

OIG

Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

*Evaluation Report*

Supplemental Security Income High-  
error Profile Redeterminations

*A-07-12-11263 | September 2013*

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** September 30, 2013

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Supplemental Security Income High-error Profile Redeterminations (A-07-12-11263)

The attached final report presents the results of our review. Our objective was to determine whether the Social Security Administration was effectively completing Supplemental Security Income high-error profile redeterminations.

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



Patrick P. O'Carroll, Jr.

Attachment

# Supplemental Security Income High-error Profile Redeterminations

## A-07-12-11263



September 2013

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) was effectively completing Supplemental Security Income (SSI) high-error profile (HEP) redeterminations.

### Background

SSA has measures to help identify SSI recipients who have excess income and/or resources, such as periodically conducting redeterminations to determine whether recipients are still eligible for, and receiving, the correct SSI payments. SSA conducts unscheduled redeterminations based on a recipient or couple's reported changes in circumstances that may affect eligibility and payment amount. SSA selects automated redeterminations based on specific case characteristics. SSA identifies discretionary redeterminations each September when it runs an error profiling system that identifies the expected amount of SSI overpayment. Recipients with the highest risk of likely overpayment are coded as Profile C. Profile C redeterminations efficiently identify overpayments.

### Our Findings

Each year, SSA identifies the number of Profile C redeterminations it will complete based on the dedicated program integrity funding it expects to receive in its budget appropriation. Since SSA is uncertain of this amount at the beginning of the year when it selects Profile C redeterminations, SSA intentionally selects more Profile C redeterminations than it plans to complete. SSA's method for assigning redeterminations as Profile C is based on the anticipated dedicated program integrity funding and the amount SSA allocates to redeterminations to achieve the agency performance targets set by the Office of Management and Budget and Congress. Therefore, when actual dedicated program integrity funding is at or lower than expected, some Profile C redeterminations selected are not completed. For example, in FY 2011, the dedicated program integrity funding SSA received resulted in the Agency not completing up to 201,000 Profile C redeterminations selected.

While SSA is required to spend the dedicated program integrity funding on program integrity workloads, SSA has the authority to use additional funds for program integrity. If SSA had received additional dedicated program integrity funding or used funding beyond the amount dedicated for program integrity, it could have completed more of these 201,000 Profile C redeterminations in FY 2011. If SSA completed all 201,000 Profile C redeterminations, we estimate that it would have identified at least \$228.5 million in additional improper payments, both overpayments and underpayments. However, using funds beyond the amount dedicated for program integrity would have resulted in reductions in SSA's other workloads, such as processing initial claims.

### Our Recommendation

We recommend that SSA continue increasing the number of Profile C redeterminations completed each year as resources allow.

SSA responded that program integrity work, including Profile C redeterminations, is a priority for the Agency. SSA indicated that the availability of increased dedicated funding is critical to implementing our recommendation. SSA stated that it would continue to devote resources to handle incoming work while maintaining program integrity commitments. SSA considers this recommendation closed for tracking purposes. We do not agree with closing the recommendation prematurely. Rather, we encourage the Agency to evaluate whether resources above the dedicated program integrity funding could be used to complete additional program integrity activities, such as Profile C redeterminations.

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## ABBREVIATIONS

Act	<i>Social Security Act</i>
C.F.R.	Code of Federal Regulations
FY	Fiscal Year
HEP	High-Error Profile
LEP	Low-Error Profile
MEP	Middle-Error Profile
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQP	Office of Quality Performance
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) was effectively completing Supplemental Security Income (SSI) high-error profile (HEP) redeterminations.

## BACKGROUND

SSI is a Federal cash assistance program administered by SSA that provides a minimum level of income, subject to certain qualifications, to financially needy individuals who are aged, blind, or disabled.<sup>1</sup> No individual shall be considered eligible for SSI payments for any period during which he/she has income or resources that exceed the allowable limits established under the *Social Security Act* (Act).<sup>2</sup> SSI recipients are required to report events and changes in circumstances that may affect their eligibility and payment amounts, including changes in income, resources, and living arrangements.<sup>3</sup>

SSA has measures to help identify SSI recipients who have excess income and/or resources, such as periodically conducting redeterminations to determine whether recipients are still eligible for SSI and are receiving the correct payments. A redetermination is a review of a recipient's non-medical eligibility factors, such as income, resources, and living arrangements.<sup>4</sup> Redeterminations are highly effective in identifying and correcting over- and underpayments to SSI recipients.

