



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Pending Supplemental Security
Income Alerts Related to Over-
reported Earnings

A-07-17-50264 | January 2018



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: January 5, 2018

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Pending Supplemental Security Income Alerts Related to Over-reported Earnings
(A-07-17-50264)

The attached final report presents the results of the Office of Audit's review. The objective was to identify Supplemental Security Income recipients who had alerts related to over-reported earnings pending longer than 6 months and the resulting improper payments.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

A handwritten signature in cursive script that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

Pending Supplemental Security Income Alerts Related to Over-reported Earnings

A-07-17-50264



January 2018

Office of Audit Report Summary

Objective

To identify Supplemental Security Income (SSI) recipients who had alerts related to over-reported earnings pending longer than 6 months and the resulting improper payments.

Background

SSI recipients must meet certain income and resource limits for eligibility. A recipient who has too much income in a particular month is not eligible for SSI in that month. SSI recipients or their representative payees are responsible for timely reporting changes that may affect their eligibility or payment amount. However, they do not always report necessary information timely.

Thus, the Social Security Administration (SSA) established systems interfaces that generate alerts when recipients' earnings information does not match information from other agencies. For example, SSA systems generate alerts when reported wage information is more than the earnings on the Master Earnings File or Office of Child Support Enforcement database.

SSA policy states staff should address over-reported earnings alerts when they process redeterminations, limited issues, or certain post-eligibility activities. However, if SSA does not process earnings alerts timely, its policies may preclude it from addressing some improper payments.

Findings

We identified 72,434 SSI recipients with over-reported earnings alerts pending longer than 6 months as of November 2016. From this population, we reviewed a random sample of 200 recipients. Of these, we determined that SSA made improper payments, totaling approximately \$139,000, to 104 recipients (52 percent).

- SSA underpaid 57 recipients (29 percent) about \$78,000. We estimate about 21,000 recipients received approximately \$28 million less than their eligible monthly payments.
- SSA overpaid 47 recipients (24 percent) about \$61,000. We estimate over 17,000 recipients received approximately \$22 million more than their eligible monthly payments.

SSA did not always process pending earnings alerts when it completed redeterminations, limited issues, or certain post-eligibility activities. Further, since SSA did not begin development within 6 months of the alerts, it may no longer be able to address all the improper payments identified.

Recommendations

We recommend that SSA:

1. Take appropriate action to address the 57 underpaid and 47 overpaid recipients we identified.
2. Based on the results of the review of the error cases, determine the feasibility of reviewing the remaining 72,234 recipients in our population.
3. Consider improving controls to ensure employees process over-reported earnings alerts more timely, or document why this is not cost-effective.

SSA agreed with our recommendations.

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ABBREVIATIONS

CFRMS	Claims File Records Management System
DEQY	Detailed Earnings Query
IBIQ	Interstate Benefits Inquiry
IWAG	Modernized Supplemental Security Income Claims System Wage Screen
MEF	Master Earnings File
NDNH	National Directory of New Hires
OCSE	Office of Child Support Enforcement
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
TWN	The Work Number
U.S.C.	United States Code

OBJECTIVE

Our objective was to identify Supplemental Security Income (SSI) recipients who had alerts related to over-reported earnings pending longer than 6 months and the resulting improper payments.

BACKGROUND

SSI is a needs-based program for aged, blind, or disabled individuals.¹ Therefore, SSI recipients must meet certain income and resource limits for eligibility.² Generally, the more income a recipient has, the lower his/her SSI payment will be.

A recipient who has too much income in a particular month is not eligible for SSI in that month.³ Income includes wages and net earnings from self-employment.⁴ SSI recipients or their representative payees are responsible for timely reporting changes that may affect their eligibility or payment amount. However, they do not always report necessary information timely.⁵

The Social Security Administration (SSA) does not rely solely on SSI recipients' reports of income.⁶ Rather, SSA reviews employment records⁷ and accesses State and Federal databases that compile income records.⁸ Specifically, SSA can access recipients' earnings through the Master Earnings File (MEF) or Office of Child Support Enforcement (OCSE). The MEF contains the earnings provided by employers and the Internal Revenue Service. These data include regular wages and salaries, self-employment income, and sheltered workshop payments.⁹ OCSE collects wage information from State and Federal agencies for parent-locator purposes.¹⁰

¹ *Social Security Act*, 42 U.S.C. § 1382 (2015). SSA, *POMS, SI–Supplemental Security Income*, ch. SI 005, subch. SI 00501.001, sec. B.1 (January 18, 2005).

