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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**USING MEDICARE CLAIM  
DATA TO IDENTIFY  
DECEASED BENEFICIARIES**

**August 2012**

**A-08-09-19105**

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**AUDIT REPORT**

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

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

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

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

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

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



# SOCIAL SECURITY

## MEMORANDUM

Date: August 2, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Using Medicare Claim Data to Identify Deceased Beneficiaries (A-08-09-19105)

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) could use enhanced Medicare claim data to better identify deceased beneficiaries.

## BACKGROUND

In 2001, SSA implemented a Medicare Non-Usage Project (MNUP) by matching data from all 20 segments of the Master Beneficiary Record (MBR)<sup>1</sup> with data from the Centers for Medicare and Medicaid Services (CMS) to determine whether Title II<sup>2</sup> beneficiaries age 96 or older had used Medicare during the previous 3 years. When CMS reported no activity, SSA concluded the beneficiaries were likely deceased. However, SSA determined that only 5 percent of the targeted beneficiaries was deceased or could not be located.<sup>3</sup> The data match did not successfully screen out many of the remaining beneficiaries who were alive. SSA subsequently suspended MNUP because of limited resources.

CMS enhanced its databases after the initial MNUP review to include more information about beneficiaries who are living in nursing homes, are in health maintenance organizations (HMO), or have private health insurance. The purpose of our review was to determine whether this additional information will allow SSA to screen out a larger percentage of beneficiaries who are alive and better identify deceased beneficiaries using less time and fewer resources.

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<sup>1</sup> The MBR is an electronic file that contains personally identifiable information for all Title II beneficiaries.

<sup>2</sup> SSA administers the Old-Age, Survivors and Disability Insurance program under Title II of the *Social Security Act*. This program provides monthly benefits to retired and disabled workers, including their dependents and survivors. *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

<sup>3</sup> SSA identified about \$25.5 million in erroneous payments.

Although SSA suspended MNUP, it implemented the Centenarian Project to ensure it pays benefits to eligible living centenarians. In Fiscal Year (FY) 2011, SSA completed over 9,000 interviews and detected over \$8.7 million in overpayments due to unreported deaths. In this review, SSA conducted face-to-face interviews with individuals age 102 and older. In its FY 2012 review, SSA plans to include all beneficiaries age 100 and older, but will only conduct face-to-face interviews if it cannot establish the beneficiary's identity during a telephone interview. To establish an individual's identity, SSA will request beneficiaries to provide specific personally identifiable information.

To accomplish our objective, we obtained, from 2 of the 20 segments of SSA's MBR, a data extract of 177,176 individuals age 90 or over (as of February 1, 2011) with a residential address in the United States, enrolled in Medicare, and in current payment status. After matching SSA and CMS data files, we reduced this population to 1,192 beneficiaries who did not use Medicare from 2007 through 2009. We further refined this population to 485 beneficiaries with residential addresses in a postal zone within 60 miles of an Office of Audit (OA) field office.<sup>4</sup> From this population, we randomly selected and attempted to contact 125 beneficiaries to determine whether they were alive and entitled to benefits. See Appendix B for additional information regarding our scope and methodology.

## RESULTS OF REVIEW

Based on the results of our review, we believe SSA can use enhanced Medicare claim data to better identify deceased beneficiaries. Because such data include additional information on beneficiaries who are alive and living in nursing homes, are enrolled in HMOs, or have private health insurance, we believe SSA can screen out a large percentage of beneficiaries and better identify deceased beneficiaries using less time and fewer resources. For example, SSA either terminated or suspended the benefits of 44<sup>5</sup> (35 percent) of our 125 sample beneficiaries, which is significantly higher than the 5 percent SSA found in its 2002 MNUP project. The following table summarizes our results as of July 2012.

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<sup>4</sup> OA field office locations are Atlanta, Georgia; Baltimore, Maryland; Birmingham, Alabama; Boston, Massachusetts; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Falls Church, Virginia; Kansas City, Missouri; New York, New York; Philadelphia, Pennsylvania; and Richmond, California. We also included beneficiaries with addresses in selected postal codes in Southern California and South Florida. We selected beneficiaries with addresses near OA field offices to enhance our ability to conduct timely interviews. We had no reason to believe these beneficiaries were more or less likely to be deceased.