Based on the dedicated program integrity funding SSA expects to receive in its budget appropriation, SSA determines how many redeterminations to conduct during the fiscal year (FY).<sup>5</sup> First, SSA estimates the number of unscheduled and automated redeterminations it will conduct during the year.

- Unscheduled redeterminations are conducted based on a recipient or couple's reported changes in circumstances that may affect eligibility and/or payment amount.<sup>6</sup>

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<sup>1</sup> Act § 1601, 42 U.S.C. § 1381, 20 C.F.R. § 416.110.

<sup>2</sup> Act § 1611(a); 42 U.S.C. § 1382(a). See 20 C.F.R. § 416.202.

<sup>3</sup> 20 C.F.R. §§ 416.701 and 416.708; see also Act § 1631(e)(1), 42 U.S.C. § 1383(e)(1) sets forth the Commissioner of Social Security's responsibility to prescribe requirements regarding reporting events and changes in circumstances, as may be necessary for effective and efficient administration of the SSI program.

<sup>4</sup> Act § 1611(c)(1), 42 U.S.C. § 1382(c)(1), 20 C.F.R. § 416.204; SSA, POMS, SI 02305.001 A (October 4, 2007).

<sup>5</sup> SSA's annual budget appropriation includes dedicated program integrity funding that SSA can only spend on program integrity workloads, such as redeterminations and continuing disability reviews. However, SSA has the authority to spend more than this dedicated amount on program integrity workloads.

<sup>6</sup> SSA, POMS, SI 02305.001 B.2 (October 4, 2007).

- Automated redeterminations are selected based on specific case characteristics and are categorized as HEP, middle-error (MEP), or low-error (LEP) profile depending on the likelihood of an error.<sup>7</sup> The most common types of automated redeterminations are conducted on recipients
  - awarded SSI in the previous 3 months who have never been redetermined and live in another’s household (Profile 1 HEP redeterminations),
  - upon turning age 18 (Profile K MEP redeterminations), and
  - eligible for Medicaid while working (Profile W MEP redeterminations).

Once SSA estimates the numbers of unscheduled and automated redeterminations, it calculates the targeted number of discretionary redeterminations it will select. SSA identifies discretionary redeterminations each September when it runs an error profiling system that identifies the expected amount of the SSI overpayment. The system assigns each recipient a score based on the estimated amount of the overpayment.<sup>8</sup> Based on the assigned score, recipients are ranked from highest to lowest risk of likely overpayment.<sup>9</sup>

Next, SSA identifies the number of Profile C redeterminations it expects to complete, given the program integrity funding it expects to receive in its budget appropriation, and establishes a cut-off score. Ranked recipients who have a score above the cutoff, those with the highest risk of receiving an overpayment, are assigned a Profile C HEP redetermination. Recipients with a score below the cutoff are assigned a Profile A LEP redetermination.<sup>10</sup>

The number of redeterminations SSA completes each year is based on the actual dedicated program integrity funding SSA receives in its budget appropriation and the amount allocated to redeterminations to achieve the agency performance targets set by the Office of Management and Budget (OMB) and Congress. Likewise, the types of redeterminations completed each year vary. For example, in FY 2008, SSA completed almost 900,000 redeterminations,<sup>11</sup> of which about 43 percent was Profile C redeterminations. However, beginning in FY 2008, SSA requested additional funding to enable it to process more redeterminations.<sup>12</sup> As such, in

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<sup>7</sup> SSA, POMS, SI 02305.013 A.1.b and B (June 14, 2010).

<sup>8</sup> SSA, POMS, SI 02305.013 A.1.a (June 14, 2010).

<sup>9</sup> SSA, POMS, SI 02305.013 (June 14, 2010).