² See Footnote 1.

³ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 008, subch. SI 00810.001, sec. B.2 (September 26, 2011).

⁴ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 008, subch. SI 00810.015, sec. A.2 (September 26, 2011).

⁵ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. A (May 15, 2007).

⁶ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 008, subch. SI 00810.500 (February 16, 2010).

⁷ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 008, subch. SI 00820.220 (November 26, 2013); SSA, *POMS, SI–Supplemental Security Income*, ch. SI 008, subch. SI 00820.135 (February 26, 2015).

⁸ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. A (May 15, 2007).

⁹ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.056, sec. A (March 6, 2009).

¹⁰ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.063, sec. A (July 01, 2008).

Over-reported Earnings Alerts

SSA has established systems interfaces that generate alerts when recipients' earnings information does not match information from other agencies.¹¹ For example, SSA systems generate J3 and S7 alerts when the wage information the SSI recipient or deemor¹² reports is higher than the earnings on the MEF or OCSE database.¹³

- J3 alerts generate if the recipient or deemor's reported annual earnings, which SSA posts to the Supplemental Security Record (SSR), are \$1,000 higher than the earnings on the MEF.¹⁴
- S7 alerts generate when the recipient's reported quarterly earnings are \$250 higher than the earnings on the OCSE database. An S7 alert will also generate when a deemor's reported quarterly earnings posted on the SSR are \$500 higher than the earnings on the OCSE database.¹⁵

Processing Earnings Alerts

SSA policy states staff should address over-reported earnings alerts when they process redeterminations,¹⁶ limited issues,¹⁷ or certain post-eligibility activities.¹⁸ The Agency periodically conducts redeterminations to investigate a recipient's non-medical eligibility factors, including income, living arrangements, and resources, to determine whether the recipient is still eligible for, and receiving, the correct SSI payment.¹⁹ Limited issues require that SSA develop a

¹¹ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.056 (March 6, 2009); SSA, *POMS, SI–Supplemental Security Income*, ch. SI 2310, subch. SI 02310.063 (July 1, 2008).

¹² A deemor is an individual whose income and resources SSA considers available for an SSI recipient's basic needs for food and shelter. Such individuals include ineligible parents or spouses, sponsors of non-citizens, and essential persons. SSA, *POMS, SI–Supplemental Security Income*, ch. SI 013, subch. SI 01310.001, sec. B (October 21, 2014); SSA, *POMS, SI–Supplemental Security Income*, ch. SI 013, subch. SI 01310.127 (April 13, 1999).

¹³ SSA systems also generate a J5 alert when the wage information the SSI recipient reports for the year is higher than the earnings on the MEF. SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.056, sec. B.2 (March 6, 2009). Historically, J5 alerts occurred less frequently than the J3 and S7 alerts; therefore, we focused our review on J3 and S7 alerts.

¹⁴ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.056, sec. B.1 (March 6, 2009).

¹⁵ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 2310, subch. SI 02310.063, sec. C.1-2 (July 1, 2008).

¹⁶ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.2 (May 15, 2007); SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02305.023, sec. A.1 (November 24, 2015).

¹⁷ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02305.015, sec. A-B (November 24, 2015); SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02305.023, sec. A.1 (November 24, 2015).

¹⁸ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.2 (May 15, 2007).