<sup>5</sup> This excludes beneficiaries who were purportedly out of the country, and SSA terminated them for death during our fieldwork.

| Status of Beneficiaries               | Number of Beneficiaries |
|---------------------------------------|-------------------------|
| <b>Alive</b>                          | 52                      |
| <b>Deceased</b>                       |                         |
| Benefits Terminated <sup>6</sup>      | 23                      |
| Benefits Suspended (Probable Death)   | 6                       |
| <b>Purportedly Out of the Country</b> |                         |
| Benefits Suspended                    | 10                      |
| Benefits Updated with Foreign Address | 13                      |
| Benefits Terminated for Death         | 3                       |
| Current Payment Status                | 4                       |
| <b>Whereabouts Unknown</b>            |                         |
| Benefits Suspended                    | 5                       |
| <b>Died During Fieldwork</b>          | 9                       |
| <b>Total</b>                          | <b>125</b>              |

Based on our findings, we estimate that SSA overpaid 890 deceased beneficiaries about \$99 million.<sup>7</sup> Further, we estimate that over the next 12 months, SSA will pay about \$9 million in additional overpayments to these deceased beneficiaries. In addition, we estimate that about 1,160 beneficiaries were living outside the United States and did not report their address change to SSA and about 190 beneficiaries' whereabouts were unknown. These are conservative estimates because they exclude beneficiaries who did not live near an OA field office.<sup>8</sup> Furthermore, we believe it is likely that many of the beneficiaries with suspended benefits are deceased. We reached this conclusion because they did not contact SSA to reinstate their benefits.

We believe SSA has opportunities to better identify deceased beneficiaries. Based on the significant increase in the percentage of beneficiaries whose benefits SSA either terminated or suspended, we believe it would be cost-effective for SSA to conduct Medicare non-usage reviews to better identify deceased beneficiaries. According to SSA, it is negotiating a *Computer Matching and Privacy Protection Act* agreement with CMS to obtain Medicare non-use information for Title II beneficiaries age 90 and older. In addition, given that seven beneficiaries died overseas and about one in every four was purportedly living outside the United States, we believe SSA should continue expanding the use of electronic death exchange information with foreign governments willing to share such information. We also believe SSA should continue working with the banking industry (as allowed under law) to find inactive accounts of deceased beneficiaries.

<sup>6</sup> While deaths have been confirmed for all 23 beneficiaries, benefits for 2 of these individuals will not be officially terminated until SSA receives their death certificates from the respective vital statistics offices.

<sup>7</sup> The MBR is divided into 20 segments, with each segment representing 5 percent of all records. We identified a population of 23 deceased beneficiaries with about \$2.6 million in payments after death from 2 segments of the MBR. For the 2 segments under review, we estimate approximately 89 beneficiaries had about \$9.9 million in payments after death (see Table C-2 in Appendix C). As a result, we estimate that approximately 890 beneficiaries (89 x 10) had approximately \$99 million in payments after death (\$9,899,280 x 10) for the entire MBR.

<sup>8</sup> See Appendix C for a detailed explanation of our sampling methodology.

## DECEASED BENEFICIARIES

We determined that 23 (18 percent) of our 125 sample beneficiaries were deceased, and SSA was generally unaware of these deaths.<sup>9</sup> Based on our findings, we estimate that SSA overpaid 890 deceased beneficiaries about \$99 million.<sup>10</sup> Further, we estimate that over the next 12 months, SSA will pay deceased beneficiaries about \$9 million in additional overpayments. We believe these are conservative estimates because they exclude beneficiaries who did not live near an OA field office.

As of July 2012, SSA had terminated the benefits of 21 of the 23 deceased beneficiaries.<sup>11</sup> The dates of death ranged from 1982 to 2011, and these beneficiaries had been deceased an average 12 years.

SSA suspended the benefits of six additional beneficiaries because it was likely they were deceased (based on information we obtained from a relative, neighbor, or bank). For example, one beneficiary's neighbor told us the beneficiary died a few years ago, and SSA suspended the benefits. SSA suspended payments to these six beneficiaries between September 2011 and May 2012. As of July 2012, these beneficiaries had not attempted to reinstate their benefits. Although we believe these beneficiaries are deceased, they may remain in suspense for 7 years because SSA policy requires that death be verified before it will terminate benefits.<sup>12</sup> The following examples illustrate overpayments made to deceased beneficiaries.