<sup>10</sup> SSA’s policy also includes Profile B MEP redeterminations as being identified through the error profiling system. SSA, POMS, SI 02305.013 (June 14, 2010). Profile B was established to support a redetermination mailer process that was piloted but discontinued after SSA determined it was not cost-effective. See Appendix B, Table B–1 for a description of all profile codes and categories.

<sup>11</sup> This does not include limited issue cases, which SSA often includes in redetermination counts. Limited issue cases require the development of a specific issue or event but do not require a redetermination. SSA, POMS, SI 02305.015 A.1 (October 14, 2011).

<sup>12</sup> SSA, *FY 2008 Justification of Estimates for Appropriations Committee*, page 40.

FY 2011, SSA completed over 2.2 million redeterminations, of which over 61 percent was Profile C redeterminations.

Profile C redeterminations efficiently identify overpayments. Specifically, almost \$2.2 billion (73 percent) of the estimated \$3 billion in overpayments identified through redeterminations in FY 2011 were through Profile C redeterminations. As such, SSA has required that field offices give Profile C redeterminations higher priority than most other types of redeterminations.<sup>13</sup> Profile C redeterminations also identify and correct underpayments. In FY 2011, approximately \$392 million (30 percent) of the \$1.3 billion in underpayments identified through redeterminations was identified through Profile C redeterminations.<sup>14</sup>

## RESULTS OF REVIEW

Each year, SSA identifies the number of Profile C redeterminations it will complete based on the dedicated program integrity funding it expects to receive in its budget appropriation. Since SSA is uncertain of this amount at the beginning of the year when it selects Profile C redeterminations, SSA intentionally selects more Profile C redeterminations than it plans to complete. SSA's method for assigning redeterminations as Profile C is based entirely on the anticipated dedicated program integrity funding and the amount SSA allocates to redeterminations to achieve the agency performance targets set by OMB and Congress. Therefore, when actual dedicated program integrity funding is at or lower than the amount expected, some Profile C redeterminations selected are not completed. For example, in FY 2011, the dedicated program integrity funding SSA received resulted in the Agency not completing up to 201,000 of the Profile C redeterminations selected.

While SSA is required to spend the dedicated program integrity funding on program integrity workloads, SSA has the authority to use additional funds for program integrity. Had SSA received additional dedicated program integrity funding or used funding beyond the amount dedicated for program integrity, it could have completed more of these 201,000 Profile C redeterminations in FY 2011. Had SSA completed all 201,000 Profile C redeterminations, we estimate that it would have identified at least \$228.5 million in additional improper payments, both overpayments and underpayments.<sup>15</sup> However, using funds beyond the amount dedicated for program integrity would have resulted in reductions in SSA's other workloads, such as processing initial claims.

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<sup>13</sup> SSA, POMS, SI 02305.017 E. (October 24, 2011; October 30, 2008). Also see AM-11135 C. (October 11, 2011). See Appendix B, Table B-2 for the priority assigned to redeterminations by SSA policy.

<sup>14</sup> See Appendix C for the average over- and underpayment identified by each type of redetermination in FY 2011.

<sup>15</sup> See Appendix A for the scope and methodology of our review.

## Selection of Profile C High-error Profile Redeterminations

SSA selected more Profile C redeterminations through its error profiling system than it intended to complete each FY. This occurred for a variety of reasons. According to SSA, the largest driver is budget uncertainty, which is not resolved until SSA has an appropriation for the year. Therefore, SSA selects more Profile C redeterminations to provide needed flexibility. It is most efficient for SSA to input potential redeterminations into its systems at the beginning of the year. Therefore, SSA ensures an adequate supply of Profile C redeterminations if the overall redetermination target becomes significantly higher when SSA receives its appropriation. Aside from budget uncertainty, SSA needs flexibility because some redeterminations cannot be completed if the recipients die or stop receiving SSI payments. Also, SSA ensures each region and field office has enough redeterminations to achieve its overall targets.

