



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Supplemental Security Income
Overpayments Pending a Collection
Determination by the Social Security
Administration

A-07-15-15030 | September 2015

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 22, 2015

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration (A-07-15-15030)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had taken actions since December 31, 2013 to collect outstanding Supplemental Security Income overpayments.

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 Overpayments Pending a Collection Determination by the Social Security Administration

A-07-15-15030



September 2015

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had taken actions since December 31, 2013 to collect outstanding Supplemental Security Income (SSI) overpayments.

Background

Because SSI is a needs-based program, SSA must evaluate recipients' income and resources each month to determine payment eligibility and amounts. Recipients' failure to report changes in financial circumstances timely can result in incorrect payments.

SSA's overpayment collection process depends on the individual's eligibility status. If the individual continues receiving SSI payments, SSA should begin recovery by withholding from ongoing payments. If the individual is no longer receiving SSI payments, SSA should attempt collection through withholding from ongoing payments to a liable representative payee, direct written or telephone contact, billing, negotiated installment agreements, cross-program recovery, referral for external collection, or reporting the individual to credit bureaus.

We identified 3,006 overpayments to individuals who were no longer receiving SSI payments and 2,760 overpayments to individuals who were receiving SSI payments at the time of our review. These overpayments were established during Fiscal Years 2011 through 2013.

Findings

From a sample of 100 overpayments for individuals who were not receiving SSI payments, we found SSA had partially collected 8, was unable to collect 7 because of legal or policy restrictions, and had taken some actions to collect 58 (it appeared SSA could have taken additional actions for 7 of these 58). SSA had not taken any collection actions on the remaining 27 overpayments since December 31, 2013. Accordingly, we project SSA had not taken recent actions to collect 16,240 overpayments, totaling more than \$128 million.

From a sample of 50 overpayments for individuals who were receiving SSI payments, we found SSA had partially collected 2, was unable to collect 4 because of legal or policy restrictions, and had taken some actions to collect 3. Further, SSA had not taken appropriate action since December 31, 2013 for one overpayment. SSA combined the remaining 40 overpayments with the recipients' prior and subsequent overpayments and was withholding all or a portion of the recipients' SSI payments to recover the total debt.

Recommendations

We made four recommendations for SSA to take appropriate actions to address overpayments to individuals who are no longer receiving SSI payments.

SSA agreed with all four of our recommendations.

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ABBREVIATIONS

AWG	Administrative Wage Garnishment
FY	Fiscal Year
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
TOP	Treasury Offset Program
U.S.C.	United States Code

OBJECTIVE

The objective of this review was to determine whether the Social Security Administration (SSA) had taken actions since December 31, 2013 to collect outstanding Supplemental Security Income (SSI) overpayments.¹

BACKGROUND

The SSI program was created under Title XVI of the *Social Security Act* in 1972² to provide a minimum level of income security to needy aged, blind, or disabled individuals.³ Because SSI is a needs-based program, SSA must evaluate recipients' income and resources each month to determine payment eligibility and amounts.⁴ Recipients' failure to report changes in financial circumstances timely can result in incorrect payments. In its *Agency Strategic Plan*, SSA recognized both the difficulties in reducing incorrect SSI payments and the related need for increased overpayment recovery efforts.⁵

An individual is overpaid when funds they receive for any period exceed the amount that should have been paid for that period.⁶ Once SSA determines it has made an overpayment, the overpaid amount is a debt owed the Government.⁷ When SSA identifies an overpayment, it provides the overpaid person written notification of the cause and amount of the overpayment as well as liability for repayment.⁸

¹ We selected December 31, 2013 as the cut-off date for recent collection activity to allow SSA approximately 12 months before our review to act on the overpayments.

² *Social Security Act* § 1601 *et seq.*, 42 U.S.C. §§ 1381-1383f.

³ 42 U.S.C. § 1381a.

⁴ *Id.* at 1382(c).

⁵ SSA, *Social Security Administration Agency Strategic Plan Fiscal Years 2014-2018*, p. 17-19.

⁶ SSA, POMS, GN 02201.001 A (July 20, 2010).

⁷ *Id.*

⁸ SSA, POMS, SI 02220.010 (July 28, 2010).