- One beneficiary had been deceased for 29 years and was overpaid \$307,900. Office of Investigations (OI) is presenting this case for criminal prosecution.<sup>13</sup>
- One beneficiary had been deceased for 19 years and was overpaid \$223,900. OI is presenting this case for criminal prosecution.
- One beneficiary had been deceased for 21 years and was overpaid \$212,400. OI is investigating.

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<sup>9</sup> We identified two beneficiaries who had a date of death on their own MBR, but they were still receiving benefits under their spouse's record.

<sup>10</sup> As of July 2012, SSA had recovered \$442,111 of the benefits paid after death.

<sup>11</sup> While deaths have been confirmed for all 23 beneficiaries, benefits for 2 of these individuals will not be officially terminated until SSA receives their death certificates from the respective vital statistics offices.

<sup>12</sup> SSA, POMS, GN 02602.320F (May 3, 2006) and GN 02602.071C (September 21, 2011).

<sup>13</sup> This beneficiary was also included in SSA's Centenarian Project. We attempted to contact the beneficiary around the same time SSA determined the beneficiary's death.

- One beneficiary had been deceased for 18 years and was overpaid \$195,800. OI is investigating.
- One beneficiary had been deceased for 9 years and was overpaid \$69,000. After receiving our request to interview the beneficiary, an individual who had been receiving the beneficiary's benefits via direct deposit contacted an attorney and provided a check for the full amount of the overpayment.

## **BENEFICIARIES PURPORTEDLY LIVING OUTSIDE THE UNITED STATES**

SSA instructs beneficiaries to report any address change even if the Agency sends payments to a bank or other financial institution.<sup>14</sup> In addition, SSA policy states that a beneficiary who has lived abroad for longer than 3 months may not use a U.S. mailing address.<sup>15</sup> However, we determined that 30 (24 percent) of the 125 sample beneficiaries were purportedly living outside the United States and did not report their address change to SSA. Based on our findings, we estimate that about 1,160 beneficiaries were living outside the United States. This is a conservative estimate because it excludes beneficiaries who did not live near an OA field office.

SSA suspended benefits for 26 of these 30 beneficiaries. As of July 2012, 10 of these beneficiaries remained in suspended payment status. We believe it is likely that some of these beneficiaries were deceased because they did not contact SSA to reinstate their benefits. For example, SSA suspended payments to one beneficiary in November 2011 and suspended payments to seven beneficiaries in February 2012. To date, the beneficiaries have not attempted to reinstate their benefits.

Although SSA had initially suspended the benefits of 16 additional beneficiaries, it updated the MBR to reflect a foreign address for 13 beneficiaries and placed these beneficiaries back in current payment status. SSA placed the remaining three beneficiaries back in current payment status but did not update their addresses to show they were living outside the United States. SSA did not suspend the benefits for one additional beneficiary living in Italy because their representative payee lived in the United States. Because SSA did not conduct face-to-face interviews with these beneficiaries, we had no assurance they were alive.

SSA also terminated benefits for three beneficiaries who died while purportedly living in Guatemala, Mexico, and Thailand, respectively.<sup>16</sup>

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<sup>14</sup> SSA, Publication No. 05-10137, June 2011.

<sup>15</sup> SSA, POMS, GN 02401.080B (April 20, 2004).

<sup>16</sup> We did not include these beneficiaries in the deceased category because we referred them to SSA as purportedly living outside the United States. SSA subsequently terminated the beneficiaries' benefits for death, with no resulting overpayments.

The following examples illustrate beneficiaries purportedly living outside the United States.

- One beneficiary's son told us the beneficiary had lived in Israel for the last 8 to 10 years. The beneficiary had traveled to and from Israel but fell and could no longer travel. SSA suspended the beneficiary's benefits in February 2012. We believe this beneficiary may be deceased because she has not attempted to reinstate her benefits.
- One beneficiary's daughter told us the beneficiary lived in Barbados. SSA suspended the beneficiary's benefits in February 2012. We believe this beneficiary may be deceased because he has not attempted to reinstate his benefits.
- One beneficiary purportedly moved back to Mexico "years ago." SSA suspended the beneficiary's benefits in November 2011. We believe this beneficiary may be deceased because she has not attempted to reinstate her benefits.