¹⁹ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 2305.001, sec. A (August 29, 2014).

specific issue or event without conducting a redetermination.²⁰ Further, SSA periodically conducts post-eligibility activities including, but not limited to, continuing disability reviews, other interface alerts, and representative payee accounting.²¹

Administrative Finality

According to SSA, its administrative finality policy protects the Agency, recipients, and other parties from endlessly re-opening and re-adjudicating decisions or determinations.²² SSA will consider re-opening a decision or determination when the parties (or their representatives) submit a timely written request questioning the correctness of the decision or determination.²³ In addition, SSA may re-open a decision or determination after a written request from an SSA employee or because of an SSA business process, such as an earnings alert.²⁴

SSA may re-open and revise a decision or determination up to 2 years from the date of the initial decision or determination upon a finding of good cause.²⁵ Good cause exists if SSA receives new and material evidence pertaining to the decision or determination.²⁶ SSI earnings alerts are new and material evidence, establishing good cause to re-open a decision or determination.²⁷ Therefore, according to SSA's administrative finality rules, it generally cannot re-open a determination to address improper payments when the determination occurred longer than 2 years before the earnings alert.²⁸

²⁰ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02305.015 (November 24, 2015).

²¹ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.056, sec. D.1 (March 6, 2009).

²² SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.005, sec. A.1 (May 05, 2017). Re-opening is the process of investigating and reexamining a claim, which may result in the revision of a prior decision or determination.

²³ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.015, sec. A (May 08, 2015); SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.010, sec. A (March 24, 2017).

²⁴ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.015, sec. B.1 (May 08, 2015).

²⁵ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.010, sec. F.5 (March 24, 2017). SSA can re-open and revise a decision or determination up to 1 year from the date of the initial decision or determination for any reason or at any time upon a finding of fraud or similar fault. SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.010, sec. F.4 (March 24, 2017).

²⁶ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.010, sec. F.5 (March 24, 2017).

²⁷ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.5 (May 15, 2007).

²⁸ SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.010, sec. F.4.b (March 24, 2017). SSA may revise a determination after the 2-year limit if it diligently pursued an investigation. SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.040, sec. B.1 (June 14, 2005). SSA presumes diligent pursuit if it revises the determination within 6 months or determines the delay in processing was reasonable. SSA, *POMS, SI–Supplemental Security Income*, ch. SI 040, subch. SI 04070.040, sec. B.3-4 (June 14, 2005).

We identified 72,434 SSI recipients who had J3 and S7 over-reported earnings alerts pending longer than 6 months as of November 2016.²⁹ From this population, we reviewed a random sample of 200 recipients to identify the amount of improper payments SSA may not have detected because it did not process the alerts timely.³⁰

RESULTS OF REVIEW

SSA did not process SSI over-reported earnings alerts timely and therefore did not identify improper payments. Of the 200 SSI recipients reviewed, we determined that SSA made improper payments, totaling approximately \$139,000, to 104 recipients (52 percent).

- SSA underpaid 57 recipients (29 percent) about \$78,000. We estimate about 21,000 recipients received approximately \$28 million less than their eligible monthly payments.
- SSA overpaid 47 recipients (24 percent) about \$61,000. We estimate over 17,000 recipients received approximately \$22 million more than their eligible monthly payments.

SSA did not always process pending alerts when it completed its redetermination, limited issue, and certain post-eligibility workloads as directed by policy.³¹ Further, since SSA did not begin development within 6 months of the alerts, it may no longer be able to address all the improper payments identified because of administrative finality policies.³²

Underpaid SSI Recipients

Of our sample of 200 recipients who had over-reported earnings alerts pending longer than 6 months, SSA underpaid 57 recipients (29 percent). For example, a recipient's parents estimated \$72,000 in earnings for October 2012 through September 2014. Based on this estimate, SSA paid the recipient \$6,500 in SSI payments. In September 2014, an earnings alert indicated a possible discrepancy between estimated and actual earnings. Our review of SSA's systems determined the recipient's parents' actual earnings were about \$41,000. Based on the actual earnings, we determined SSA should have paid the recipient \$10,200. Therefore, SSA underpaid the recipient \$3,700.

²⁹ Of the 72,434 SSI recipients, 29,039 had J3 diaries, 38,691 had S7 diaries, and 4,704 had both.

³⁰ See Appendix A for the scope and methodology of our review.