Overpayment recovery can begin 60 days after SSA notifies the person of the overpayment.⁹ SSA's overpayment collection process depends on the individual's eligibility status. If the individual is receiving SSI payments, SSA should begin recovery by withholding from ongoing payments.¹⁰ If the individual is no longer receiving SSI payments, SSA should attempt collection through

- withholding from ongoing payments to a liable representative payee,¹¹
- direct written or telephone contact,¹²
- billing,¹³
- negotiated installment agreements,¹⁴
- cross-program recovery,¹⁵
- referral for external collection through the Treasury Offset Program (TOP) or administrative wage garnishment (AWG),¹⁶ or
- reporting the individual to the credit bureaus.¹⁷

From 1 segment of the Supplemental Security Record (SSR), we identified 2,760 SSI overpayments, ranging from \$2,126 to \$55,035, to individuals receiving SSI payments and 3,006 SSI overpayments, ranging from \$3,002 to \$74,411, to individuals no longer receiving SSI payments at the time of our review.¹⁸ These overpayments were established during Fiscal Years (FY) 2011 through 2013 but had not been reduced by collection, waiver, suspension, or

⁹ SSA, POMS, GN 02201.011 A (April 11, 2014).

¹⁰ SSA, POMS, SI 02220.015 A.1 (August 24, 2005).

¹¹ SSA, POMS, SI 02201.020 A.4 (November 23, 2010).

¹² SSA, POMS, SI 02220.051 A.2.e (August 8, 2011).

¹³ SSA, POMS, SI 02201.025 (March 18, 2015).

¹⁴ If debtors are unable to refund their overpayments in one lump payment, SSA may negotiate installment agreements with the debtors that allow them to repay the debt via regularly scheduled refund payments. *See* SSA, POMS, SI 02220.001 A.3 (September 18, 2001) and SI 02220.025 A.3 (March 18, 2008).

¹⁵ SSA, POMS, SI 02220.020 (April 1, 2014).

¹⁶ TOP enables the Department of the Treasury to recover debts owed to SSA by offsetting any Federal payments due the debtor, including Federal income tax refunds. *See* SSA, POMS, GN 02201.029 (February 27, 2013). AWG allows SSA to collect debts by garnishing the debtor's wages until the debt is fully recovered. *See* SSA, POMS, GN 02201.040 (May 25, 2012).

¹⁷ SSA, POMS, SI 02220.014 (April 19, 2006).

¹⁸ The SSR is divided into 20 representative segments.

termination.¹⁹ From this population, we reviewed random samples of overpayments to determine whether SSA had collected or attempted to collect the overpayments since December 31, 2013.

RESULTS OF REVIEW

We reviewed 100 overpayments to individuals who were no longer receiving SSI payments and 50 overpayments to individuals who were receiving SSI payments at the time of our review to determine whether SSA had taken actions since December 31, 2013 to collect the overpayments.²⁰ Through our sample review, we found the following.

- Of the 100 overpayments for individuals no longer receiving SSI payments, SSA
 - had partially collected 8;
 - was unable to collect 7 because of legal or policy restrictions;
 - had taken some actions to collect 58, but these actions were unsuccessful, and it appeared additional actions could have been taken for 7 at the time of our review; and
 - had not taken actions since December 31, 2013 to collect 27. Accordingly, we project SSA had not taken recent actions to collect 16,240 overpayments for individuals no longer receiving SSI payments, totaling more than \$128 million.
- Of the 50 overpayments we reviewed for individuals receiving SSI payments, SSA
 - had partially collected 2;
 - was unable to collect 4 because of legal or policy restrictions;
 - had taken some actions to collect 3, but these actions were unsuccessful;
 - had not taken appropriate action since December 31, 2013 to collect 1;²¹ and
 - combined 40 with the recipients' prior and subsequent overpayment balances and was withholding all or a portion of the recipients' SSI payments to recover the total debt.

¹⁹ The population also excluded overpayments to deceased recipients or that SSA was collecting from Title II benefits. Additionally, our population included only overpayments where SSA had notified the individuals of the overpayment. In our August 2010 audit of *Supplemental Security Income Overpayment Notices Not Sent* (A-01-09-19037), we reviewed SSA actions on overpayments where the individual had not been notified. See Appendix A for the scope and methodology of our current review.

²⁰ See Appendix B for the sampling methodology and results.

²¹ As a result of our audit, SSA took the appropriate action on this overpayment in May 2015.