For these reasons, SSA identifies the number of Profile C redeterminations it expects to complete given anticipated dedicated program integrity funding plus an additional 10 to 20 percent. SSA's error profiling system assigns each recipient a score based on the estimated amount of overpayment. However, SSA's method for assigning redeterminations as Profile C is based on the dedicated program integrity funding it expects to receive in its budget appropriation and the amount SSA allocates to redeterminations to achieve the agency performance targets set by OMB and Congress. Therefore, when actual dedicated program integrity funding is at or lower than the amount expected, some Profile C redeterminations selected are not completed. For example, in FY 2011, SSA did not complete almost 201,000 of the Profile C redeterminations selected, despite increasing the number of Profile C redeterminations completed since FY 2008 by 250 percent (see Table 1).

**Table 1: Profile C Redeterminations**

FY	Number Selected	Number Completed	Number Not Completed
2008	614,181	384,088	230,093
2009	917,790	667,615	250,175
2010	1,551,158	1,322,500	228,658
2011	1,561,529	1,360,682	200,847

In FY 2011, had SSA completed approximately 201,000 additional Profile C redeterminations, we estimate it could have identified at least \$170.7 million in additional overpayments and approximately \$57.8 million in additional underpayments, for total additional improper payments of at least \$228.5 million (see Appendix D). We calculated the \$170.7 million in additional overpayments using SSA's estimate that the additional 201,000 Profile C redeterminations would have resulted in an average overpayment of \$850. We calculated the \$57.8 million in additional underpayments assuming the average underpayment for the additional 201,000 Profile C redeterminations would remain consistent with the \$288 average identified for the first 1.4 million Profile C redeterminations completed (see Appendix C) since SSA would not have expected a significant difference in the average underpayment.

We acknowledge that some Profile C redeterminations cannot be completed if, for example, the recipient dies or does not cooperate. However, even if SSA were able to complete only half of the additional 201,000 Profile C redeterminations, it could still identify at least \$114.3 million in additional improper payments.<sup>16</sup>

## Release of Profile C High-error Profile Redeterminations

According to SSA, Profile C redeterminations are released for completion based on the expected SSI overpayment that can be detected and prevented. According to SSA, this approach ensures that regardless of resources available in a given year, SSA will work the most productive and cost-effective Profile C redeterminations to maximize the expected return on investment. However, one reason SSA provided for not completing some Profile C redeterminations was that redeterminations were released to field offices based on the recipient's location. As such, some field offices receive a higher proportion of Profile C redeterminations compared to other types of redeterminations. Therefore, offices with larger proportions of Profile C redeterminations may not have the resources to complete all the Profile C redeterminations they receive.

Upon request, field offices have distributed redeterminations among offices. Since SSA prefers to conduct Profile C redeterminations by telephone, it should not require additional resources for field offices to complete Profile C redeterminations for SSI recipients in another geographical location.<sup>17</sup> By doing so, SSA could ensure the most productive and cost-effective redeterminations are completed and enable field offices to complete more Profile C redeterminations.

## CONCLUSIONS

From FYs 2008 to 2011, SSA increased the number of Profile C redeterminations completed by 250 percent. We commend SSA for focusing more attention to this important program integrity workload. We also understand that increasing the number of Profile C redeterminations depends on the dedicated program integrity funding SSA receives in its annual appropriation and the need to balance other important workloads. If SSA had the funding necessary to complete an additional 201,000 Profile C redeterminations in FY 2011, we estimate it could have identified at least \$228.5 million in additional improper payments.

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<sup>16</sup> Completing approximately 201,000 additional Profile C redeterminations would have cost an additional \$34 million. The average cost to complete a redetermination was \$169.45 in FY 2011. We assumed this cost would have remained consistent for the additional 200,847 Profile C redeterminations.

<sup>17</sup> In FY 2011, field offices used telephones to conduct approximately 47 percent of Profile C redeterminations, and the remainder was conducted in person.

## RECOMMENDATION

We recommend that SSA continue increasing the number of Profile C redeterminations completed each year as resources allow.

## AGENCY COMMENTS

SSA responded that program integrity work, including Profile C redeterminations, is a priority for the Agency. SSA indicated that the availability of increased dedicated funding is critical to implementing our recommendation. SSA stated that it would continue to devote resources to handle incoming work while maintaining program integrity commitments. SSA considers this recommendation closed for tracking purposes. See Appendix E for the full text of the Agency's comments.

