
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SUPPLEMENTAL SECURITY INCOME
OVERPAYMENTS TO CONCURRENT
BENEFICIARIES RESULTING FROM
INCORRECT BENEFIT CALCULATIONS**

September 2009

A-06-09-29103

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

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- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

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- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

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SOCIAL SECURITY

MEMORANDUM

Date: September 24, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Overpayments to Concurrent Beneficiaries Resulting from Incorrect Benefit Calculations (A-06-09-29103)

OBJECTIVE

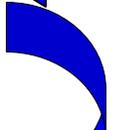
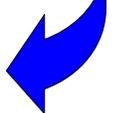
Our objective was to determine the number of concurrently entitled individuals who received excess Supplemental Security Income (SSI) payments as a result of an unearned income computation error.

BACKGROUND

The Social Security Administration (SSA) pays disability benefits to eligible individuals through two programs: Old-Age, Survivors and Disability Insurance (OASDI), which provides benefits to wage earners and their families in the event the wage earner retires, becomes disabled, or dies; and SSI, which provides payments to financially needy individuals who are aged, blind, or disabled. Individuals eligible for benefits under OASDI who also qualify for SSI (concurrent beneficiaries) can receive SSI payments as long as the combination of benefits does not exceed the Federal Benefit Rate (FBR),¹ plus a \$20 allowance. The FBR increases with the automatic Cost-of-Living Allowance (COLA) applied to Social Security benefits. The 2009 COLA increased both OASDI benefits and the FBR by 5.8 percent, the largest percentage increase since 1982. Effective January 2009, the FBR is \$674 for individuals and \$1,011 for couples. Some States supplement Federal SSI payments with additional benefits. In some of these instances, SSA issues a single payment that includes both the Federal SSI amount and the applicable State supplement. States must reimburse SSA for the supplement amounts.

¹ The *Social Security Act* § 1611(a)(1)(A), 42, U.S.C. § 1382(a)(1)(A).

SSI payments are reduced, or offset, by a recipient's countable income,² less certain allowances.³ SSA first offsets countable income against the FBR. If State supplemental benefits are involved, and countable income exceeds the FBR, SSA then offsets any remaining excess income against applicable State supplemental amounts. For example, a concurrently entitled beneficiary receives a \$750 monthly OASDI payment and has no other countable income. The beneficiary lives in a State that provides a \$250 SSI supplemental benefit. The beneficiary's \$194 SSI payment is computed as follows.

Unearned Income (OASDI Benefits)	\$750	
Less: Unearned Income Allowance	<u>(20)</u>	
Equals: Countable Income	\$730	
		
2009 FBR	\$674	
Less: Countable Income	<u>(730)</u>	
Excess Unearned Income	(56)	
SSI Federal Benefit Payable	\$ 0	
SSI Federal Benefit Payable	\$ 0	
Plus: State Supplement	250	
Less: Excess Unearned Income	<u>(56)</u>	
Equals: SSI Payment	\$194	

During our review of *Benefit Payments Mailed to Post Office Boxes*, we identified 47 individuals with 2 different Social Security numbers (SSN), who received OASDI benefits under 1 SSN and SSI payments under the other SSN. Our review of related payment records revealed that SSA incorrectly offset SSI payments using OASDI benefit amounts that were not adjusted to reflect recent COLA increases. These payment computation errors resulted in approximately \$41,000 in excessive SSI payments to the 47 individuals. An SSA representative informed us this error was due to a systems interface problem that is known to occur when individuals receive both OASDI and SSI under more than one SSN.

In March 2009, we obtained SSA payment data from 1 of 20 payment record segments and identified 338 cases where OASDI benefit amounts used in a concurrently entitled individual's SSI unearned income offset computation were less than the amount of OASDI benefits SSA actually paid the beneficiaries. Our review focused on these 338 cases. See Appendix B for a discussion of our scope and methodology.

² Countable income includes both countable earned and countable unearned income. OASDI benefits are considered countable unearned income minus applicable exclusions.

³ SSI recipients can have \$20 per month in unearned income without affecting their SSI payment. Monthly unearned income in excess of \$20 results in a dollar for dollar reduction in SSI payments.