Overpayments to Individuals Who Were No Longer Receiving Payments

From our population of 3,006 overpayments established during FYs 2011 through 2013 where the individuals were no longer receiving SSI payments, we reviewed a sample of 100. SSA had partially collected eight overpayments since December 31, 2013.²² In addition, SSA was unable to collect seven overpayments because of legal or policy restrictions.²³

SSA had taken some actions since December 31, 2013 to collect 58 overpayments, but these actions were unsuccessful. For 51 of the 58 overpayments, it appeared SSA pursued all collection methods, such as pursuing recovery from a liable representative payee, referral for TOP or AWG, or cross-program recovery. However, for 7 of the 58 overpayments, it appeared SSA could have taken additional collection actions. We referred these seven overpayments to SSA in April 2015.

- Three recipients had liable representative payees from whom SSA could have pursued recovery. SSA did not indicate what additional actions it would take on these overpayments.
- For two overpayments, SSA employees were not alerted that additional collection actions were necessary. In May 2015, SSA responded that it would take the necessary actions to address these overpayments.
- SSA did not refer two overpayments to TOP or AWG. An SSA employee took a manual action to suspend billing activity on one overpayment when a billing notice was returned undeliverable. SSA's systems show three actions taken from February through April 2014 related to the incorrect address, but did not show any further attempts to obtain an updated address. Had the address been updated, it appeared the overpayment, which met all other criteria, would have been eligible for referral to TOP or AWG. SSA did not refer the second overpayment to TOP or AWG because there were other debts on the record that did not meet the criteria for referral. According to SSA, if an individual has multiple debts, all of the debts have to be eligible before any are referred. However, SSA had recognized this issue and was taking steps to update its selection criteria to enable overpayments to be referred to TOP and AWG on a debt, rather than a debtor, basis.

²² After we pulled our sampled overpayments, one recipient began receiving SSI payments, and SSA was collecting the overpayment by withholding a portion of the recipient's SSI payments. SSA was collecting on another overpayment through cross-program recovery. SSA referred the remaining six recipients for TOP and withheld a Federal payment to recover a portion of their overpayments.

²³ One recipient was pending a fraud investigation. *See* SSA, POMS, SI 02201.007 (March 29, 2010). Four recipients had waiver decisions pending. *See* SSA, POMS, SI 02260.001 (September 4, 2014). One recipient had been institutionalized. *See* SSA, POMS, SI 02220.050 A.2 (February 27, 2014); *see also* SSA, POMS, NL 00804.166 (March 1, 2002). One recipient died after December 31, 2013 and the recipient's overpayment did not meet SSA's criteria for recovery from the estate. *See* SSA, POMS, SI 02220.045 (June 11, 2009).

In these seven cases, SSA had direct written or telephone contact with the recipients, sent billing notices, or negotiated installment agreements. However, SSA should take appropriate actions to collect these seven overpayments.

SSA had not taken any actions to collect the remaining 27 overpayments since December 31, 2013.²⁴ We referred these 27 overpayments to SSA in April 2015.

- A systems limitation prevented SSA from taking recent collection actions on six overpayments. Further, SSA employees either were not alerted that collection actions were necessary or did not resolve diaries requiring follow-up action on 10 overpayments. In May 2015, SSA responded that it would take the necessary actions to address these 16 overpayments.²⁵
- SSA could have pursued recovery of three overpayments from liable representative payees. SSA did not indicate what additional actions it would take on these overpayments.
- According to SSA, it had not taken recent action to collect three overpayments because of pending appeals or a new claim. While one individual received an unfavorable decision on the appeal, the SSR had not been updated with the decision. Had the SSR been updated, it appeared the overpayment, which met all other criteria, would have been eligible for referral for TOP or AWG.²⁶ Another individual requested an appeal in February 2012; however, SSA had not taken any action on the appeal. While the pending appeal precluded referral for TOP or AWG, it should not have prevented SSA from taking other collection actions.²⁷ SSA had not billed the remaining individual for the overpayment since September 2012. When the individual re-applied for SSI in December 2014, SSA coded the record to begin payment withholding if the claim is approved. However, SSA was not precluded from pursuing other collection actions.
- We reviewed SSA's systems but did not identify any information to support why SSA had not taken actions since December 31, 2013 to collect five overpayments. According to SSA, it had taken all necessary actions on these cases. However, SSA did not provide justification showing it had taken all necessary actions. Since it had been more than 1 year since SSA had taken any actions, SSA should follow up on these overpayments to determine whether additional actions could be taken to pursue collection.