## OIG RESPONSE

Although the Agency considers this recommendation closed for tracking purposes, we do not agree with closing the recommendation prematurely. Rather, we encourage the Agency to evaluate whether resources above the dedicated program integrity funding could be used to complete additional program integrity activities, such as Profile C redeterminations.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To complete the objectives of our review, we:

- Reviewed applicable laws, regulations, and sections of the Program Operations Manual System related to Supplemental Security Income redeterminations.
- Reviewed the Social Security Administration (SSA) Office of Quality Performance's (OQP) *Supplemental Security Income Redeterminations Change Rate Study* for Fiscal Years (FY) 2008 through 2011 to obtain the numbers of redeterminations completed, average overpayment, and average underpayment by redetermination profile.
- Interviewed individuals from SSA's OQP, Office of Operations, and Office of Systems to obtain information about SSA's processes for profiling, selecting, releasing, and completing redeterminations.
- Obtained a data extract from the Supplemental Security Record of redeterminations completed in FY 2011.
- Calculated the amount of improper payments SSA could identify by completing all Profile C redeterminations selected (see Appendix D).

Our work was conducted at the Office of Audit in Kansas City, Missouri, from December 2011 through February 2013. We determined the data used for this review were sufficiently reliable to meet our objective. The entities reviewed were OQP and the Office of Operations. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix B – REDETERMINATION PROFILES AND PRIORITIES

The Social Security Administration (SSA) assigns redeterminations a profile code based on the circumstances that triggered the redeterminations, such as a specific event or selection by an error profiling computer program. Redeterminations are then categorized as high-, middle-, or low-error profile (HEP, MEP, or LEP) depending on the likelihood of error (see Table B–1).

**Table B–1: Redetermination Profile Code Descriptions**

Profile Code	Description <sup>1</sup>
<b>HEP</b>	
1	Redetermination on a recently awarded case (within 3 months) involving a recipient who has never been redetermined and is living in another’s household.
C	Profiled as high-error based on error score assigned by computer program.
E	Recipient’s Supplemental Security Record has reached maximum entries so the Record must be terminated using the Terminated Record Balancing and Debt Transfer procedure.
M	Recipient’s Supplemental Security Record has reached maximum entries, but the Record cannot be terminated using the Terminated Record Balancing and Debt Transfer procedure.
S	Recipient part of Martinez court case settlement.
<b>MEP</b>	
B <sup>2</sup>	Profiled as middle-error based on error score assigned by computer program.
K <sup>3</sup>	Critical birthday age 18.
O	Redetermination pending 24 months or more.
V	Disabled or blind children overseas.
W	Recipients eligible for Medicaid while working, referred to as 1619(b) cases.
<b>LEP</b>	
A	Profiled as low-error based on error score assigned by computer program.

Once SSA selects redeterminations, it releases them to field offices for processing based on the recipient’s location. SSA policy provides the priority field offices should give redeterminations

<sup>1</sup> SSA, POMS, SI 02305.013 (June 14, 2010).

<sup>2</sup> SSA no longer selects Profile B redeterminations, which were categorized as MEP. Profile B was established in support of a redetermination mailer process that was piloted but discontinued after SSA determined the process was not cost effective.

<sup>3</sup> Profile K redeterminations are required by the *Social Security Act* (Act) § 1614(a)(3)(H)(iii), 42 U.S.C. § 1382c(a)(3)(H)(iii).

for processing (see Table B–2).<sup>4</sup> The priority is based on the type of redeterminations as well as the presence of priority diaries. Examples of situations creating priority diaries include the following.

- Recipient appears to have unemployment compensation.
- Recipient appears to have State wages.
- Recipient is within 4 quarters of being eligible for Title II retirement benefits.
- Recipient was admitted to a medical facility according to the Centers for Medicare and Medicaid Services.
- Recipient has been removed from the United States according to the Department of Homeland Security.

