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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**SUPPLEMENTAL SECURITY INCOME  
PAYMENTS TO  
MULTI-RECIPIENT HOUSEHOLDS**

August 2012

A-06-09-29149

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**MANAGEMENT  
ADVISORY REPORT**

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## **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.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- 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.**

**To ensure objectivity, the IG Act empowers the IG with:**

- 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.**

## **Vision**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**



# SOCIAL SECURITY

## MEMORANDUM

Date: August 7, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Management Advisory Report: Supplemental Security Income Payments to Multi-recipient Households (A-06-09-29149)

## OBJECTIVE

Our objective was to identify and review Supplemental Security Income (SSI) payments to multi-recipient households.

## BACKGROUND

SSI is a nation-wide Federal assistance program administered by the Social Security Administration (SSA) that guarantees a minimum level of income for needy aged, blind, or disabled individuals.<sup>1</sup> The program acts as a safety net for individuals who have limited resources and little or no other income. As a means-tested program of last resort, SSI is provided to eligible individuals only to the extent basic needs are not met by other sources. As an individual's countable income<sup>2</sup> increases, his/her SSI payment amount decreases. The value of SSI payments issued to other members of a recipient's household are not considered as an "other source" of income available to meet a recipient's basic needs.

Under the SSI program, each eligible individual living in his/her own household and having no other countable income is provided a maximum monthly Federal cash payment of \$698.<sup>3</sup> SSA also administers supplemental payments provided by several

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<sup>1</sup> 20 C.F.R. § 416.110.

<sup>2</sup> SSA does not count a recipient's first \$20 in monthly unearned income or the first \$65 in earned wages, plus one-half of earned amounts over \$65.

<sup>3</sup> SSA, POMS, SI 02001.020C.8 (10/31/2011). For Calendar Year 2012, the maximum amount payable to an eligible individual, also referred to as the Federal Benefit Rate (FBR), is \$698. The FBR increases with the annual cost-of-living adjustments that apply to Social Security benefits. The FBR was unchanged at \$674 from 2009 through 2011 because, under the automatic adjustment provisions of the *Social Security Act*, no cost-of-living adjustments were made in 2010 or 2011.

States. When combined with State SSI payments, an SSI recipient's monthly payment can exceed \$1,000. In addition, most SSI recipients are also eligible for Medicaid.

The cost of necessities for two people living together is generally less than if the same people maintain separate households. The Department of Health and Human Services incorporates these economies of scale into its annual Federal poverty guidelines, which agencies use to determine eligibility for various government assistance programs. The 2011 Federal poverty guidelines indicate the poverty level for a 1-person household was \$10,890. However, the poverty level for a 2-person household was \$14,710, and each additional household member increased the poverty level by \$3,820.<sup>4</sup> The FBR was not designed to provide recipients with income equal to the Federal poverty level, although it may raise their income above that threshold, sometimes substantially.<sup>5</sup>

SSI payment computation rules partially incorporate the economies of scale rationale. According to SSA economists,

Program rules implicitly assume that substantial economies of scale in consumption arise from married couple recipients living in the same household. Therefore, couples are subject to a federal income guarantee equal to 150 percent of the FBR for individuals. However, no economies of scale are assumed to arise from nonmarried couple recipients sharing a household--each recipient (some of whom may be a member of a cohabitating couple) is guaranteed the full individual FBR.<sup>6</sup>

We obtained data on approximately 7.5 million SSI recipients receiving payments as of July 2011 whose SSA records indicated were not under the care of an organizational representative payee.<sup>7</sup> We identified instances where SSA payment records indicated two or more recipients lived at the same address. We provide additional information on our scope and methodology in Appendix B.

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<sup>4</sup> *2011 Poverty Guidelines for the 48 Contiguous States and the District of Columbia*, as published in the Federal Register, Volume 76, Number 13, page 3,638 (January 20, 2011).

<sup>5</sup> Melissa Koenig and Kalman Rupp, *SSI Recipients in Households and Families with Multiple Recipients: Prevalence and Poverty Outcomes*, as published in Social Security Bulletin, Volume 65, Number 2, 2003/2004, page 15.