Although beneficiaries may be alive and living outside the United States, SSA is at risk of paying benefits to non-citizens who do not meet residency requirements. According to the *Social Security Act*, unless a beneficiary meets one of a number of exceptions, SSA cannot pay benefits to aliens who reside outside the United States for 6 full calendar months. After the beneficiary is absent for 6 months and SSA suspends payments, the beneficiary cannot resume benefits until they have been back in the United States for 1 full calendar month.<sup>17</sup> As such, we believe SSA should review all non-citizen beneficiaries in our sample who are living outside the United States to determine whether they meet alien non-payment provisions.

## **BENEFICIARIES WHOSE WHEREABOUTS ARE UNKNOWN**

Despite numerous attempts to determine whether our 125 sample beneficiaries were alive, we could not determine the whereabouts of 5 (4 percent). Based on our findings, we estimate that about 190 beneficiaries' whereabouts were unknown. This is a conservative estimate because it excludes beneficiaries who did not live near an OA office. SSA suspended the benefits for these five beneficiaries in February 2012. We believe there is a high probability that some of these beneficiaries are deceased because they did not contact SSA to reinstate their benefits. OI is reviewing all five of these cases.

## **OPPORTUNITIES FOR SSA TO BETTER IDENTIFY DECEASED BENEFICIARIES**

SSA has opportunities to better identify deceased beneficiaries and reduce overpayments. We believe SSA can use CMS' enhanced databases to screen out a large percentage of beneficiaries and identify deceased beneficiaries using less time and fewer resources. Given the significant percentage of beneficiaries whose benefits

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<sup>17</sup> *Social Security Act* § 202(t), 42 U.S.C. § 402(t), SSA, POMS, RS 02610.001A (February 2, 2012), and SSA, POMS, RS 02610.010A (March 27, 2012).

SSA either terminated or suspended from our review, we believe it would be cost-effective for SSA to conduct Medicare non-use reviews to identify deceased beneficiaries. According to SSA, it is negotiating a *Computer Matching and Privacy Protection Act* agreement with CMS to obtain Medicare non-utilization information for Title II beneficiaries age 90 and older. We believe SSA should continue working with CMS to establish a data use agreement to identify aged beneficiaries who have not used Medicare for several years.

Given that about one in every four sample beneficiaries was purportedly living outside the United States (and seven beneficiaries died overseas), we believe SSA should continue expanding the use of electronic death exchange information with foreign governments willing to share such information. We acknowledge that SSA exchanged death information with selected countries and planned to expand such exchanges to all 24 totalization agreement partners<sup>18</sup> over a 3-year period. However, SSA did not have a death exchange agreement with six foreign countries where we identified deceased beneficiaries.<sup>19</sup> Further, SSA did not exchange death information with eight countries<sup>20</sup> where SSA suspended benefits for nine beneficiaries in our sample, some of whom SSA may eventually terminate for death.

We also believe SSA should continue working with the banking industry (as allowed under law) to find inactive accounts of deceased beneficiaries. We identified several instances where banks were maintaining accounts that had been inactive for many years, with the exception of direct deposits of SSA benefit payments. In a February 2004 report, we determined that SSA had deposited over \$1 million into dormant bank accounts of 15 deceased beneficiaries. Based on our recommendation, SSA agreed to initiate Treasury reclamations to retrieve SSA funds held in these dormant accounts.<sup>21</sup> The following examples illustrate payments made to bank accounts of deceased beneficiaries.

- One beneficiary had been deceased for 26 years, and SSA had deposited over \$163,000 into her account.
- One beneficiary had been deceased for over 12 years, and SSA had deposited over \$122,000 into his account.

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<sup>18</sup> Totalization agreements are between the United States and certain foreign countries to eliminate dual Social Security taxation that occurs when a worker from one country works in another country and is required to pay Social Security taxes to both countries on the same earnings. These agreements also allow workers who have divided their careers between the United States and another country to combine work credits for both countries to become eligible for benefits.

<sup>19</sup> We identified deceased beneficiaries in Colombia, Dominican Republic, Haiti, Ireland, Mexico, and the Philippines.

<sup>20</sup> SSA does not exchange death information with Barbados, China, England, Greece, Israel, Jamaica, Mexico, and the Philippines.

<sup>21</sup> SSA OIG, *Social Security Funds Held in Dormant Bank Accounts* (A-02-03-23080), February 2004, pages 3, 5, and 6.

- One beneficiary had been deceased for 11 years, and SSA had deposited over \$62,000 into her account.

While we recognize that financial institutions have no incentive to report inactive accounts, we believe SSA has a stewardship responsibility to ensure it properly pays beneficiaries, thus avoiding overpayments. In fact, Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, November 2009,<sup>22</sup> states that agencies “. . . must make every effort to confirm that the right recipient is receiving the right payment for the right reason at the right time.” In keeping with the intent and spirit of this Order, we encourage SSA to be proactive in working with the banking community to identify inactive bank accounts of deceased beneficiaries.

## CONCLUSION AND RECOMMENDATIONS

We commend SSA for its efforts to identify deceased beneficiaries, including the Centenarian Project. However, based on the results of this audit, we estimate that hundreds of aged beneficiaries were deceased, some were purportedly living outside the United States, and we could not locate others. When the Agency does not receive timely death reports, overpayments occur. As such, we believe SSA would benefit by taking additional steps to better identify deceased beneficiaries.

Accordingly, we recommend that SSA:

1. Continue working with CMS to establish a data use agreement to identify aged beneficiaries who are not using Medicare and use this information to conduct MNUP reviews.
2. Work the remaining 1,067 cases in our universe (who are in current payment status and not part of the Centenarian Project) to determine whether these beneficiaries are alive. We will provide these cases under separate cover.
3. Review all non-citizen beneficiaries in our sample who are alive and living outside the United States to determine whether they meet alien nonpayment provisions. We will provide these cases under separate cover.
4. Continue expanding the use of electronic death exchange information with foreign governments who are willing to share such information to ensure the Agency does not continue to pay beneficiaries who die while living outside the United States.
5. Continue working with the banking industry (as allowed under law) to find inactive bank accounts of deceased beneficiaries, thus avoiding overpayments.

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<sup>22</sup> *Presidential Documents*, 74 Fed. Reg. 62201 (Nov. 25, 2009).

## AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix D for the full text of SSA's comments.

## OTHER MATTERS

While refining our population, we identified 32 beneficiaries who (1) were in SSA's records but not in the data files CMS provided or (2) had a date of death on the Numident but were in current payment status. The following table summarizes our results.

| Status of Beneficiaries        | Number of Beneficiaries |
|--------------------------------|-------------------------|
| Alive                          | 16                      |
| Deceased                       | 15                      |
| Purportedly Out of the Country |                         |
| Suspended                      | 1                       |
| <b>Total</b>                   | <b>32</b>               |

We determined that 15 (47 percent) of the 32 beneficiaries were deceased. Twelve of these 15 beneficiaries had a date of death on the Numident but remained in current payment status. One beneficiary had a date of death on her MBR but continued receiving benefits under her spouse's record. We determined the two remaining beneficiaries were deceased based on a nursing home report and a family member. The dates of death ranged from 1997 to 2008, and these beneficiaries had been deceased an average 7 years. SSA overpaid these 15 beneficiaries over \$1 million since their deaths.

Prior OIG reports also identified problems with beneficiaries who had a date of death on the Numident, but SSA had not terminated their benefits.<sup>23</sup> Because this is an ongoing issue, we encourage SSA to determine the living status of all beneficiaries with a date of death on the Numident and terminate benefits where appropriate.



Patrick P. O'Carroll, Jr.

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<sup>23</sup> SSA OIG, *Title II Beneficiaries Whose Benefits Have Been Suspended and Who Have a Date of Death on the Numident* (A-09-10-10117), April 2011, page 2 and SSA OIG, *Payments to Individuals Whose Numident Record Contains a Death Entry* (A-06-08-18095), June 2009, page 2.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

## Acronyms

|           |  |
|-----------|--|
| CMS       | Centers for Medicare and Medicaid Services |
| Fed. Reg. | Federal Register                           |
| FY        | Fiscal Year                                |
| HMO       | Health Maintenance Organization            |
| MBR       | Master Beneficiary Record                  |
| MNUP      | Medicare Non-Usage Project                 |
| OA        | Office of Audit                            |
| OI        | Office of Investigations                   |
| OIG       | Office of the Inspector General            |
| POMS      | Program Operations Manual System           |
| SSA       | Social Security Administration             |
| U.S.C.    | United States Code                         |

