us it had begun work to correct the problem in December 2018 and plans to resolve the issue by late summer 2019.<sup>29</sup> While reviewing its programming rules, SSA should review the 1,030 terminated contingently liable records and take action to begin benefit adjustments.

## Overpayment Recovery Through Payment of Uncollected Balance

The remaining 4,690 records, with a debt balance of over \$15.1 million, did not contain an original debtor or another contingently liable beneficiary who was receiving benefits. According to policy, when a contingently liable beneficiary stops receiving benefits, and further benefit adjustments are not available, SSA will transfer the balance to the original debtor for an immediate payment or until future recovery is available.<sup>30</sup> SSA will notify the original debtor of

---

<sup>26</sup> SSA, *POMS*, GN 02210.015, A.2 (February 13, 2012) and GN 02210.016, A (June 14, 2010).

<sup>27</sup> SSA, *POMS*, GN 02210.003, A.1 (August 16, 2010).

<sup>28</sup> A debt accrues with the later of the following events: the initial overpayment decision; date the overpayment decision was upheld; benefit adjustments stop; debtor defaults on a repayment agreement; or the last External Collection Operation action. SSA, *POMS*, GN 02210.003, A.2 (August 16, 2010).

<sup>29</sup> We provided SSA our 50 randomly sampled beneficiaries. SSA's review of our sampled beneficiaries identified records that should have been included on the Reentitled and Contingently Liable Overpayment Alerts File.

<sup>30</sup> See Appendix B for a description of the Agency's internal and external overpayment recovery methods.

the uncollected balance and seek payment of the debt.<sup>31</sup> Although SSA terminated benefits<sup>32</sup> for this population of contingently liable beneficiaries and temporarily stopped its collection efforts,<sup>33</sup> the overpayment record showed they remained liable to repay the debt. Also, for our 50 randomly sampled records, SSA had not re-established the overpayment to the overpaid person. When SSA terminates a contingently liable beneficiary's benefits, and further benefit adjustments are not available, SSA's systems do not prompt staff to remove the balance and re-establish the debt to the original debtor. Unless SSA removes the uncollected balance from terminated contingently liable beneficiaries and transfers the debt to the original debtor, it may miss an opportunity to fully recover overpaid benefits through an immediate payment or future benefits payable the original debtor.

In Fiscal Year 2017, SSA began work on a new Debt Management modernization initiative that includes a redesign of the debt management databases and applications. Among several features, the redesign will allow for improved debt collection capabilities and for staff to better track debt collections. This initiative is a 6-year project. SSA is scheduled to begin implementing its improvements in year 2021. While SSA is developing this project, it should establish controls to remove the outstanding debt from terminated contingently liable beneficiaries and transfer the balance to the original debtor. For example, the control should periodically identify terminated contingently liable beneficiaries and prompt staff to re-establish the debt to the original debtor when further benefit adjustments are not available.

## CONCLUSIONS

SSA terminated benefits for a population of contingently liable beneficiaries and stopped its collection efforts for the contingently liable overpayments. However, SSA should have initiated recovery of \$17.7 million in overpayments not collected from the 5,720 terminated contingently liable beneficiaries. This included over

- \$2.6 million through benefit adjustments when the overpaid person re-established eligibility or from another contingently liable beneficiary on the overpaid record and

---

<sup>31</sup> SSA, *POMS*, GN 02201.013, D.3 and D.4 (August 18, 2011). For 1,129 of our terminated contingently liable beneficiaries, the original debtor is deceased. For 588 of these beneficiaries, both the terminated contingently liable beneficiary and original debtor are deceased. Under certain conditions, when the overpaid person is deceased and SSA cannot recover the overpayment from another beneficiary on the overpaid record, it may attempt recovery from the deceased's estate or terminate its collection efforts. SSA, *POMS*, GN 02215.050, A (December 21, 2018) and GN 02215.070, B (January 18, 2007).