<sup>6</sup> *Ibid.*, at page 14.

<sup>7</sup> SSA can appoint social service agencies, institutions, government agencies, or financial organizations to receive payments on behalf of individuals who are not capable of managing their funds. In some instances (for example a nursing home), multiple, unrelated beneficiaries may reside at the payee's address. To avoid erroneously classifying such living arrangements as households, we removed all these records from our audit population.

## RESULTS OF REVIEW

Our review of SSI payments to multi-recipient households indicated that, in contrast to Federal poverty guidelines, SSI payment computation rules reduced payments only to married couples and did not apply similar reductions to unmarried couples living together or other multi-recipient living arrangements. Based on analysis of our audit data, we estimate that application of economies of scale payment reductions only to married couples allowed about 11,000 households with 4 or more SSI recipients to receive approximately \$63 million in annualized payments in excess of applicable Federal poverty guidelines.

Our analysis did not consider the value of any Old-Age, Survivors or Disability Insurance benefits SSA paid to qualifying household members; the value of any other Federal, State, or local government benefits paid to household members; or the value of any recipients' earned income. Because our analysis narrowly focused on Federal SSI amounts paid to recipients, the data presented should not be construed to represent the extent of poverty in these households. According to SSA, previous reports that considered other sources of income and all household members in a way that is comparable with the official poverty measurement indicate that only a small minority of SSI recipients in noncouple, multi-recipient households live in poverty.

### PAYMENTS TO MULTI-RECIPIENT HOUSEHOLDS

Based on address matches that appeared on SSA payment records,<sup>8</sup> we estimate that 647,922 households<sup>9</sup> had 2 or more SSI recipients receiving payments in July 2011. Because SSA payment records indicated that, in general, annual SSI payments to two-and three-recipient households were at or below the Federal poverty guideline (see Table 1), we performed no further analysis of these payments.

However, SSA payment records indicated that annual SSI payments to about 11,481 households with 4 or more recipients were above the established Federal poverty guideline for comparable household sizes. SSA payment records indicated that individuals in these 11,481 households received approximately \$63 million in annual SSI payments above established Federal poverty guidelines.

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<sup>8</sup> See Appendix B for further explanation of our methodology.

<sup>9</sup> Included 1,375,985 recipients.

**Table 1. Multi-recipient Household SSI Payments Compared to Federal Poverty Guidelines**  
**Based on SSI Payment Information as of July 2011**

Recipients	Number of Households	Total Number of Recipients	Annual Payments to Household*	Poverty Level for Household Size	Amount Annual Payments to Household Exceeded Poverty Guideline	Estimated Total Annual Amounts Paid Above the Poverty Guideline
2	583,014	1,166,028	\$10,438	\$14,710	(\$4,272)	\$0
3	53,427	160,281	\$18,567	\$18,530	\$37	\$1,952,757
4	8,976	35,904	\$26,897	\$22,350	\$4,547	\$40,816,924
5	1,774	8,870	\$33,505	\$26,170	\$7,335	\$13,011,900
6	461	2,766	\$40,503	\$29,990	\$10,513	\$4,846,438
7	172	1,204	\$48,886	\$33,810	\$15,076	\$2,593,136
8	41	328	\$52,892	\$37,630	\$15,262	\$625,728
9	22	198	\$52,116	\$41,450	\$10,666	\$234,655
10	15	150	\$58,068	\$45,270	\$12,798	\$191,976
11	6	66	\$56,927	\$49,090	\$7,837	\$47,021
12	2	24	\$55,896	\$52,910	\$2,986	\$5,973
13	6	78	\$73,521	\$56,730	\$16,791	\$100,745
14	4	56	\$73,658 <sup>10</sup>	\$60,550	\$13,108	\$52,430
15	1	15	\$70,097	\$64,370	\$5,727	\$5,727
17	1	17	\$103,108	\$72,010	\$31,098	\$31,098
Total	11,481	49,676				\$62,563,749**

\*Amounts exclude State supplemental payments and were calculated by multiplying the monthly SSI payments to each household member by 12 months, summing annualized payments per household, and dividing by the total number of households.

\*\*Does not add due to rounding.

## HOUSEHOLDS WITH FOUR OR MORE SSI RECIPIENTS

We performed further analysis on households with four or more SSI recipients receiving payments as of July 2011 (see our methodology in Appendix B).

### Recipients' Ages

Our audit results indicated that recipients in four or more recipient households were generally younger than the overall recipient population. The median and average age of recipients living in these multi-recipient households was 26 and 34, respectively. While approximately 16 percent of all SSI recipients in the national population<sup>11</sup> is under age 18, more than 42 percent of recipients in these multi-recipient households was under age 18. Likewise, while approximately 25 percent of all SSI recipients in the population was age 65 or older, only 9 percent of recipients in these multi-recipient households was age 65 or older.

<sup>10</sup> One 14 recipient household was a family that received \$91,928 in annualized, Federal SSI payments. Including state supplemental payments, the family's annualized SSI payments totaled \$119,606.

<sup>11</sup> Based on SSI recipient population as of December 2011, per *SSI Monthly Statistics, 2011*, Table 2, released January 2012, [http://mwww.ba.ssa.gov/policy/docs/statcomps/ssi\\_monthly/2011/table02.pdf](http://mwww.ba.ssa.gov/policy/docs/statcomps/ssi_monthly/2011/table02.pdf) (last reviewed or modified on 07/16/2012).

<b>Table 2. Age of SSI Recipients in Four or More Recipient Households Compared to National Recipient Population</b>			
<b>Age</b>	<b>Number of Recipients</b>	<b>Percent</b>	<b>National Average (Percent)</b>
Under 18	20,963	42.2	15.7
18 – 64	24,113	48.5	58.9
Over 64	4,601	9.3	25.4
Total	49,676*	100.0	100.0

\* Does not add due to rounding.

### Recipients' Disability Diagnosis

Our audit results indicated that most recipients in four or more recipient households were diagnosed with some form of mental impairment.<sup>12</sup> A majority of the recipients was diagnosed with mental retardation, speech and language delays, affective/mood disorders, or attention deficit/attention deficit hyperactivity disorders.

<b>Table 3. Primary Disability Diagnosis of Disabled SSI Recipients Living in Households with Four or More Individuals Receiving SSI Payments</b>			
<b>Diagnosis Code</b>	<b>Number of Recipients</b>	<b>%</b>	<b>Diagnosis Description</b>
3180	12,839	25.8	Mental Retardation
3153	4,806	9.7	Speech and Language Delays
2960	4,137	8.3	Affective/Mood Disorders
3140	3,808	7.7	Attention Deficit/Attention Deficit Hyperactivity Disorder
0000/0001	1,924	3.9	Unknown
2950	1,458	2.9	Schizophrenic, Paranoid and Other Psychotic Disorders
3152	1,433	2.9	Learning Disorder
2940	1,418	2.9	Organic Mental Disorders (Chronic Brain Syndrome)
7240	1,055	2.1	Disorders of Back (Discogenic and Degenerative)
3195	1,006	2.0	Borderline Intellectual Functioning
7150	831	1.7	Osteoarthritis and Allied Disorders
4930	805	1.6	Asthma
2990	700	1.4	Autism and Other Pervasive Developmental Disorders
3150	651	1.3	Development/Emotional Disorders of Newborns and Infants
3000	618	1.2	Anxiety Disorder
3138	613	1.2	Oppositional/Defiant Disorder
2480	541	1.1	Diagnosis Established—No Predetermined List Code of Medical Nature Applicable
All Other	11,032	22.2	Various
Total	49,676*	100.0*	

\* Does not add due to rounding.

<sup>12</sup> Based on primary disability diagnosis code recorded in SSA payment records.

### Attention Deficit Disorders or Speech and Language Delays

Based on our audit results, we estimate that about 1,156 multi-recipient households included 3 to 5 recipients receiving SSI payments based on attention deficit disorder or speech and language delay diagnoses. In many cases, the recipients were children, and SSA issued payments to a parent who served as the children's representative payees.

- In Calendar Years 2004 through 2007, a couple was entitled to SSI payments as the result of diagnoses of borderline intellectual functioning and learning disorder. The couple filed SSI claims on behalf of their seven children who were ages 1 to 12 at the time of filing. SSA awarded payments to five children based on diagnoses of speech and language delays. SSA awarded payment to the other two children based on diagnoses of affective/mood disorders and mental retardation. SSA applied the marriage penalty to the couple and reduced their SSI payments by 25 percent; however, each child received unreduced SSI payments. As of July 2011, SSA had issued the parents annual SSI payments totaling approximately \$68,748.<sup>13</sup>
- In Calendar Years 1995 through 2004, a woman who had received SSI payments since 1992 as the result of a diagnosis of mental retardation filed SSI claims on behalf of seven of her children who were age 5 or younger at the time of filing. SSA awarded payments to four of the children based on diagnoses of either attention deficit disorder or speech and language delays. SSA awarded payments to the other three children based on diagnoses of borderline intellectual functioning, mental retardation, and asthma. As of July 2011, SSA issued the mother annual SSI payments totaling approximately \$62,590.<sup>14</sup>
- In Calendar Years 2003 through 2009, a woman filed SSI claims on behalf of six children who were ages 2 to 6 at the time of filing. SSA awarded payments to five children based on diagnoses of speech and language delays. SSA awarded payments to the sixth child based on a diagnosis of hypoglycemia. SSA payment records indicate the mother, who received the SSI payments on behalf of all the

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<sup>13</sup> According to SSA's records, both parents were in prison in June 2011. During the parents' incarceration, SSA appointed representative payees to manage the children's payments. SSA records indicate that as of April 2012, the parents were out of prison and receiving SSI payments. Six of the seven children also remained in current payment status and SSA issued the children's payments to their assigned representative payees. SSA suspended the remaining child's payments for "whereabouts unknown."

<sup>14</sup> SSA determined the mother was capable of managing her own benefits and also appointed her as the representative payee for the children. As a result, SSA issues all payments to the mother. SSA reassessed the condition of the oldest child (age 20) who had received SSI payments since 1995, determined he was no longer disabled, and terminated his payments in October 2011. As of April 2012, the mother and six other children continued to receive SSI payments.



children, was an illegal alien who did not have a Social Security number. As of April 2012, all six children remained in current payment status and SSA issued the mother annual SSI payments totaling approximately \$50,256.

The SSI program does not establish limits on the number of claims or the total amount of payments to members of the same household. As a result, all household members can file disability claims, increasing the overall number of claims that SSA must adjudicate.

## **CONSIDERATION OF PAYMENT LIMITS TO MULTI-RECIPIENT HOUSEHOLDS**

SSA studied this issue, and Congress had considered imposing payment limits on recipients in multi-recipient households several times since 1996. However, none of these initiatives was implemented.

### **National Academy of Social Insurance and the Congressional Budget Office**

A 1996 National Academy of Social Insurance report stated, “We believe that SSI payments to families with more than one disabled child should be calibrated to recognize economies of scale in shared living arrangements. There is currently no such adjustment in the SSI benefit for children; each eligible child can receive up to the full federal benefit of \$458. The absence of a family maximum permits unduly large benefits to be paid in those relatively rare cases of multi-beneficiary households.”<sup>15</sup> The report recommended reducing payments to families with multiple child recipients using a sliding scale. In 2003, the Congressional Budget Office updated a sliding scale for this option and estimated that implementation would result in \$1.345 billion in savings from 2005 through 2013.<sup>16</sup>

### **House Ways and Means Committee**

In 1998, the Subcommittee on Human Resources, House Committee on Ways and Means, considered legislation that would have reduced payments for both multiple unrelated recipients living together and multiple child beneficiaries. Under the proposal, any two recipients living together would be eligible to receive 150 percent of the FBR (as is currently the case for married couples); three recipients would receive 210 percent of the FBR; and four recipients would receive 260 percent of the FBR. Five or more recipients living together would each receive 60 percent of the FBR.<sup>17</sup> The proposal did not differentiate between common households or group home situations.

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<sup>15</sup> National Academy of Social Insurance, *Restructuring the SSI Disability Program for Children and Adolescents*, Report of the Committee on Childhood Disability of the Disability Policy Panel, 1996, page 21.

<sup>16</sup> *Budget Options*, Congress of the United States, Congressional Budget Office, March 2003, page 171.

<sup>17</sup> *Treatment of Married Couples in the SSI Program*, Social Security Issue Paper 2003-01, December 2003, page 7.

As a result, disability advocates argued against the loss of benefits to mentally disabled individuals in group homes or assisted living situations, and the proposal was not submitted to the full Committee.

### SSA Office of Policy

In 2002, economists in SSA's Office of Policy simulated the effect of providing each recipient in a multi-recipient household with a payment amount equal to 75 percent of the FBR, less countable income.<sup>18</sup> The analysis was based on the 1996 panel of the Survey of Income and Program Participation (SIPP) data<sup>19</sup> matched to SSA administrative records. The economists designed the study to provide a reasonable basis for projecting the estimated effects on the total number of SSI recipients and on aggregate payments at a later point in time. According to SSA, the results of this study indicated the number of SSI recipients who lived in households with at least one other SSI recipient was substantially higher than earlier estimates, which were based on a review of SSA's administrative records alone.<sup>20</sup>

The SSA economists who performed the analysis estimated “. . . that overall, the simulated policy change is expected to reduce the number of recipients in the U.S. noninstitutional SSI population by 2.2 percent. The corresponding reduction in aggregate benefits is 6.3 percent. Assuming no grandfathering of any kind and swift implementation, it is notable that these changes would take place essentially instantaneously.”<sup>21</sup> Application of this estimate to the \$48.3 billion in Federal SSI payments issued during Calendar Year 2011<sup>22</sup> indicates expansion of payment reductions currently applied only to married couples would have reduced SSI outlays by approximately \$3 billion.

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<sup>18</sup> Melissa Koenig and Kalman Rupp, *The Poverty Status of Different Types of Multirecipient Households: Is SSI Fair to Married Couples?* May 2002, page 17. The authors, both economists in SSA's Office of Policy, prepared the paper for presentation at the Annual Meeting of the Population Association of America, Atlanta, GA, May 2002. The paper expressed the authors' views and do not necessarily represent the views of SSA or any other Federal agency. We are not aware of any subsequent effort by SSA to disaffirm or contradict the author's estimates and note that subsequent official SSA publications have cited the estimates contained in this paper.

<sup>19</sup> The Census Bureau developed and instituted the SIPP to gather detailed information on participation in transfer programs. The SIPP collects information on family characteristics, such as size, composition, income, and education of household members. According to SSA, the Supplemental Security Record contains highly accurate information on the receipt and amount of SSI benefits, but lacks comprehensive information on household relationships. In contrast, the SIPP provides highly accurate information on household and family composition.

<sup>20</sup> SSA Policy Brief Number 2004-03, *How Many SSI Recipients Live with Other Recipients*, June 2004, page 1.

<sup>21</sup> *Ibid.*, 20 at page 18.

<sup>22</sup> *SSI Monthly Statistics, 2011*, Table 6, released January 2012. During 2011, SSA also distributed an additional \$3.7 billion in State supplemental payments to SSI recipients.

## CONCLUSION AND RECOMMENDATION

The Government recognizes that the cost of necessities for two people living together is less than if they maintain separate households, and it incorporates these economies of scale into Federal poverty guidelines. In partial recognition of these economies of scale, the SSI program reduces payments to married couples. However, the SSI program does not apply comparable reductions to SSI payments issued to unmarried couples living together or to other multi-recipient living arrangements. As a result, our estimates indicate the program allows approximately 50,000 recipients living in households with at least 3 other recipients to receive about \$63 million in annual tax-free cash payments in excess of established Federal poverty guidelines. Other estimates indicate that broader application of multi-recipient household payment reductions that currently only affect married couples could reduce Federal outlays by much larger amounts.

Between 1996 and 2005, Congress considered applying reductions already in effect for married couples to other multi-recipient living arrangements. However, to date, none of the initiatives has been implemented. In February 2010, the President established the National Commission on Fiscal Responsibility and Reform.<sup>23</sup> The Commission's final report stated, "Our nation is on an unsustainable fiscal path"<sup>24</sup> and called for cuts in excess entitlement spending to help ensure ". . . a robust, affordable, fair, and sustainable safety net."<sup>25</sup>

Expanding payment limits currently applied only to married couples to other multi-recipient households could reduce SSI outlays while simultaneously helping to ensure a robust, affordable, fair and sustainable safety net. As a result, we recommend that SSA consider the viability of a legislative proposal to extend payment limits in effect only for married couples to other multi-recipient households.

## AGENCY COMMENTS AND OIG RESPONSE

SSA agreed to continue working with Congress and the Administration to develop and support legislation that strikes the appropriate balance between fiscal and policy considerations. SSA provided additional technical comments, which we incorporated as we considered appropriate.

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<sup>23</sup> Executive Order 13531, *National Commission on Fiscal Responsibility and Reform*, February 18, 2010.

<sup>24</sup> *The Moment of Truth*, Report of the National Commission on Fiscal Responsibility and Reform, December 2010, page 10.

<sup>25</sup> *Ibid.*, at page 12.

SSA also stated that the section of the report discussing recipients' medical basis for receiving SSI payments was not relevant, and requested we remove the content from the report. SSA further stated the cases highlighted on page 6 were non-representative of 3 to 5 recipient households and distracted from the main policy issue. See Appendix C for the text of SSA comments.

We disagree with SSA regarding the relevance of the analysis and the examples provided in the report and are encouraged that SSA agreed to continue to work with Congress and the Administration to develop and support pertinent legislation.

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

Patrick P. O'Carroll, Jr.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

## Acronyms

C.F.R.	Code of Federal Regulations
FBR	Federal Benefit Rate
POMS	Program Operations Manual System
SIPP	Survey of Income and Program Participation
SSA	Social Security Administration
SSI	Supplemental Security Income

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## Scope and Methodology

To accomplish our objective, we:

- Reviewed various Social Security Administration (SSA) publications that addressed the topic of multiple recipient households.
- Obtained data from SSA's Supplemental Security Record identifying 7,451,885 Supplemental Security Income (SSI) recipients receiving payments as of July 2011, excluding all recipients whose payment record indicated they lived in a nursing home or contained any of the following types of payees.<sup>1</sup>
  - ✓ Federal nonmental institution
  - ✓ Federal mental institution
  - ✓ State/local nonmental institution
  - ✓ State/local mental institution
  - ✓ Proprietary nonmental institution
  - ✓ Proprietary mental institution
  - ✓ Nonprofit nonmental institution
  - ✓ Nonprofit mental institution
  - ✓ Financial Organization
  - ✓ Social Agency
  - ✓ Public Official
- Identified exact address matches<sup>2</sup> appearing on 7,451,885 payment records and identified 1,601,103 SSI recipients whose address matched at least 1 other recipient. This comparison identified 3,678 households where 8 or more SSI recipients appeared to reside in the same household.

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<sup>1</sup> Per SSA, POMS, GN 00501.013 (03/10/2011) and SSA, POMS, SM 01601.565 (04/05/2010), these codes indicate the recipients' payments are sent to institutional (for example, Federal, State, local, or nonprofit institution) or organizational (for example, financial organization, social service agency, or agent of State or other governmental entity) representative payees.

<sup>2</sup> We identified multi-recipient households based on exact address matches appearing in SSA's payment records. For example, three recipients could live together at 1301 Elm Street. However, SSA payment records could reflect that one recipient lived at "1301 Elm **Street**," one at "1301 Elm **St**" and one at "1301 Elm **St.**" This theoretical household would not have been included in our review. As a result, our audit results likely understate the actual number of multi-recipient households.

- Reviewed all 3,678 instances where 8 or more recipients appeared to reside at the same address and determined that 98 of the 3,678 instances appeared to be actual household situations. We excluded the other 3,580 instances because our review indicated they did not appear to be actual household situations. For example, we verified that listed addresses were group homes, nursing homes, or boarding houses or that recipients lived in separate housing units at the same street address.

<b>Table B-1. All Instances Where Eight or More Recipients in Audit Data Appeared to Reside at Same Household</b>		
<b>Recipients at Same Address</b>	<b>Number of Households BEFORE Detailed Review</b>	<b>Number of Households AFTER Detailed Review</b>
8	790	41
9	513	22
10	386	15
11	348	6
12	235	2
13	198	6
14	158	4
15	137	1
16	108	0
17	80	1
18+	725	0
	3,678	98

- We identified the SSI payment amount, the age and primary disability code of all recipients in eight or more person households.
- Reviewed 250 randomly selected two to seven recipient households from our audit population and identified the instances that appeared to be household situations. We applied our sample results to estimate the number of two to seven recipient households in the audit population.

<b>Table B-2. Estimate of Two to Seven Recipient Households</b>						
<b>Recipients at Same Address</b>	<b>Number of Households BEFORE Sample Review</b>	<b>Number of Households Sampled</b>	<b>Number of Households After 250 Sample Review</b>	<b>Percent Applied Based on Sample Review</b>	<b>Household Estimate</b>	<b>Recipient Estimate</b>
2	625,551	250	233	93.2	583,014	1,166,028
3	66,451	250	201	80.4	53,427	160,281
4	13,600	250	165	66.0	8,976	35,904
5	4,185	250	106	42.4	1,774	8,870
6	1,891	250	61	24.4	461	2,766
7	1,130	250	38	15.2	172	1,204
		1,500	804		647,824	1,375,053



- Performed further review/analysis of SSA records for 2,754 recipients living in 4 to 17 recipient households.

<b>Table B-3. 4 to 17 Recipient Households</b>		
<b>Recipients at Same Address</b>	<b>Households Reviewed</b>	<b>Number of Recipients</b>
4	165	660
5	106	530
6	61	366
7	38	266
8	41	328
9	22	198
10	15	150
11	6	66
12	2	24
13	6	78
14	4	56
15	1	15
17	1	17
	468	2,754

- We applied our sample results for the payment amount, the age and primary disability code of recipients in four to seven recipient households to estimate similar characteristics in the audit population.

We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our objective. The entity reviewed was the Office of Income Security Programs under the Office of the Deputy Commissioner for Retirement and Disability Policy. We performed our review from December 2010 through April 2012 in Dallas, Texas. 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: July 6, 2012

Refer To: S1J-3

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

From: Dean S. Landis /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft, "Management Advisory Report: Supplemental Security Income Payments to Multi-Recipient Households" (A-06-09-29149)—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 Amy Thompson at (410) 966-0569.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT  
“MANAGEMENT ADVISORY REPORT: SUPPLEMENTAL SECURITY INCOME  
PAYMENTS TO MULTI-RECIPIENT HOUSEHOLDS” (A-06-09-29149)**

**RESPONSE TO RECOMMENDATION**

**Recommendation**

Consider the viability of a legislative proposal to extend payment limits currently in effect only for married couples to other multi-recipient households.

**Response**

We will continue to work with Congress and the Administration to develop and support legislation that strikes the appropriate balance between fiscal and policy considerations.

**TECHNICAL COMMENTS**

**Page 5, Table 3 – Primary Disability Diagnosis of Disabled SSI Recipients Living in Households with Four or More Individuals Receiving SSI Payments; Page 6, Attention Deficit Disorders or Speech and Language Delays, Cases**

**Comment**

We strongly recommend removing the content on pages 5 and 6 of the report discussing the medical basis for receiving SSI disability payments, as it has no bearing on or relevance to the review of SSI payments to multi-recipient households. Considerations for limiting SSI payments to multi-recipient households are strictly fiscal in nature and bear no connection to the recipients’ physical or mental disorders.

Furthermore, the 3 cases highlighted on page 6 are non-representative of the small group of 1,156 multi-recipient households with 3 to 5 recipients, and distract from the main policy issue—the economies of scale considerations when calculating benefit amounts.

## OIG Contacts and Staff Acknowledgments

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