³¹ SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.2 (May 15, 2007); SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02305.023, sec. A.1 (November 24, 2015).

³² SSA, *POMS, SI—Supplemental Security Income*, ch. SI 040, subch. SI 04070.010, sec. F.4.b (March 24, 2017); SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.5 (May 15, 2007).

SSA should take appropriate action to address the 57 underpaid recipients we identified. We calculated SSA underpaid these 57 recipients about \$78,000 during the 2 years before the alert date.³³ Accordingly, we estimate about 21,000 recipients received approximately \$28 million less than their eligible monthly payments.

Overpaid SSI Recipients

From our sample of 200 recipients who had over-reported earnings alerts pending longer than 6 months, SSA overpaid 47 recipients (24 percent). For example, a recipient's father estimated \$80,000 in earnings from January 2014 through December 2015. Based on this estimate, SSA paid the recipient \$7,500 in SSI payments. In September 2016, an earnings alert indicated a possible discrepancy between estimated and actual earnings. We determined the recipient's mother also had earnings and the parents' actual earnings were around \$101,000. Our review of these actual earnings determined SSA should have paid the recipient \$2,000. Thus, SSA overpaid the recipient \$5,500.

SSA should take appropriate action to address the 47 overpaid recipients we identified. We calculated SSA overpaid these 47 recipients about \$61,000 during the 2 years before the alert date.³⁴ Accordingly, we estimate over 17,000 recipients received approximately \$22 million more than their eligible monthly payments.

Processing Earnings Alerts

SSA did not establish formal timeliness goals for processing SSI earnings alerts. Rather, SSA policy states employees should address over-reported earnings alerts when they process redeterminations, limited issues, or certain post-eligibility activities.³⁵ When SSA informs employees of annual workload targets for redeterminations and limited issues,³⁶ it reminds them of the order for processing redeterminations and limited issues with priority alerts, including over-reported earnings alerts.³⁷ In addition, the Agency strives to make accurate and timely benefit payments by processing post-eligibility activities as quickly as possible.³⁸ Employees can

³³ For sampled recipients who had both J3 and S7 alerts, we reviewed the period beginning 2 years before the earliest alert through the date of the latest alert.

³⁴ See Footnote 33.

³⁵ SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.2 (May 15, 2007); SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02305.023, sec. A.1 (November 24, 2015).

³⁶ SSA set a target to complete 2.5 million SSI redeterminations and limited issues in Fiscal Year 2016. SSA, *Annual Performance Report 2015-2017*, p. 71.

³⁷ For example, SSA, *EM-16038, FY 2017 Redeterminations – One-Time-Only Instructions* (November 3, 2016); SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02305.017, sec. E (September 28, 2017).

³⁸ SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02301.010, sec. C (August 3, 2012); SSA, *POMS, SI—Supplemental Security Income*, ch. SI 023, subch. SI 02301.200, sec. A (February 22, 2006).

monitor earnings alert workloads through management information reports that contain the types and ages of pending alerts. However, employees did not always process pending earnings alerts when it completed redeterminations, limited issues, or certain post-eligibility activities.

For the 104 improperly paid recipients in our sample, we identified the following issues.

- SSA initiated redeterminations, limited issues, or post-eligibility activities for 33 recipients but did not process the existing earnings alerts.³⁹
- SSA did not process the earnings alerts for 47 recipients. SSA's inaction may conflict with Agency processing guidelines and the intent of alert processing.⁴⁰
- SSA processed the earnings alerts for 24 recipients during redeterminations, limited issues, or post-eligibility activities after we began our review.

Since SSA did not begin development within 6 months of the alerts, administrative finality may restrict it from addressing all improper payments.⁴¹ However, SSA still needs to address the outstanding earnings alerts to prevent any continuing improper payments. With every month SSA does not process these alerts, administrative finality rules may preclude it from addressing additional improper payments.

Despite the high priority placed on redeterminations and limited issues, a workgroup in one SSA region found its field office employees were not completing these workloads in priority order. The workgroup also found that once the region met its redetermination and limited issue workload goals, employees did not realize the importance of processing earnings alerts, even those associated with redeterminations or limited issues. The result was a large volume of pending earnings alerts. While this workgroup completed its analysis in one region, our results indicate similar findings are likely present nationwide.

The *Bipartisan Budget Act of 2015* grants SSA new authority to implement systems intended to reduce occurrences of improper payments because of beneficiary and recipient earnings.⁴² Specifically, section 824 allows SSA to enter into data-exchange agreements with payroll providers to access payroll data for disabled beneficiaries and recipients. SSA expects to use this information to adjust earnings information and payment records more quickly to minimize or prevent improper payments.

³⁹ SSA policy does not clearly define what types of post-eligibility activities necessitate processing of earnings alerts. SSA, *POMS, SI-Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. C.2 (May 15, 2007). Therefore, we identified the recipients who had any type of post-eligibility activity while in payment status after the earnings alert.

⁴⁰ SSA, *POMS, SI-Supplemental Security Income*, ch. SI 023, subch. SI 02310.005, sec. A (May 15, 2007).

⁴¹ SSA, *POMS, SI-Supplemental Security Income*, ch. SI 040, subch. SI 04070.040, sec. B (June 14, 2005).

⁴² *Bipartisan Budget Act of 2015*, Pub. L. No. 114-74, 129 Stat. 584.

The Agency has taken steps to manage the earnings alerts workloads and reduce improper payments. However, it did not always process these earnings alerts timely. Therefore, SSA should consider improving controls to ensure employees process over-reported earnings alerts more timely or document why this is not cost-effective.

CONCLUSIONS

SSA employees did not always process earnings alerts timely. As a result, from our sample of 200 SSI recipients with over-reported earnings alerts pending longer than 6 months, we determined that 104 recipients (52 percent) received improper payments. Accordingly, we estimate SSA improperly paid about 38,000 recipients approximately \$50 million. Until SSA improves controls and realizes efficiencies from plans to reduce improper payments, it will continue making improper payments to recipients with pending earnings alerts.

RECOMMENDATIONS

We recommend SSA:

1. Take appropriate action to address the 57 underpaid and 47 overpaid recipients we identified.
2. Based on the results of the review of the error cases, determine the feasibility of reviewing the remaining 72,234 recipients in our population.
3. Consider improving controls to ensure employees process over-reported earnings alerts more timely, or document why this is not cost-effective.

AGENCY COMMENTS

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



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and sections of the Social Security Administration’s (SSA) policies and procedures.
- Obtained a data extract from the Supplemental Security Income (SSI) Diary Workload Control Application of 72,434 SSI recipients with J3 or S7 alerts pending for at least 6 months as of November 7, 2016. This included
 - 38,691 recipients with S7 alerts,
 - 29,039 recipients with J3 alerts, and
 - 4,704 recipients with both S7 and J3 alerts.
- Reviewed a random sample of 200 SSI recipients to identify improper payments SSA had not identified because it had not worked the alerts timely. To do so, we reviewed information from the following SSA systems as well as information from SSA’s data-exchange agreement with the Work Number (TWN).¹
 - Supplemental Security Record (SSR)
 - Claims File Records Management System (CFRMS)
 - Electronic folder
 - Modernized Supplemental Security Income Claims System Wage Screen (IWAG)
 - Detailed Earnings Query (DEQY)
 - National Directory of New Hires (NDNH)
 - Interstate Benefits Inquiry (IBIQ)

¹ TWN is a SSA-approved wage verification company that maintains an up-to-date database of wage earners’ information. Upon wage earners’ authorization, employees may request wage information from TWN to verify wages when pay slips are unavailable. SSA, *POMS, SI–Supplemental Security Income*, ch. SI 008, subch. SI 00820.147, sec. A and C.2 (July 7, 2016).

To determine the amount of the improper payments, we:

- Calculated the total amount payable to each recipient based on any actual earnings documented in TWN, the SSR, CFRMS, the electronic folder, IWAG, DEQY, NDNH, and IBIQ for the period beginning 2 years before the alert through the date of the alert.² We relied on the SSI eComputations application to calculate the amounts payable to the recipients.
- Compared the payable amount we calculated to the amount SSA paid the recipient according to the SSR for the same period.³

We conducted our review between January and October 2017 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

² For sampled recipients with both J3 and S7 alerts, we reviewed the period beginning 2 years before the earliest alert through the date of the latest alert. We relied on the earnings information in SSA's systems and did not verify its accuracy.

³ If we determined the improper payment to be less than \$71, we considered the error amount immaterial and considered the case accurate. SSA's cost to collect an SSI overpayment in Fiscal Year 2016 was \$71. For consistency, we applied the same threshold for underpayment errors.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Sampling

We established our population as detailed in Appendix A.

Table B–1: Sample Size

Sample Size	200
Total Population	72,434

Sample Errors and Projections

From the 200 sampled Supplemental Security Income (SSI) recipients with over-reported earnings alerts pending longer than 6 months, we determined the Social Security Administration (SSA) made improper payments to 104 recipients (52 percent), totaling approximately \$139,000. We divided these errors into two categories: underpaid SSI recipients and overpaid SSI recipients.

Underpaid SSI Recipients

From the 200 sampled SSI recipients, SSA underpaid 57 recipients about \$78,000 during the 2 years before the alert date.¹ Accordingly, we estimate about 21,000 recipients received approximately \$28 million less than their eligible monthly payments (see Table B–2).

Table B–2: Underpaid SSI Recipient Errors and Projections

Description	Number of Recipients	Underpaid Amount
Sample Results	57	\$77,703
Population Projection	20,644	\$28,141,772
Projection – Lower Limit	16,857	\$18,397,363
Projection – Upper Limit	24,780	\$37,886,180

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

¹ For sampled recipients who had both J3 and S7 alerts, we reviewed the period beginning 2 years before the earliest alert through the date of the latest alert.

Overpaid SSI Recipients

Of the 200 sampled SSI recipients, SSA overpaid 47 recipients about \$61,000 during the 2 years before the alert date.² Accordingly, we estimate over 17,000 recipients received approximately \$22 million more than their eligible monthly payments (see Table B–3).

Table B–3: Overpaid SSI Recipient Errors and Projections

Description	Number of Recipients	Overpaid Amount
Sample Results	47	\$60,883
Population Projection	17,022	\$22,049,931
Projection – Lower Limit	13,505	\$14,085,688
Projection – Upper Limit	20,971	\$30,014,174

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

² For sampled recipients who had both J3 and S7 alerts, we reviewed the period beginning 2 years before the earliest alert through the date of the latest alert.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: December 19, 2017 **Refer To:** S1J-3

To: Gale Stallworth-Stone
Acting Inspector General

From: Stephanie Hall
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Pending Supplemental Security Income Alerts Related to Over-Reported Earnings" (A-07-17-50264) -- 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 (OIG) DRAFT REPORT, "PENDING SUPPLEMENTAL SECURITY INCOME ALERTS RELATED TO OVER-REPORTED EARNINGS" (A-07-17-50264)

As responsible stewards of our resources and taxpayer funds, we remain focused on the integrity of our programs, including minimizing improper payments. We base the correct amount of a Supplemental Security Income (SSI) payment for a month, in part, on the wages and other income of the recipient and of the recipient's spouse or parents if the beneficiary is under age 18. Because even a relatively minor change in wages can affect the amount of an SSI payment, it is important that we receive information concerning any wages which could impact a recipient's payment as soon as possible, and act on it timely, to avoid paying too much or too little SSI.

Below are our responses to the recommendations. We also provided a technical comment at the staff level.

Recommendation 1

Take appropriate action to address the 57 underpaid and 47 overpaid recipients we identified.

Response

We agree.

Recommendation 2

Based on the results of the review of the error cases, determine the feasibility of reviewing the remaining 72,234 recipients in our population.

Response

We agree.

Recommendation 3

Consider improving controls to ensure employees process over-reported earnings alerts more timely, or document why this is not cost-effective.

Response

We agree.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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- press releases
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