<sup>32</sup> There are certain events that terminate a beneficiary's entitlement to OASDI benefits. For the majority (91 percent) of the contingently liable beneficiaries, SSA terminated their benefits because they turned age 18 and were not a full-time student or disabled; the student was no longer in school full-time; or because of death.

<sup>33</sup> When SSA terminates its internal collection efforts, it deems the debt temporarily unrecoverable. The overpayment remains on the benefit record for collection when a future recovery method is available. When SSA terminates its internal collection efforts, and the debt meets certain criteria, SSA can attempt collection through its External Collection Operation. SSA, *POMS*, GN 02215.235, B.1, B.4, and C.6 (January 14, 2019).

- \$15.1 million by transferring the uncollected debt to the overpaid person when the contingently liable beneficiary stopped receiving benefits and further benefit adjustments were not available.

If SSA resumes benefit payments to the overpaid person or starts paying benefits to a contingently liable beneficiary, SSA's system will alert staff to these beneficiaries. However, according to SSA, the alerts do not identify all records where continued benefit adjustments are possible. SSA told us it had begun work to correct the problem.

Further, when benefit adjustments are not available, SSA's systems do not prompt staff to remove the balance and re-establish the debt to the original debtor. Unless SSA removes the uncollected balance from terminated contingently liable beneficiaries and transfers the debt to the original debtor, it may miss an opportunity to fully recover overpaid benefits.

## RECOMMENDATIONS

We recommend SSA:

1. Review the 1,030 terminated contingently liable records and take action to adjust benefits.
2. Review and take action to remove the overpayment balance from the 4,690 terminated contingently liable beneficiaries and transfer the debt balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools.
3. Establish controls to remove the outstanding debt from terminated contingently liable beneficiaries and transfer the balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools when available.

## AGENCY COMMENTS

SSA agreed with our recommendations; see Appendix C.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

---

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and sections of the Social Security Administration’s (SSA) policies and procedures related to collecting Old-Age, Survivors and Disability Insurance (OASDI) overpayments and contingent liability.
- Obtained from the Recovery of Overpayments, Accounting and Reporting (ROAR) system,<sup>1</sup> a file of 5,720 contingently liable beneficiaries with an overpayment established under SSA’s contingent liability policy. As of March 15, 2018, the contingently liable overpayments had an outstanding balance of \$255 or more,<sup>2</sup> and the ROAR showed SSA terminated its collection efforts for the contingently liable overpayment. Also, SSA terminated benefits for the contingently liable beneficiaries.
- Identified the original debtor from the ROAR.
- Reviewed the Master Beneficiary Record (MBR)<sup>3</sup> and determined whether the original debtor was receiving benefits on the overpaid record or his/her own account. We also determined whether other beneficiaries were receiving benefits on the overpaid record.
- Reviewed the date SSA terminated the contingently liable beneficiaries’ benefits and determined whether recovery by adjustment was prohibited because a benefit withholding was available but not initiated within 10 years.<sup>4</sup>
- Selected a random sample of 50 terminated contingently liable beneficiaries to test our data mining results and determine whether SSA re-established the overpayment to the overpaid person or another contingently liable beneficiary.

The principal entities reviewed were the Offices of the Deputy Commissioners for Operations and Systems. We conducted our review in Atlanta, Georgia, between May and November 2018. We determined the data used in this report were sufficiently reliable given our 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 on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

---

<sup>1</sup> SSA’s ROAR controls the recovery and collection activity of OASDI overpayments. The ROAR record contains the cause and amount of the overpayment, person liable for the debt, actions against the overpayment record, and status of the overpayment.

<sup>2</sup> In Fiscal Year 2017, the average cost to collect a Disability Insurance overpayment was \$254. Therefore, we excluded all overpayments less than \$255 from our review.

<sup>3</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>4</sup> SSA, *POMS*, GN 02210.003, A.1 and A.2 (August 16, 2010).

## Appendix B – THE AGENCY’S OVERPAYMENT RECOVERY METHODS

---

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 payment is not possible, SSA may recover an overpayment through other methods, as follows.