**Table B–2: Redetermination Priority Order**

Order	Description (see Table B–1)
1.	Profile C redeterminations with priority diaries
2.	Limited issues with priority diaries <sup>5</sup>
3.	Profile E and M redeterminations
4.	Profile K redeterminations
5.	Profile C redeterminations without priority diaries
6.	Profile I, B, and W redeterminations with priority diaries
7.	Profile A redeterminations with priority diaries
8.	Limited issues without priority diaries
9.	1619(a) cases with special action code A <sup>6</sup>
10.	Profile I and Profile W redeterminations without priority diaries
11.	Profile A and B redeterminations without priority diaries

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<sup>4</sup> SSA, POMS, SI 02305.017 E. (October 24, 2011).

<sup>5</sup> Limited issue cases require the development of a specific issue or event but do not require a redetermination. SSA, POMS, SI 02305.015 A.1. (October 14, 2011). During FY 2011, limited issues with priority diaries received a higher priority than Profile C redeterminations with priority diaries. SSA, POMS, 023015.017 E.2 (October 30, 2008).

<sup>6</sup> Under § 1619(a) of the *Act*, 42 U.S.C. § 1382h(a), an individual receiving SSI based on disability may qualify for continuing cash payments even when earnings exceed amounts designated by the Commissioner.

## Appendix C – FISCAL YEAR 2011 IMPROPER PAYMENTS<sup>1</sup>

In Fiscal Year (FY) 2011, the Social Security Administration (SSA) completed almost 2.5 million redeterminations and limited issues.<sup>2</sup> As a result, SSA estimated over \$3.2 billion in overpayment prevention and recoveries would accrue, along with underpayments of approximately \$1.4 billion. Therefore, SSA estimated that redeterminations and limited issues result in an average overpayment of \$1,317 and an average underpayment of \$571 (see Table C-1).

**Table C-1: Improper Payments from Redeterminations Completed in FY 2011**

Profile Code (See Table B-2)	Number Completed	Average Overpayment	Average Underpayment
<b>Category: High-Error Profile</b>			
C	1,360,682	\$1,614	\$288
M	3,555	\$1,685	\$469
E	1,307	\$1,595	\$378
I	93,025	\$610	\$698
S <sup>3</sup>	8,153	Not Available	Not Available
<b>Category: Middle-Error Profile</b>			
B <sup>4</sup>	0	Not Applicable	Not Applicable
O	8,303	\$2,366	\$1,112
K	66,534	\$1,316	\$489
V <sup>5</sup>	9	Not Available	Not Available
W	59,139	\$187	\$400
<b>Category: Low-Error Profile</b>			
A	79,037	\$684	\$608

<sup>1</sup> SSA Office of Quality Performance, *Supplemental Security Income Redeterminations Change Rate Study Fiscal Year 2011*, December 2011.

<sup>2</sup> Limited issues require the development of a specific issue or event but do not require a redetermination. SSA, POMS, SI 02305.015 A.1. (October 14, 2011).

<sup>3</sup> We obtained the number of Profile S redeterminations from SSA's Redetermination Volume Tracker, which does not report improper payments. According to SSA, Profile S redeterminations are not an ongoing workload and there are only a small number of such redeterminations remaining.

<sup>4</sup> SSA no longer selects Profile B redeterminations, which were categorized as MEP.

<sup>5</sup> We obtained the number of Profile V redeterminations from a data extract of the Supplemental Security Record. According to SSA, less than 20 Profile V redeterminations are selected each year.

Profile Code (See Table B-2)	Number Completed	Average Overpayment	Average Underpayment
<b>Limited Issues and Unscheduled Redeterminations</b>			
Limited Issues	231,947	\$1,075	\$322
Unscheduled	544,563	\$993	\$1,379
<b>Total<sup>6</sup></b>	<b>2,456,254</b>	<b>\$1,317</b>	<b>\$571</b>

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<sup>6</sup> According to SSA's FY 2011 *Performance and Accountability Report*, SSA completed 2,456,830 redeterminations and limited issues in FY 2011. We consider the difference immaterial.

## Appendix D – IMPROPER PAYMENTS FROM COMPLETING ADDITIONAL PROFILE C REDETERMINATIONS

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In Fiscal Year (FY) 2011, the Social Security Administration (SSA) completed almost 1.4 million Profile C redeterminations identified through its statistical profiling process (see Appendix C). SSA reviewed a sample of the 1.4 million Profile C redeterminations and estimated they resulted in an average overpayment of \$1,614 and an average underpayment of \$288 (see Appendix C).<sup>1</sup> In addition, SSA selected almost 201,000 Profile C redeterminations through its error profiling system that it did not complete in FY 2011 (see Table 1 in the report). According to SSA, Profile C redeterminations are profiled and released for completion based on the anticipated amount of overpayment.<sup>2</sup> Therefore, the average overpayment for the additional 201,000 Profile C redeterminations would likely be lower than the average for the first 1.4 million Profile C redeterminations completed.

SSA estimated the average overpayment for the additional 201,000 Profile C redeterminations would be \$850. SSA based its estimate on a sample of all Supplemental Security Income (SSI) recipients. In addition to the sample of profiled redeterminations, SSA selects a random sample of all SSI recipients and conducts redeterminations on those recipients, regardless of whether they met the error profiling criteria necessitating a redetermination. Using this figure, we estimated SSA could have identified at least an additional \$170.7 million in overpayments (see Table D-1).

SSA would not have expected a significant difference in the average underpayment since Profile C redeterminations are selected based on likelihood of overpayment and not underpayment. Therefore, we assumed the average underpayment for the additional 201,000 Profile C redeterminations would remain consistent with the \$288 average identified for the first 1.4 million Profile C redeterminations completed. Using this figure, we estimated SSA could have identified approximately \$57.8 million in additional underpayments (see Table D-1).

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<sup>1</sup> SSA selects a sample of redeterminations stratified by profile code to estimate the average overpayment and underpayment identified by each type of redetermination and limited issue.

<sup>2</sup> SSA, POMS, SI 02305.013 A.1.a (June 14, 2010).

**Table D-1: Improper Payments Identified by Completing  
Additional Profile C Redeterminations in FY 2011**

<b>Number of Profile C Redeterminations</b> (see Table 1 of the report)	200,847
<b>Average Overpayment</b>	\$850
<b>Additional Overpayments:</b> Number of Profile C Redeterminations multiplied by Average Overpayment	\$170,719,950
<b>Average Underpayment</b>	\$288
<b>Additional Underpayments:</b> Number of Profile C Redeterminations multiplied by Average Underpayment	\$57,843,936
<b>Additional Improper Payments:</b> Additional Overpayments plus Additional Underpayments	\$228,563,886

## Appendix E – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

Date: August 23, 2013 Refer To: S1J-3

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

From: Katherine Thornton /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Supplemental Security Income High Error Profile Redeterminations” (A-07-12-11263)—INFORMATION

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

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

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
“SUPPLEMENTAL SECURITY INCOME HIGH ERROR PROFILE  
REDETERMINATIONS” (A-07-12-11263)**

We would like to thank you for making changes to the report at the informal review stage. This version of the report accurately describes our process for selecting and working High Error Profile C Redeterminations.

**Recommendation**

Continue increasing the number of Profile C redeterminations completed each year as resources allow.

**Response**

We agree that program integrity work, including Profile C redeterminations, is a priority for the agency. However, the availability of increased dedicated funding is critical to implementing this recommendation. Our Fiscal Year 2014 budget includes a proposal to provide a dependable stream of mandatory funding for our key program integrity work. These additional resources would allow us to process a high level of SSI redeterminations and continuing disability reviews.

We must remain focused on balancing our service and stewardship workloads. Currently, we are struggling to keep up with incoming work and there are signs that service is deteriorating in several areas, including office wait times for claimants without appointments; National 800-Number calls answer and busy rates; extended appointment calendars; and disability claims backlogs. We will continue to devote resources to handle incoming work while maintaining our program integrity commitments.

We consider this recommendation closed for tracking purposes.

## Appendix F – MAJOR CONTRIBUTORS

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Mark Bailey, Director, Kansas City Audit Division

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