²⁴ SSA may have taken collection actions before December 31, 2013; however, these actions did not recover the overpayment.

²⁵ Three of the 16 individuals also had potentially liable representative payees.

²⁶ A debt is not eligible for referral for TOP or AWG if an appeal is pending on the record. *See* SSA, POMS, SI 02220.012 B.1 (June 11, 2012), SI 02220.013 B.1 (September 5, 2013), and GN 02201.040 A.3 (May 25, 2012).

²⁷ The appeal was filed at the Appeals Council level. Billing should continue in cases where appeals are filed at the hearing level or above.

The 27 overpayments totaled over \$213,000, ranging from approximately \$3,500 to almost \$24,000. SSA should take appropriate actions to address the 27 overpayments from the individuals we identified. Based on our sample, we project SSA had not taken recent actions to collect 16,240 SSI overpayments for individuals no longer receiving SSI payments, totaling over \$128 million.²⁸ Therefore, as resources allow, SSA should establish a plan to review remaining overpayments where no recent actions had been taken to collect overpayments from individuals who were no longer receiving SSI payments, focusing on the highest dollar overpayments first.²⁹ Further, SSA should rectify the issues, including the systems limitations and unresolved diaries found during this review, causing unresolved overpayments.

Overpayments to Individuals Who Were Receiving Payments

From the population of 2,760 overpayments established during FYs 2011 through 2013 where the overpaid individuals were receiving SSI payments, we reviewed a sample of 50. After December 31, 2013, SSA partially recovered two recipients' overpayments by withholding their SSI payments, and recovery was ongoing. In addition, SSA was unable to collect four overpayments because of legal or policy restrictions.³⁰

SSA had taken some actions to collect three overpayments, but these actions were unsuccessful. All three recipients stopped receiving SSI payments after December 31, 2013, so SSA billed the recipients for the overpayments. In addition, SSA referred one of the three recipients for TOP. It appeared these actions were the only methods available for collection.

We found one overpayment was not being recovered in accordance with SSA policies. In this case, the SSI recipient was overpaid \$2,494 from July through September 2011 because of unreported household resources. SSA notified the recipient of the overpayment in May 2012. In June 2012, SSA terminated his SSI payments because of excess resources and began sending him billing notices. In December 2012, SSA resumed the recipient's SSI payments. However, SSA did not begin collection via payment withholding in accordance with policy.³¹ As a result, the SSI recipient had been receiving payments since December 2012 while the overpayment remained uncollected. We referred this case to SSA in April 2015, and SSA began collection via payment withholding on May 1, 2015.

For the remaining 40 overpayments, SSA was withholding all or a portion of the recipients' SSI payments to recover the recipients' total debt balances, which included our sampled

²⁸ See Appendix B, Table B-3 and Table B-4.

²⁹ On April 9, 2015, we provided SSA with a file of the remaining 2,906 overpayments in our population from 1 segment of the SSR for individuals who were no longer receiving SSI payments. This file included 157 overpayments greater than \$20,000.

³⁰ One recipient was undergoing bankruptcy proceedings. See SSA, POMS, SI 02220.040 (March 12, 2014). The remaining three recipients were institutionalized. See SSA, POMS, SI 02220.050 A.2 (February 27, 2014); see also SSA, POMS, NL 00804.166 (March 1, 2002).

³¹ SSA, POMS, SI 02220.015 A.1 (August 24, 2005).

overpayments along with prior and subsequently incurred overpayments. At the time of our review, none of the 40 overpayments had been collected because the amount withheld was used to recover the recipients' prior overpayments. For these 40 individuals, we calculated how long it would take SSA to collect the recipients' existing overpayment balances at the rate of collection in place at the time of our review. We found it would take from 2 to 199 years to collect the total overpayment balances from these recipients (see Table 1).³²

Table 1: Collection of Total Overpayment Balances for Individuals Receiving Payments

Time to Collect Total Overpayment Balance	Number of Recipients
1 year – 5 years	5
6 years – 10 years	9
11 years – 20 years	14
21 years – 40 years	3
41 years – 60 years	2
61 years – 80 years	3
81 years – 100 years	1
Longer than 100 years	3

SSA's ability to collect some of these overpayments sooner is limited because of the collection restrictions in the *Social Security Act*.³³ Specifically, when overpaid SSI recipients are receiving monthly payments, the *Social Security Act* generally limits withholding rates for overpayment recovery to 10 percent of monthly income, unless the recipient committed fraud or concealed or misrepresented information.³⁴ The 10-percent withholding rate set forth by the *Social Security Act* considers only the recipient's income and not the number of overpayments incurred or total debt balance.³⁵ We found that 17 of the 40 recipients were having 10 percent of their monthly SSI payments withheld to recover their overpayment balances.³⁶ Further, SSA may approve a withholding rate lower than 10 percent at the recipient's request.³⁷ We found SSA was

³² See Table C–1 for the time to collect all 40 recipients' total debt.

³³ 42 U.S.C. § 1383.

³⁴ 42 U.S.C. § 1383(b)(1)(B)(ii)(II). For individuals receiving both SSI and Old-Age, Survivors and Disability Insurance benefits, SSA withholds 10 percent of the combined monthly payments. See SSA, POMS SI 02220.016 (July 13, 2011).

³⁵ 42 U.S.C. § 1383(b)(1)(B)(ii)(II).

³⁶ An additional 13 recipients were having more than 10 percent of their monthly SSI payments withheld. See Table C–1 for overpayment recovery rates for all 40 recipients. While the *Social Security Act* limits withholding rates to 10 percent of monthly income, we calculated withholding rates based on the recipients' monthly SSI payments, which is a more conservative approach.

³⁷ SSA, POMS, SI 02220.016 A.2 (July 13, 2011).

withholding less than 10 percent of the monthly SSI payment for 10 of the 40 individuals. The restriction to recover overpayment balances at a 10-percent rate along with recoveries approved at lower than 10 percent will result in some overpayments taking numerous years to collect and some overpayments never being collected as shown in our analysis.³⁸

CONCLUSIONS

SSA had not taken any actions since December 31, 2013 to collect 27 of the 100 SSI overpayments we reviewed for individuals who were no longer receiving payments. Accordingly, we project SSA had not taken recent actions to collect 16,240 SSI overpayments totaling more than \$128 million. While SSA had taken some actions to collect 58 overpayments to individuals who were no longer receiving payments, it appeared additional actions could have been taken for 7 overpayments.

Further, SSA had not taken appropriate action since December 31, 2013 to collect 1 of the 50 overpayments we reviewed for individuals receiving SSI payments. We referred this case to SSA in April 2015, and SSA began collection via payment withholding on May 1, 2015. Additionally, for 40 overpayments, SSA was withholding all or a portion of the recipients' SSI payments to recover the recipients' total debt balances, which included our sampled overpayments along with prior and subsequent overpayments.

RECOMMENDATIONS

We recommend that SSA:

1. Take appropriate actions to collect the seven overpayments to individuals no longer receiving SSI payments where it appeared SSA could have taken additional collection actions.
2. Take appropriate actions to address the 27 overpayments to individuals no longer receiving SSI payments we identified where no actions had been taken since December 31, 2013.
3. As resources allow, establish a plan to review remaining overpayments where no recent actions had been taken to collect overpayments from individuals no longer receiving SSI payments, focusing on the highest dollar overpayments first.
4. Rectify the issues, including the systems limitations and unresolved diaries found during this review, causing overpayments to not be resolved.

³⁸ As documented in our 2015 Annual Work Plan, we have a planned review that will focus on overpayments with a payback period that will exceed the overpaid individual's life expectancy.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix D.

A handwritten signature in black ink that reads "Steven L. Schaeffer". The signature is written in a cursive style with a large, stylized initial 'S'.

Steven L. Schaeffer
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures.
- Reviewed prior Office of the Inspector General reports.
- From 1 segment of the Supplemental Security Record (SSR), obtained a data file of 11,531 overpayments established during Fiscal Years (FY) 2011 through 2013 but had not been reduced by collection, waiver, suspension, or termination as of August 8, 2014.¹ The population excluded overpayments to deceased recipients or when SSA was collecting from Title II benefits. In addition, our population included only overpayments where SSA had notified the individual of the overpayment.²
- Selected random samples from our audit population of 100 Supplemental Security Income (SSI) overpayments to individuals who were no longer receiving SSI payments and 50 SSI overpayments to individuals who were receiving SSI payments. See Appendix B for our sampling methodology.
- Determined whether SSA had taken actions since December 31, 2013 to collect the sampled overpayments.³ To do so, we reviewed the SSR, Debt Management System Remarks, Recovery and Collection of Overpayment Process billing system, External Collection Operation Master Query, notices in the Online Retrieval System, and Claims File Records Management System. In addition, we reviewed SSRs and Master Beneficiary Records for representative payees, when involved, to determine whether SSA was attempting collection from other liable individuals.