- If an overpaid beneficiary 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 beneficiary 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 beneficiary is not due a benefit, SSA may recover the overpayment by withholding all or part of the benefits payable to another beneficiary 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 cannot repay in a single payment, he/she may enter into an agreement to repay the overpayment through monthly installment payments.<sup>5</sup>
- SSA may also settle a debt through a compromise settlement, which occurs when a beneficiary 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 beneficiaries not entitled to Social Security benefits (or Supplemental Security Income<sup>7</sup> payments).<sup>8</sup>

---

<sup>1</sup> SSA, *POMS*, GN 02210.150, A (August 16, 2006).

<sup>2</sup> SSA, *POMS*, GN 02210.001 (October 12, 2018).

<sup>3</sup> SSA, *POMS*, GN 02210.008, A (April 25, 2013).

<sup>4</sup> SSA, *POMS*, GN 02205.005, A (December 20, 2012) and GN 02210.015, A.2 (February 13, 2012).

<sup>5</sup> SSA, *POMS*, GN 02210.180, A (July 1, 2016).

<sup>6</sup> SSA, *POMS*, GN 02215.100, A (December 13, 2005).

<sup>7</sup> Supplemental Security Income is a needs-based program for aged, blind, or disabled persons. Recipients must meet certain income and resource limits for eligibility. *Social Security Act*, 42 U.S.C. § 1381 (govinfo.gov 2017); *Social Security Act*, 42 U.S.C. §§ 1382a-1382b (govinfo.gov 2017); and SSA, *POMS*, SI 00501.001, B.1 (January 18, 2005).

<sup>8</sup> SSA, *POMS*, GN 02230.035 (October 31, 2017).

## SSA's External Collection Operation

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

- The Treasury Offset Program enables the Department of the Treasury to recover a beneficiary's delinquent debt by offsetting any Federal or State payment due that beneficiary.<sup>9</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>10</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>11</sup>
- Credit bureau reporting is the posting of a debt to a beneficiary's credit record. SSA uses credit bureau reporting as a way of influencing a debtor to repay a debt.<sup>12</sup>

---

<sup>9</sup> SSA, *POMS*, GN 02201.029, A.2 (March 9, 2016).

<sup>10</sup> SSA, *POMS*, GN 02201.040, A.2 (May 25, 2012).

<sup>11</sup> SSA, *POMS*, GN 02201.043, A.2 (March 9, 2016).

<sup>12</sup> SSA, *POMS*, GN 02201.032, A.2 (March 9, 2016).

## Appendix C – AGENCY COMMENTS

---



## SOCIAL SECURITY

### MEMORANDUM

Date: May 1, 2019

Refer To: S1J-3

To: Gail S. Ennis  
Inspector General

*Stephanie Hall*

From: Stephanie Hall  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits" (A-04-18-50651) -- 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.

**SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “RECOVERY OF OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS WHEN A CONTINGENTLY LIABLE BENEFICIARY STOPS RECEIVING BENEFITS” (A-04-18-50651)**

**GENERAL COMMENTS**

We are working to strengthen our debt recovery processes, and in fiscal year 2018, we initiated a comprehensive multi-year project to consolidate, modernize, and streamline our debt collection processes into one system. This new system will improve our ability to track and transfer debts when a contingently liable beneficiary stops receiving benefits.

Our response to the recommendations are below.

**Recommendation 1**

Review the 1,030 terminated contingently liable records and take action to adjust benefits.

**Response**

We agree.

**Recommendation 2**

Review and take action to remove the overpayment balance from the 4,690 terminated contingently liable beneficiaries and transfer the debt balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools.

**Response**

We agree.

**Recommendation 3**

Establish controls to remove the outstanding debt from terminated contingently liable beneficiaries and transfer the balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools when available.

**Response**

We agree.

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<https://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, "[Beyond The Numbers](#)" where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <https://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <https://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <https://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing