



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Collecting Title II Overpayments  
from Contingently Liable  
Beneficiaries

*A-07-16-50089 | April 2016*

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

**MEMORANDUM**

**Date:** April 20, 2016

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Collecting Title II Overpayments from Contingently Liable Beneficiaries (A-07-16-50089)

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 maximized overpayment recovery efforts by attempting to collect Title II overpayments from contingently liable beneficiaries.

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

# Collecting Title II Overpayments from Contingently Liable Beneficiaries

## A-07-16-50089



April 2016

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had maximized overpayment recovery efforts by attempting to collect Title II overpayments from contingently liable beneficiaries.

### Background

A beneficiary is overpaid when funds he/she receives for any period exceed the amount that should have been paid for that period. The overpaid beneficiary is primarily responsible for repaying the overpayment. However, any other beneficiary receiving benefits on the same earnings record as the overpaid beneficiary can be held liable for repaying the overpayment. This is known as contingent liability. When SSA cannot collect an overpayment from the overpaid beneficiary, it should attempt to collect the overpayment from contingently liable beneficiaries.

From 1 segment of the Recovery of Overpayments, Accounting and Reporting system, we identified 7,649 Title II overpayments that had outstanding balances ranging from \$987 to \$280,433 as of December 2014.

### Findings

From our random sample of 200 Title II overpayments, we found SSA had attempted to collect 24 (12 percent) from the Title II benefits of contingently liable beneficiaries. We also found 32 overpayments (16 percent) that SSA could not collect from contingently liable beneficiaries because it had to wait certain amounts of time before it could take necessary actions to attempt collection from a contingently liable beneficiary. Further, there were 52 overpayments (26 percent) that SSA could not collect from contingently liable beneficiaries for other reasons. However, for the remaining 92 overpayments (46 percent), we identified the following.

- There were 57 overpayments that met all the requirements for collection from the Title II benefits of contingently liable adult beneficiaries that SSA had not identified. We project there were about 11,000 overpayments with an outstanding balance of more than \$41 million that SSA should have attempted to collect from contingently liable adult beneficiaries.
- There were 35 overpayments where SSA should have terminated collection actions against the overpaid beneficiaries and attempted to collect from the Title II benefits of contingently liable adult beneficiaries. We project there were about 7,000 overpayments with an outstanding balance of more than \$39 million where SSA should have terminated collection actions against the overpaid beneficiaries and attempted to collect from contingently liable beneficiaries.

### Recommendations

We made four recommendations to maximize overpayment recovery efforts by attempting to collect Title II overpayments from contingently liable beneficiaries.

SSA agreed with our recommendations.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
TOP	Treasury Offset Program

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had maximized overpayment recovery efforts by attempting to collect Title II overpayments from contingently liable beneficiaries.

## BACKGROUND

A beneficiary is overpaid when funds he/she receives for any period exceed the amount that should have been paid for that period.<sup>1</sup> The overpaid beneficiary is primarily responsible for repaying the overpayment.<sup>2</sup> However, any other beneficiary receiving benefits on the same earnings record as the overpaid beneficiary can be held liable for repaying the overpayment. This is known as contingent liability. When SSA cannot collect an overpayment from the overpaid beneficiary, it should attempt to collect the overpayment from contingently liable beneficiaries.<sup>3</sup>

From 1 segment of the Recovery of Overpayments, Accounting and Reporting (ROAR) system,<sup>4</sup> we identified 7,649 Title II overpayments that had outstanding balances ranging from \$987 to \$280,433 as of December 2014.<sup>5</sup> These overpayments

- were established in Calendar Year 2005 or later;
- had a collection status indicating SSA was attempting to collect the overpayment, SSA was no longer attempting to collect the overpayment, or a due-process decision was pending;
- had a primarily liable beneficiary who was not in current pay status for either Title II or XVI benefits; and
- had a potentially contingently liable adult beneficiary receiving Title II benefits on the same earnings record.<sup>6</sup>

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<sup>1</sup> SSA, POMS, GN 02201.001 A (July 20, 2010).

<sup>2</sup> SSA, POMS, GN 02205.003 A and B (December 20, 2012). A representative payee can also have primary liability if the representative payee (1) did not use the funds on the beneficiary or (2) conserved the funds and the overpaid beneficiary did not have access to the funds. SSA POMS, GN 02205.007 B (December 20, 2012).