We conducted our review between December 2014 and May 2015 in Kansas City, Missouri. We determined the data used for this audit were sufficiently reliable to meet our objective. The principle entity audited was the Office of Operations. 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹ The SSR is divided into 20 representative segments.

² In a prior audit, we reviewed SSA actions on overpayments where the individual had not been notified. See SSA OIG, *Supplemental Security Income Overpayment Notices Not Sent* (A-01-09-19037), August 2010.

³ We selected December 31, 2013 as the cut-off date for recent collection activity to allow SSA approximately 12 months before our review to act on the overpayments.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Sampling

We obtained a data file from Segment 5 of the Supplemental Security Record (SSR).¹ From this file, we identified a population of 11,531 Supplemental Security Income (SSI) overpayments established during Fiscal Years 2011 through 2013 that the Social Security Administration (SSA) had not collected, waived, suspended, or terminated as of August 8, 2014. The population excluded overpayments to deceased recipients or when SSA was collecting from Title II benefits. In addition, our population included only overpayments where SSA had notified the individual of the overpayment.² These overpayments ranged from \$1,000 to \$74,411 and totaled almost \$49.9 million.

We divided our population into two sampling frames: individuals who were receiving payments and individuals who were no longer receiving payments as of August 8, 2014. Within each sampling frame, we identified the median uncollected overpayment balance and excluded all overpayments less than the median. As a result, we sampled from 2,760 overpayments, ranging from \$2,125 to \$55,035, for individuals receiving payments and 3,006 overpayments, ranging from \$3,002 to \$74,411, for individuals no longer receiving payments.

From our sampling frames, we selected random samples of 50 SSI overpayments for individuals receiving payments (see Table B–1) and 100 SSI overpayments for individuals no longer receiving payments (see Table B–2).³

**Table B–1: Individuals Receiving Payments,
Sampling Frame and Sample Size**

Sampling Frame Size (identified in 1 segment of the SSR)	2,760
Sample Size	50
Total Population (Sampling Frame Size x 20 segments)	55,200

¹ The SSR is divided into 20 representative segments. Therefore, we project to the population by multiplying the findings from our review by 20.

² In our August 2010 audit of *Supplemental Security Income Overpayment Notices Not Sent* (A-01-09-19037), we reviewed SSA actions on overpayments where the individual had not been notified.

³ We selected a random sample of 100 SSI overpayments for individuals no longer receiving payments because we expected to find a higher error rate in this sampling frame.

**Table B–2: Individuals No Longer Receiving Payments,
Sampling Frame and Sample Size**

Sampling Frame Size (identified in 1 segment of the SSR)	3,006
Sample Size	100
Total Population (Sampling Frame Size x 20 segments)	60,120

Sample Errors and Projections

Individuals Receiving Payments

Of the 50 overpayments sampled for individuals receiving payments, we identified 1 overpayment of \$2,494 that was not being recovered in accordance with SSA policies. We determined our sampling results for this sampling frame were not projectable because of the low error rate.

Individuals No Longer Receiving Payments

Of the 100 overpayments sampled for individuals no longer receiving payments, we identified 27 overpayments on which SSA had not taken actions since December 31, 2013 to collect the overpayments. Based on our sampling results for this sampling frame, we project that SSA had not taken recent actions on 16,240 SSI overpayments (see Table B–3).

Table B–3: Quantity of Overpayments Without Collection Activity

Description	Number of Overpayments
Sample Results (for 1 segment)	27
Projected Quantity (for 1 segment)	812
Projection – Lower Limit	599
Projection – Upper Limit	1,055
Population Estimate (Projected Quantity x 20 segments)	16,240

Note: All projections are at the 90-percent confidence level.