RESULTS OF REVIEW

We estimate SSA issued overpayments to approximately 6,800⁴ concurrently entitled beneficiaries as the result of an SSI unearned income computation error. In March 2009, we identified 338 concurrent beneficiaries from 1 of 20 payment record segments, who received excessive SSI payments because SSA erroneously offset their SSI payment using OASDI benefit amounts that were not adjusted to reflect recent benefit payment increases. SSA overpaid these beneficiaries \$18,604 per month in Federal SSI payments and another \$2,557 per month in State supplemental benefits as a result of these errors. Most of these errors involved instances where SSA was collecting OASDI overpayments from the beneficiaries. A systems input intended to prevent double counting⁵ unintentionally froze the OASDI benefit amounts used in subsequent SSI unearned income offset computations. If these errors are not corrected, we estimate that SSA will issue approximately \$5.1 million⁶ in excessive SSI payments to these beneficiaries over the next 12 months.

OVERPAYMENTS TO CONCURRENT BENEFICIARIES IN OUR POPULATION

We identified 338 concurrent beneficiaries from 1 payment record segment whose March 2009 SSI unearned income offset computation used OASDI benefit amounts that were not adjusted to reflect 2009 benefit increases, and in some cases, other prior year benefit increases. These computation errors resulted in monthly SSI overpayments (including both Federal and State supplemental benefit amounts) ranging from \$2 to \$678.⁷

Number of Beneficiaries	Monthly Overpayment
225	\$2-\$49
79	\$50-\$99
19	\$100-\$199
6	\$200-\$299
0	\$300-\$499
9	\$500-\$678
338	

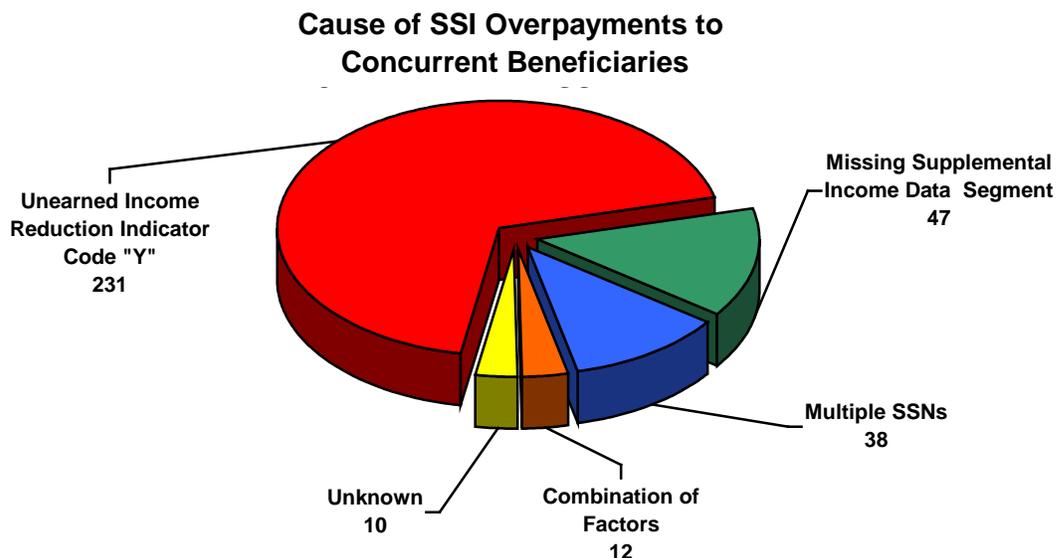
⁴ 338 beneficiaries from 1 payment record segment multiplied by all 20 segments.

⁵ If SSA determines (1) the beneficiary was concurrently entitled when the OASDI overpayment occurred and (2) the overpaid amount was used to offset previous SSI payments, the field office staff inputs a double counting entry. The purpose of this entry is to prevent the offset computation from using the overpayment deduction to reduce current SSI benefits.

⁶ Amount based on \$21,161 (18,604 + 2,557) in monthly overpayments to the 338 beneficiaries multiplied by 12 months multiplied by 20 payment record segments ($\$21,161 \times 12 \times 20 = \$5,078,640$).

⁷ Nine records involved monthly overpayments that exceeded \$500 per beneficiary. We confirmed that three payment errors were corrected between April and June 2009. We referred the other six cases to SSA's Office of Operations for immediate correction.

Several factors that contributed to these payment errors are discussed below.



**Unearned Income
Reduction Indicator
Code "Y"**

We found that 231 beneficiaries' Supplemental Security Records contained an Unearned Income Reduction (UMR) indicator code of "Y." This code indicated that field office staff determined double counting applied, and amounts SSA withheld from the OASDI payments should not be considered unearned income to the recipient. However, it also appeared that input of this indicator mistakenly froze the OASDI benefit amount used in the offset computation during the entire period SSA recouped overpayments from the beneficiaries via OASDI withholding. Once SSA input the indicator on the payment record, the unearned income offset computation no longer considered benefit payment increases awarded to these beneficiaries. In each of these cases, a smaller OASDI benefit amount was used in the March 2009 offset computation than the actual current benefit amount paid to these individuals. Monthly overpayments to these 231 individuals ranged from \$2 to \$533 and will continue until the OASDI overpayment withholding stops and SSA employees remove the UMR indicator codes.

For example, in March 2009, SSA issued a concurrent beneficiary a \$647 OASDI payment and a \$528 SSI payment (\$123 Federal benefit amount plus a \$405 New York State supplemental benefit amount). However, payment records indicate SSA erroneously offset the SSI payment using the \$443 OASDI benefit amount paid to this individual in April 2006, instead of the \$647 benefit amount SSA actually paid the beneficiary in March 2009. SSA placed a UMR indicator code "Y" on this record in April 2006, the same month it began collecting a large overpayment from this individual

via monthly withholding from OASDI benefits. Because of this error, SSA overpaid this individual every month since implementation of the 2007 COLA and currently overpays \$204 in monthly SSI payments (\$124 in Federal benefits and \$80 in New York State supplemental benefits).

**Missing SSI
Data Segment**

We found that 47 beneficiaries' Master Beneficiary Records did not contain an SSI Data (SID) segment,⁸ so the current OASDI benefit amount paid to these individuals was not reflected in the unearned income offset computation. In each of these cases, the computation erroneously incorporated either a \$0 OASDI benefit amount or a lower OASDI benefit amount than SSA actually paid the beneficiary. The monthly overpayments to these 47 individuals ranged from \$3 to \$678 and will continue until these errors are corrected. For example, in March 2009, SSA issued a concurrent beneficiary a \$678 SSI payment (a \$445 Federal benefit plus a \$233 California State supplemental benefit). SSA's records indicate this payment was offset by \$249 in OASDI benefits. However, SSA actually paid this beneficiary \$1,355 in OASDI benefits—an amount that should have reduced her SSI payment to \$0. SSA's records indicated the \$249 amount used in the March 2009 offset computation equaled the OASDI benefit amount SSA initially paid the beneficiary in 2005. As a result, SSA overpaid this individual \$678 in SSI payments each month during 2009.

**Concurrent
Beneficiaries with
Two SSNs**

Thirty-eight beneficiaries had two different SSNs⁹ and received OASDI benefits under one SSN and SSI payments under the other. These cases were similar to cases discussed in our report *Benefit Payments Mailed to Post Office Boxes*. According to SSA staff, this is a known, but uncorrected, systems error that occurs when individuals receive both OASDI and SSI under more than one SSN. Monthly overpayments to these 38 individuals ranged from \$5 to \$139 and will continue until the systems error is corrected.

**Multiple Contributing
Factors**

Twelve beneficiaries were overpaid because their payment records contained a UMR indicator code "Y," no SID line, and/or some other alert indicating issues. Monthly overpayments to these 12 individuals ranged from \$5 to \$522 and will continue until the errors are corrected.

Reason Unknown

Ten beneficiaries' SSI unearned income offset computations used incorrect OASDI amounts, but based on our review of available information, we could not determine how or why the errors occurred. Monthly overpayments to these 10 individuals ranged from \$5 to \$564 and will continue until the errors are corrected.

⁸ This SID data segment establishes a link between the OASDI and SSI payment records.

⁹ We determined that Numident records for the multiple SSNs assigned to 15 of the 38 individuals were not cross-referenced to each other.

On May 20, 2009, we obtained a data extract from all 20 payment record segments identifying 7,214 payment records where the SSI unearned income offset computation incorporated OASDI benefit amounts that were less than amounts SSA actually paid the beneficiaries. We provided these data to SSA Operations staff.

CONCLUSION AND RECOMMENDATIONS

SSA will issue overpayments to about 6,800 concurrently entitled beneficiaries as a result of an SSI unearned income computation error. SSA computed these beneficiaries' SSI unearned income offset based on OASDI amounts that had not been adjusted to reflect recent payment increases. Various errors contributed to this problem. If these errors are not corrected, we estimate SSA will issue approximately \$5.1 million in excessive SSI payments to these beneficiaries over the next 12 months. To assist SSA in preventing additional improper payments to these individuals, we recommend that SSA:

1. Review the 7,214 cases we provided and take appropriate action to correct the errors and prevent future errors.
2. Take action to correct the system error involving beneficiaries whose SSI payment record contains a UMR indicator code of "Y" or implement compensating controls to timely identify and correct these errors on individual payment records.
3. Take action to correct the system error that results in erroneous deletion of the Supplemental Identification line from the Master Beneficiary Record of concurrently entitled beneficiaries or implement compensating controls to timely identify and correct these errors on individual payment records.
4. Take action to correct the system error that prevents accurate computation of the unearned income offset for concurrently entitled individuals receiving OASDI benefits under one SSN and SSI payments under a different SSN—or implement compensating controls to timely identify and correct these errors on individual payment records.
5. Take action to ensure its records pertaining to individuals assigned multiple SSNs are appropriately cross-referenced to each other.

AGENCY COMMENTS

SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix C.



Patrick P. O'Carroll, Jr.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments

Acronyms

COLA	Cost-of-Living Allowance
FBR	Federal Benefit Rate
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
SID	Supplemental Security Income Data
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
UMR	Unearned Income Reduction
U.S.C.	United States Code

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration (SSA) regulations, rules, policies, and procedures.
- Reviewed relevant reports issued by the Office of the Inspector General.
- Reviewed SSA's controls regarding current beneficiaries receiving Cost of Living Adjustment increases.
- Interviewed SSA regional staff regarding Supplemental Security Income (SSI) computation of unearned income.
- Obtained a data extract from 1 payment record segment identifying 495 concurrent beneficiaries in current payment status (as of March 2009) whose SSI payments appeared to be offset by Old-Age, Survivors and Disability Insurance (OASDI) amounts that were less than the monthly benefits SSA actually paid.
 - ✓ We excluded five records from further consideration that belonged to individuals with multiple Social Security numbers that were identified during our prior audit *Multiple Benefit Payments to Same PO Box Address (A-06-08-18097)*. During that audit, we requested SSA take action to correct payment errors to these five beneficiaries.
 - ✓ We excluded another 152 records from further consideration after determining unearned income offset computation errors did not actually occur. In most cases, SSA approved the individuals for disability benefits, but the payments were not scheduled to begin until after March 2009. These individuals' OASDI payment records indicated they were in current payment status, which provided the false indication that the \$0 OASDI benefit amount used in the March 2009 SSI unearned income offset computation was erroneous.
- Analyzed payment records pertaining to the remaining 338 beneficiaries.

We tested the data obtained for our audit and determined it was sufficiently reliable to meet our objective. We performed our audit between April and June 2009 in Dallas, Texas. The entities audited were the field offices and program service centers under the Deputy Commissioner for Operations; and the Offices of Retirement and Survivors Insurance Systems, Disability Systems, and Applications and Supplemental Security Income Systems under the Deputy Commissioner for Systems. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 15, 2009 **Refer To:** S1J-3

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

From: Margaret J. Tittel /s/
Acting Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Overpayments to Concurrent Beneficiaries Resulting from Incorrect Benefit Calculations" (A-06-09-29103)—INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report recommendations.

Please let me know if we can be of further assistance. Please direct staff inquiries to Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT,
"SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO CONCURRENT
BENEFICIARIES RESULTING FROM INCORRECT BENEFIT CALCULATIONS"
(A-06-09-29103)**

We have reviewed the draft report and our responses to the specific recommendations are provided below.

Recommendation 1

Review the 7,214 cases provided and take appropriate action to correct the errors and prevent future errors.

Comment

We agree. By December 2009, we will complete the review of the cases and take action to correct the errors and to prevent future overpayments.

Recommendation 2

Take action to correct the system error involving beneficiaries whose Supplemental Security Income (SSI) payment record contains an unearned income reduction indicator code of "Y" or implement compensating controls to timely identify and correct these errors on individual payment records.

Comment

We agree. We expect to implement the necessary system correction by the end of September 2009.

Recommendation 3

Take action to correct the system error that results in erroneous deletion of the Supplemental Identification line from the Master Beneficiary Record of concurrently entitled beneficiaries or implement compensating controls to timely identify and correct these errors on individual payment records.

Comment

We agree. We expect to implement the necessary system correction by the end of September 2009.

Recommendation 4

Take action to correct the system error that prevents accurate computation of the unearned income offset for concurrently entitled individuals receiving Old-Age, Survivors and Disability Insurance benefits under one Social Security number (SSN) and SSI payments under a different SSN, or implement compensating controls to timely identify and correct these errors on individual payment records.

Comment

We agree. We expect to implement the necessary system correction by the end of September 2009.

Recommendation 5

Take action to ensure that our records pertaining to individuals assigned multiple SSNs are appropriately cross-referenced to each other.

Comment

We agree. We expect to implement the necessary system correction by the end of September 2009.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Acknowledgments

In addition to those named above:

Wanda Renteria, Senior Auditor

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