<sup>3</sup> SSA, POMS, GN 02205.005 A (December 20, 2012).

<sup>4</sup> SSA uses the ROAR to control overpayment recovery and collection. The ROAR is divided into five segments.

<sup>5</sup> Overpayments can span many years. For example, the \$280,433 overpayment in our population was established in July 2013 for payments made from September 1995 through December 2012.

<sup>6</sup> See Appendix A for the scope and methodology of our review.

## RESULTS OF REVIEW

We reviewed a random sample of 200 Title II overpayments to determine whether SSA had attempted to collect from the Title II benefits of a contingently liable adult beneficiary.<sup>7</sup> We found SSA had attempted to collect 24 overpayments (12 percent) from the Title II benefits of a contingently liable beneficiary.<sup>8</sup> We also found SSA could not collect 32 overpayments (16 percent) from contingently liable beneficiaries because it had to wait certain amounts of time before it could take necessary actions to attempt collection from a contingently liable beneficiary.<sup>9</sup> Further, SSA could not collect 52 overpayments (26 percent) from contingently liable beneficiaries for other reasons.<sup>10</sup> However, for the remaining 92 overpayments (46 percent), we identified the following.

- There were 57 overpayments that met all the requirements for collection from the Title II benefits of contingently liable adult beneficiaries that SSA had not identified. Accordingly, we project there were approximately 11,000 overpayments that had an outstanding balance of more than \$41 million that SSA should have attempted to collect from contingently liable adult beneficiaries.
- There were 35 overpayments where SSA should have terminated collection actions against the overpaid beneficiaries and attempted to collect from the Title II benefits of contingently liable adult beneficiaries. Accordingly, we project there were approximately 7,000 overpayments that had an outstanding balance of more than \$39 million where SSA needed to terminate collection actions against the overpaid beneficiaries and attempt to collect from contingently liable beneficiaries.

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<sup>7</sup> See Appendix B for the sampling methodology and results.

<sup>8</sup> SSA either began collecting these overpayments from contingently liable adult beneficiaries after we obtained our data file or waived liability from the contingently liable adult beneficiaries.

<sup>9</sup> In 22 cases, the overpaid beneficiaries lived in different households than the contingently liable beneficiaries. Therefore, SSA must terminate collection actions against the overpaid beneficiaries before it can attempt collection from contingently liable beneficiaries. However, the overpayments must be delinquent for at least 2 years before SSA can terminate collection actions. SSA, POMS, GN 02215.235 C.2.d (July 2, 2015). For 10 overpayments, SSA must wait up to 3 years before it can attempt collection from a contingently liable beneficiary. In these cases, 1- or 3-year diaries had been set to remind SSA employees to review the overpayments. SSA cannot attempt collection from contingently liable beneficiaries until these overpayments have been reviewed. SSA, POMS, GN 02210.213 E.1.b (August 25, 2008) and GN 02210.217 C.1.c and C.2.b (April 1, 2014).

<sup>10</sup> SSA could not collect most of these overpayments from contingently liable beneficiaries because of events that occurred after we obtained our data. For example, some overpaid beneficiaries repaid their overpayments or became re-entitled to benefits. In other cases, the overpaid beneficiaries were entitled to benefits on other Title II records or due-process requests, such as waivers, were outstanding. When SSA receives a waiver request, it stops collection activities on the overpayment and does not resume collection activities until it makes a determination on the waiver. 20 C.F.R. § 404.506 (b).

## Overpayments Met Requirements for Collection from Contingently Liable Beneficiaries

According to SSA, between each June and September, its Office of Systems prepares a list of overpayments that SSA can potentially collect from contingently liable beneficiaries. SSA program service center employees review the overpayments on this list to determine the appropriate actions. For an overpayment to be on the list, SSA must have terminated collection actions against the overpaid beneficiary, and the overpaid and contingently liable beneficiaries must have the same address on the Master Beneficiary Record (MBR).<sup>11</sup>

From our sample of 200 overpayments, we identified 57 (28.5 percent) that met all the requirements for collection from contingently liable beneficiaries but would not have been included on SSA's contingently liable beneficiaries list. We identified the following.

- There were 24 overpayments to beneficiaries who had the same address on the MBR as the contingently liable adult beneficiaries. Of these, 21 overpayments would not have been included on SSA's contingently liable beneficiaries list because SSA had not terminated collection actions against the overpaid beneficiaries. However, when the overpaid and contingently liable beneficiaries live in the same household, SSA is not required to terminate collection actions against the overpaid beneficiary before attempting collection from a contingently liable beneficiary.<sup>12</sup> In the remaining three cases, SSA had terminated collection actions against the overpaid beneficiaries, but the addresses were recorded differently for the overpaid and contingently liable beneficiaries. For example, in one case, the street name began with "Saint" on the contingently liable beneficiary's address, but it began with "St." on the overpaid beneficiary's address. These overpayments would not have been on SSA's contingently liable beneficiaries list because the system would not have recognized these beneficiaries as having the same address.
- There were 21 overpayments to beneficiaries who did not have the same address on the MBR as the contingently liable adult beneficiaries. SSA had terminated collection actions against the overpaid beneficiaries. Further, the overpayments were not active in the Treasury Offset Program (TOP).<sup>13</sup> These 21 overpayments would not have been on SSA's contingently liable

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<sup>11</sup> The MBR contains information about each claimant who has applied for Title II benefits.

<sup>12</sup> SSA, POMS, GN 02210.213 E.1.a (August 25, 2008) and GN 02210.217 C.1.c, C.2.b, and D (April 1, 2014).

<sup>13</sup> SSA uses TOP to recover delinquent overpayments by offsetting any Federal payment due the individual, such as Federal tax refunds. SSA, POMS, GN 02201.029 A.2 (February 27, 2013). Of these 21 overpayments, 3 had been referred to TOP but had been inactive in TOP for the amount of time required by policy to allow SSA to attempt collection from a contingently liable beneficiary. Specifically, if SSA cannot locate the overpaid beneficiary, it sets a diary to review the overpayment every year after referral to TOP until the overpaid beneficiary is no longer active in TOP. At that point, SSA may attempt overpayment collection from a contingently liable beneficiary. SSA, POMS, GN 02210.213 E.1.b (August 25, 2008). Further, if SSA locates the overpaid beneficiary, it sets a diary to review the overpayments every 3 years after referral to TOP until the overpaid beneficiary is no longer active in TOP when SSA may attempt collection of the overpayment from a contingently liable beneficiary. SSA, POMS, GN 02210.217 C.1.c and C.2.b (April 1, 2014).

beneficiaries list because the overpaid and contingently liable beneficiaries did not have the same address on the MBR. However, SSA's policy allows collection from contingently liable beneficiaries who live at a different address when it has terminated collection actions against the overpaid beneficiary and the overpayment is not active in TOP.<sup>14</sup>

- There were 12 overpayments to beneficiaries who were deceased and had overpayment balances that were either (1) less than \$3,000 or (2) greater than \$3,000, but the beneficiaries did not have estates from which to recover the overpayments. These 12 overpayments would not have been on SSA's contingently liable beneficiaries list because the overpaid beneficiaries and contingently liable adult beneficiaries did not have the same addresses on the MBR. However, SSA's policy does not require that the beneficiaries have the same address when the overpaid beneficiary is deceased.<sup>15</sup>

SSA should attempt to collect the 57 overpayments that met the requirements for collection from contingently liable adult beneficiaries. The 57 overpayments had a total outstanding balance of approximately \$217,000. Based on our sample, we project approximately 11,000 overpayments had an outstanding balance of more than \$41 million that SSA should attempt to collect from contingently liable adult beneficiaries. In addition, SSA should determine whether it can modify the process it uses to create the contingently liable beneficiaries list so that it identifies overpayments like the 57 we identified that meet the requirements for collection from contingently liable beneficiaries.

## Overpayments Where SSA Should Terminate Collection Actions

SSA had not attempted to collect 35 (17.5 percent) of the 200 overpayments from contingently liable beneficiaries because it had not terminated collection actions against the overpaid beneficiaries. In these cases, the overpaid beneficiaries did not live in the same households as the contingently liable beneficiaries, the overpayments were not active in TOP, and the overpayments had been delinquent for at least 2 years.<sup>16</sup> SSA policy generally requires that SSA terminate collection actions against the overpaid beneficiary before attempting to collect from the contingently liable beneficiary.<sup>17</sup>

For example, in October 2010, SSA assessed a \$2,932 overpayment against a former child beneficiary based on substantial work his disabled father performed in 2006 and 2007. SSA was unable to collect the overpayment from the former child beneficiary. Since the child and his father did not live in the same household, SSA policy required that the Agency terminate

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<sup>14</sup> SSA, POMS, GN 02210.213 E.1.b (August 25, 2008) and GN 02210.217 C.1.c and C.2.b (April 1, 2014).

<sup>15</sup> SSA, POMS, GN 02201.013 B (March 17, 2015) and GN 02210.016 B.1 (June 14, 2010).

<sup>16</sup> These 35 overpayments would not have been on SSA's contingently liable beneficiaries list because the overpaid and contingently liable beneficiaries did not have the same addresses on the MBR and SSA had not terminated collection actions against the overpaid beneficiaries.

<sup>17</sup> SSA, POMS, GN 02210.213 E.1.c (August 25, 2008) and GN 02210.217 C.1.c and C.2.b (April 1, 2014).

collection actions against the child in November 2012 and pursue collection from the father, who was in current payment status.<sup>18</sup> However, SSA did not follow its policy.

SSA should terminate collection actions against the 35 overpaid beneficiaries and attempt collection from the contingently liable adult beneficiaries. The 35 overpayments had a total outstanding balance of approximately \$205,000. Based on our sample, we project there were approximately 7,000 overpayments that had an outstanding balance of more than \$39 million where SSA should have terminated collection actions against the overpaid beneficiaries and attempted to collect from contingently liable beneficiaries. In addition, SSA should determine whether it can create a process to identify overpayments like the 35 we identified that should have collection actions terminated so it can attempt to collect from contingently liable beneficiaries.

## CONCLUSIONS

SSA should attempt to collect from contingently liable adult beneficiaries for 92 of the 200 Title II overpayments in our sample. Specifically, SSA's process for identifying potentially contingently liable beneficiaries did not detect 57 overpayments that met all the requirements for collection from contingently liable beneficiaries. Further, SSA had not terminated collection actions against 35 overpaid beneficiaries, which prevented it from attempting to collect these overpayments from contingently liable beneficiaries. By addressing these issues, we project SSA could attempt to collect 18,000 overpayments totaling more than \$80 million from contingently liable adult beneficiaries.

## RECOMMENDATIONS

We recommend SSA:

1. Attempt to collect the 57 overpayments we identified that met the requirements for collection from contingently liable adult beneficiaries.
2. Determine whether it can modify the process it uses to create the contingently liable beneficiaries list so that it identifies overpayments like the 57 we identified that meet the requirements for collection from contingently liable beneficiaries.
3. Terminate collection actions against the 35 overpaid beneficiaries we identified and attempt collection from the contingently liable adult beneficiaries.

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<sup>18</sup> SSA, POMS, GN 02215.235 C.2.d (July 2, 2015). A Title II overpayment becomes delinquent 30 days after it is established in the ROAR if the Agency has not received a voluntary payment from the beneficiary, the beneficiary does not make payment arrangements, and the beneficiary does not file for a reconsideration or waiver of the overpayment. *Id.* at B.3.a (July 2, 2015). In this case, SSA established the overpayment in October 2010, and the overpaid beneficiary did not make a voluntary payment, establish a payment arrangement, or file for a reconsideration or waiver. Therefore, the overpayment became delinquent in November 2010.

4. Determine whether it can create a process to identify overpayments like the 35 we identified that should have collection actions terminated so it can attempt to collect from contingently liable beneficiaries.

## AGENCY COMMENTS

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



Steven L. Schaeffer, JD, CPA, CGFM, CGMA  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable Federal regulations and sections of the Program Operations Manual System related to collecting Title II overpayments from contingently liable beneficiaries.
- Reviewed prior Office of the Inspector General reports.
- From 1 segment of the Recovery of Overpayments, Accounting and Reporting (ROAR) system, obtained a data file of 15,301 Title II overpayments that had an outstanding balance as of December 22, 2014 and were established in Calendar Year 2005 or later.<sup>1</sup>
- Selected a random sample from our audit population of 200 overpayments.<sup>2</sup>
- Determined whether SSA should attempt to collect the overpayment from a contingently liable adult beneficiary. To do so, we reviewed the ROAR, Master Beneficiary and Supplemental Security Records, Debt Management System remarks, External Collection Operation query, and Claims File Records Management System.

The entity audited was the Office of Operations. Our work was conducted at the Office of Audit in Kansas City, Missouri, from May through October 2015. We determined that data used for this audit were sufficiently reliable to meet our objective. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>1</sup> The ROAR is divided into five segments.

<sup>2</sup> See Appendix B for our sampling methodology.

## Appendix B – SAMPLING METHODOLOGY AND RESULTS

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### Sampling

We obtained a data file from Segment 3 of the Recovery of Overpayments, Accounting and Reporting (ROAR) system.<sup>1</sup> From this file, we identified a population of 15,301 Title II overpayments. These overpayments

- had an outstanding overpayment balance greater than \$0;
- were established in Calendar Year 2005 or later;
- had a collection status indicating the Social Security Administration (SSA) was attempting to collect the overpayment, SSA was no longer attempting to collect the overpayment, or a due-process decision was pending;
- had a primarily liable beneficiary who was not in current pay status for either Title II or XVI benefits; and
- had a potentially contingently liable adult beneficiary receiving Title II benefits on the same earnings record.

These overpayments had outstanding balances ranging from \$1 to \$280,433 as of December 22, 2014. To create our sampling frame, we identified the median outstanding balance and excluded all overpayments less than the median. As a result, we sampled from the 7,649 overpayments with outstanding balances ranging from \$987 to \$280,433.

From our sampling frame, we selected a random sample of 200 Title II overpayments (see Table B-1).

**Table B-1: Sampling Frame and Sample Size**

Sampling Frame Size (identified in 1 segment of the ROAR)	7,649
Sample Size	200
Total Population (Sampling Frame Size times 5 segments)	38,245

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<sup>1</sup> The ROAR is divided into five segments. Therefore, we project to the population by multiplying the findings from our review by five.

## Sample Errors and Projections

### *Overpayments Met Requirements for Collection from Contingently Liable Beneficiaries*

From our sample of 200 overpayments, we identified 57 that met all the requirements for collection from contingently liable adult beneficiaries. Based on our sample results, we projected that SSA had not identified 10,900 overpayments that met all the requirements for collection from contingently liable adult beneficiaries (see Table B–2).

**Table B–2: Quantity of Overpayments That Met All the Requirements for Collection from Contingently Liable Adult Beneficiaries**

Description	Number of Overpayments
Sample Results (for 1 segment)	57
Projected Quantity (for 1 segment)	2,180
Projection – Lower Limit	1,785
Projection – Upper Limit	2,611
Population Estimate (Projected Quantity x 5 segments)	10,900

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

The 57 overpayments that met all the requirements for collection from contingently liable adult beneficiaries had a total outstanding balance of \$216,918 as of August 2015 when we conducted our review. Therefore, we projected SSA had not identified \$41,480,165 in outstanding overpayments that met all the requirements for collection from contingently liable adult beneficiaries (see Table B–3).

**Table B–3: Amount of Overpayments That Met All the Requirements for Collection from Contingently Liable Adult Beneficiaries**

Description	Amount of Overpayments
Sample Results (for 1 segment)	\$216,918
Point Estimate (for 1 segment)	\$8,296,033
Projection – Lower Limit	\$6,065,103
Projection – Upper Limit	\$10,526,962
Population Estimate (Point Estimate x 5 segments)	\$41,480,165

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

## Overpayments Where SSA Should Terminate Collection Actions

From our sample of 200 overpayments, we identified 35 that SSA had not attempted to collect from contingently liable beneficiaries because it had not terminated collection actions against the overpaid beneficiaries. Based on our sampling results, we projected there were 6,695 overpayments that SSA had not attempted to collect from contingently liable beneficiaries because it had not terminated collection actions against the overpaid beneficiaries (see Table B-4).

**Table B-4: Quantity of Overpayments Where SSA Should Terminate Collection Actions**

Description	Number of Overpayments
Sample Results (for 1 segment)	35
Projected Quantity (for 1 segment)	1,339
Projection – Lower Limit	1,015
Projection – Upper Limit	1,717
Population Estimate (Projected Quantity x 5 segments)	6,695

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

The 35 overpayments SSA had not attempted to collect from contingently liable beneficiaries because it had not terminated collection actions against the overpaid beneficiaries had a total outstanding balance of \$204,767 as of August 2015 when we conducted our review. Therefore, we projected there was \$39,156,525 in outstanding overpayments SSA had not attempted to collect from contingently liable beneficiaries because it had not terminated collection actions against the overpaid beneficiaries (see Table B-5).

**Table B-5: Amount of Overpayments Where SSA Should Terminate Collection Actions**

Description	Amount of Overpayments
Sample Results (for 1 segment)	\$204,767
Point Estimate (for 1 segment)	\$7,831,305
Projection – Lower Limit	\$3,382,811
Projection – Upper Limit	\$12,279,798
Population Estimate (Point Estimate x 5 segments)	\$39,156,525

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

## Appendix C – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

Date: April 5, 2016

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, "Collecting Title II Overpayments from Contingently Liable Beneficiaries" (A-07-16-50089)--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,  
“COLLECTING TITLE II OVERPAYMENTS FROM CONTINGENTLY LIABLE  
BENEFICIARIES” (A-07-16-50089)**

**General Comments**

We are committed to reducing overpayments and work diligently to reclaim funds associated with improper payments as prescribed in the *Social Security Act* and our program policy. Our strategy for improving the debt collection program is to focus on the techniques that provide direct collections from revenue sources or that we can easily integrate into existing systems. In keeping with this strategy, we are working steadily to build upon the strong debt collection program we now employ, including implementation of legislative debt recovery authorities; e.g., the Debt Collection Improvement Act. In fiscal year (FY) 2015, our robust debt collection program recovered all types of overpayments, and we collected \$3.363 billion in Title II and Title XVI overpayments using a combination of debt collection tools.

In an effort to strengthen our automated debt recovery process, in FY 2016, we began planning and analysis for our Overpayment Redesign project. This initiative addresses various overpayment system limitations identified through audits and other sources. Our goal is to build one comprehensive overpayment system that will allow us to track, collect, monitor, and report on our overpayment activities.

On the training front, we produced several training videos to address and support a common understanding of our overpayment recovery and waiver process. The training videos are available nationally for individual or group training.

Finally, we are addressing our policies as they relate to overpayment recovery and appeals to improve uniform processing of all overpayments. We are paying significant attention to potential policy revisions that relate to contingent liability for recovery of a beneficiary's overpayment.

**Recommendation 1**

Attempt to collect the 57 overpayments we identified that met the requirements for collection from contingently liable adult beneficiaries.

**Response**

We agree. By July 29, 2016, we will review the 57 overpayments and take appropriate action.

## **Recommendation 2**

Determine whether it can modify the process it uses to create the contingently liable beneficiaries list so that it identifies overpayments like the 57 we identified that meet the requirements for collection from contingently liable beneficiaries.

### **Response**

We agree. We will evaluate the possibility of changing our systems to identify and start collection on this type of contingently liable beneficiary for the FY 2017 solicitation cycle.

## **Recommendation 3**

Terminate collection actions against the 35 overpaid beneficiaries we identified and attempt collection from the contingently liable adult beneficiaries.

### **Response**

We agree. By July 29, 2016, we will review the 35 overpayments and take the appropriate action.

## **Recommendation 4**

Determine whether it can create a process to identify overpayment like the 35 we identified that should have collection actions terminated so it can attempt to collect from contingently liable beneficiaries.

### **Response**

We agree. We will evaluate the possibility of changing our systems to identify and start collection on this type of contingently liable beneficiary for the FY 2017 solicitation cycle.

## Appendix D – ACKNOWLEDGMENTS

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Mark Bailey, Director, Kansas City Audit Division

Tonya Eickman, Audit Manager

Jesse Card, Auditor

Kimberly Beauchamp, Writer-Editor

## MISSION

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