The 27 overpayments on which SSA had not taken collection actions since December 31, 2013 totaled \$213,121. Therefore, we project that SSA had not taken recent actions to collect SSI overpayments totaling \$128,128,080 (see Table B–4).

Table B-4: Amount of Overpayments Without Collection Activity

Description	Amount of Overpayments
Sample Results (for 1 segment)	\$213,121
Point Estimate (for 1 segment)	\$6,406,404
Projection – Lower Limit	\$4,139,516
Projection – Upper Limit	\$8,673,292
Population Estimate (Point Estimate x 20 segments)	\$128,128,080

Note: All projections are at the 90-percent confidence level.

Appendix C – LENGTH OF OVERPAYMENT RECOVERY

We sampled 50 overpayments for individuals receiving Supplemental Security Income (SSI) payments at the time of our review (see Appendix B). For 40 of the 50 overpayments, the Social Security Administration (SSA) was withholding all, or a portion, of the recipients' SSI payments to collect the recipients' total debt balances, which included our sampled overpayments along with prior and subsequent overpayments. For these 40 individuals, we calculated how long it will take SSA to collect the recipients' overpayment balances based on their withholding amount at the time of our review (see Table C-1).

Table C-1: Collection of Total Overpayment Balances for Individuals Receiving Payments

Age of Recipient (Years)	Sample Overpayment Balance	Total Overpayment Balance ¹	Monthly Payment Amount ²	Monthly Withholding Amount ³	Percent of SSI Monthly Payment Withheld ⁴	Time to Collect Total Overpayment (Years)
33	\$2,491	\$2,614	\$889.40	\$88.94	10.0%	2.4
18	\$2,927	\$3,011	\$733.00	\$73.30	10.0%	3.4
34	\$2,772	\$3,013	\$733.00	\$73.30	10.0%	3.4
15	\$2,328	\$4,445	\$668.55	\$79.64	11.9%	4.7
33	\$4,370	\$4,542	\$733.00	\$73.30	10.0%	5.2
17	\$3,477	\$5,965	\$662.36	\$79.64	12.0%	6.2
82	\$4,699	\$6,049	\$539.10	\$74.81	13.9%	6.7
53	\$2,218	\$6,015	\$733.00	\$73.30	10.0%	6.8
28	\$4,910	\$7,195	\$733.00	\$73.30	10.0%	8.2
33	\$5,538	\$8,466	\$733.00	\$73.30	10.0%	9.6
77	\$4,143	\$10,314	\$889.40	\$88.94	10.0%	9.7
53	\$2,696	\$8,533	\$688.05	\$73.30	10.7%	9.7
44	\$2,555	\$8,659	\$733.00	\$73.30	10.0%	9.8
52	\$4,967	\$8,935	\$733.00	\$73.30	10.0%	10.2
32	\$4,063	\$9,402	\$733.00	\$73.30	10.0%	10.7
28	\$8,322	\$10,137	\$182.00	\$73.30	40.3%	11.5

¹ We calculated the total overpayment balance as of January 1, 2015.

² The payment amounts include the Federal payment amount and the federally administered State supplementary payment amount, when applicable. See SSA, POMS, SI 01410.001 (December 23, 1996).

³ We calculated withholding rates using the monthly withholding amount effective January 1, 2015.

⁴ While § 1631 of the *Social Security Act* limits withholding rates to 10 percent of monthly income, we calculated withholding rates based on the recipients' monthly SSI payments, which is a more conservative approach.

Age of Recipient (Years)	Sample Overpayment Balance	Total Overpayment Balance ¹	Monthly Payment Amount ²	Monthly Withholding Amount ³	Percent of SSI Monthly Payment Withheld ⁴	Time to Collect Total Overpayment (Years)
53	\$3,872	\$10,562	\$733.00	\$73.30	10.0%	12.0
37	\$2,169	\$2,892	\$141.75	\$20.00	14.1%	12.1
58	\$8,641	\$10,759	\$733.00	\$73.30	10.0%	12.2
42	\$2,221	\$3,821	\$733.00	\$25.00	3.4%	12.7
25	\$4,853	\$12,824	\$733.00	\$73.30	10.0%	14.6
43	\$4,446	\$12,837	\$488.67	\$73.30	15.0%	14.6
5	\$4,107	\$12,912	\$565.14	\$73.30	13.0%	14.7
41	\$7,276	\$14,068	\$534.00	\$73.30	13.7%	16.0
39	\$4,768	\$14,681	\$733.00	\$73.30	10.0%	16.7
11	\$2,243	\$16,225	\$84.96	\$79.98	94.1%	16.9
50	\$6,279	\$16,616	\$462.00	\$73.30	15.9%	18.9
8	\$12,938	\$17,455	\$733.00	\$73.30	10.0%	19.8
31	\$3,415	\$13,406	\$733.00	\$50.00	6.8%	22.3
15	\$6,209	\$23,203	\$628.60	\$73.30	11.7%	26.4
57	\$15,502	\$23,509	\$733.00	\$73.30	10.0%	26.7
32	\$9,693	\$20,062	\$733.00	\$30.00	4.1%	55.7
47	\$2,595	\$6,737	\$733.00	\$10.00	1.4%	56.1
37	\$4,309	\$27,045	\$733.00	\$35.00	4.8%	64.4
35	\$3,046	\$11,728	\$733.00	\$15.00	2.0%	65.2
32	\$2,130	\$18,314	\$764.25	\$19.36	2.5%	78.8
51	\$4,086	\$14,727	\$370.00	\$15.00	4.1%	81.8
62	\$8,088	\$13,766	\$733.00	\$10.00	1.4%	114.7
22	\$2,981	\$14,283	\$272.00	\$10.00	3.7%	119.0
55	\$2,618	\$32,215	\$13.50 ⁵	\$13.50	100.0% ⁶	198.9

⁵ The recipient was due a reduced SSI payment because of Title II disability benefits received by the recipient's spouse.

⁶ The overpayment was being recovered at 100 percent due to fraud involvement, in accordance with SSA policy. See SSA, POMS, SI 02220.016 A.2.e (July 13, 2011).

Appendix D– AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: August 17, 2015 Refer To: SIJ-3

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

From: Frank Cristaudo /s/
Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, “Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration” (A-07-15-15030)--
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 OVERPAYMENTS PENDING A
COLLECTION DETERMINATION BY THE SOCIAL SECURITY
ADMINISTRATION” (A-07-15-15030)**

General Comments

We appreciate OIG recognizing that the *Social Security Act* limits us from collecting, at most, 10 percent of a current Supplemental Security Income (SSI) beneficiary’s monthly check to repay a prior overpayment. This limitation is in place for a good reason. By any measure, SSI beneficiaries are among the poorest of our citizens. An elderly, blind, or disabled individual on SSI can receive, at most, about \$8,804 in cash benefits per year, which amounts to about 75 percent of the Federal poverty level for an individual. SSI is a vital lifeline that prevents total impoverishment by allowing beneficiaries to meet their basic needs of food, clothing, and shelter. The agency works diligently to improve payment accuracy and to collect improper payments as prescribed in the *Social Security Act* and program policy.

Recommendation 1

Take appropriate action to collect the seven overpayments to individuals no longer receiving SSI payments where it appeared SSA could have taken additional collection actions.

Response

We agree. We will review and take additional recovery actions, consistent with program policy, for the seven overpayments to individuals who are no longer receiving SSI payments by March 31, 2016.

Recommendation 2

Take appropriate actions to address the 27 overpayments to individuals no longer receiving SSI payments we identified where no actions have been taken since December 31, 2013.

Response

We agree. We will review and take any additional recovery actions, consistent with program policy, for the 27 overpayments to individuals who are no longer receiving SSI payments by March 31, 2016.

Recommendation 3

As resources allow, establish a plan to review remaining overpayments where no recent actions have been taken to collect overpayments from individuals no longer receiving SSI payments, focusing on the highest dollar overpayments first.

Response

We agree. If our resources allow, we will establish a plan to review remaining overpayments where no recent actions have been taken to collect overpayments from individuals who are no longer receiving SSI payments; while focusing on highest dollar overpayments by March 31, 2016.

Recommendation 4

Rectify the issues, including the system limitations and unresolved diaries found during this review, causing overpayments to not be resolved.

Response

We agree. We will analyze the issues identified and determine if any necessary system adjustments would improve collection efforts. We anticipate starting our review of the issues by September 30, 2015.

Appendix E – MAJOR CONTRIBUTORS

Mark Bailey, Director, Kansas City Audit Division

Tonya Eickman, Audit Manager

Nick Moore, Senior Auditor

Jennifer Storz, Program Analyst

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