# Scope and Methodology

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration’s (SSA) policies and procedures, applicable laws, and regulations.
- Obtained a data extract from 2 of the 20 segments of SSA’s Master Beneficiary Record (MBR). This file comprised 177,176 beneficiaries age 90 and older (as of February 1, 2011) with a residential address in the United States, enrolled in Medicare, and in current payment status.
- Obtained usage files from the Centers for Medicare and Medicaid Services (CMS) for 2007 through 2009.
- Matched SSA and CMS data files and reduced our population to 1,225 beneficiaries who did not use Medicare in 2007, 2008, or 2009. We excluded beneficiaries who had accruals for medical services, such as inpatient, outpatient, skilled nursing facility, durable medical equipment, or home health visit claims. We also excluded beneficiaries who had health maintenance organization coverage, had other insurance, or were deceased.<sup>1</sup>
- Refined the population of 1,225 beneficiaries by excluding those beneficiaries who were no longer in current payment status or appeared in SSA’s records but not in the files CMS provided.<sup>2</sup> These exclusions reduced our population to 1,192 beneficiaries. We then refined the population by excluding beneficiaries who did not live in a postal zone within 60 miles of an Office of Audit (OA) field office or in select postal codes in South Florida or Southern California.<sup>3</sup> The result was 485 beneficiaries who met our criteria.
- Selected a random sample of 125 beneficiaries.

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<sup>1</sup> We reviewed the MBR for beneficiaries who had benefits terminated due to death. We also examined each beneficiary’s Numident to determine whether a death was posted, and the beneficiary remained in current payment status. We referred these “Numident” deaths to our Office of Investigations for review.

<sup>2</sup> We placed these beneficiaries in a separate population to determine why they did not appear in CMS’ files.

<sup>3</sup> We selected beneficiaries with addresses near OA field offices to enhance our ability to conduct timely interviews. We had no reason to believe these beneficiaries were more or less likely to be deceased.

- Obtained addresses and telephone numbers from the MBR and mailed letters to our sample beneficiaries. If we could not contact the beneficiary, we attempted to contact relatives and neighbors to determine the beneficiary's whereabouts. We also contacted banks to determine whether beneficiary accounts were active.
- Queried the Department of the Treasury's Check Information System to identify inconsistencies in signatures and to ensure that beneficiaries receiving their benefits via check were cashing the checks.
- Used online death searches to look for unreported beneficiary deaths.
- Conducted face-to-face interviews with beneficiaries at either their residence or a local Social Security field office. Although we did not conduct face-to-face interviews with five beneficiaries who were living in a CMS-approved nursing home, we confirmed that the beneficiaries were alive with nursing home personnel. Neither we nor SSA conducted face-to-face interviews with 30 beneficiaries who were purportedly alive and living outside the United States. As such, we had no assurance they were alive.
- Referred potentially deceased cases where fraud appeared to be involved or where the beneficiaries' whereabouts were unknown to our Office of Investigations. We referred beneficiaries who were purportedly living outside the United States or were deceased (but had no apparent fraud involved) to SSA.
- Determined the amount of overpayments for the deceased beneficiaries and calculated payments that SSA would continue to pay these beneficiaries for 12 months.

Our review of internal controls was limited to gaining an understanding of information contained on the MBR and Numident. We performed our audit at the OA field office in Birmingham, Alabama, and other OA locations nationwide. We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objectives.

The SSA entity audited was the Office of Public Services and Operations Support under the Office of the Deputy Commissioner for Operations. We conducted this audit from July 2011 through July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Sampling Methodology and Results

We obtained a data extract from 2 of the 20 segments of the Social Security Administration's (SSA) Master Beneficiary Record (MBR). We identified 1,192 beneficiaries age 90 or older (as of February 1, 2011) with a residential address in the United States, enrolled in Medicare, and in current payment status. These beneficiaries had no Medicare-related activity for 2007 through 2009. Based on the data extract, we identified a population of 485 beneficiaries with an address in a postal zone within 60 miles of an Office of Audit (OA) field office, or in select postal zones in South Florida and Southern California. We randomly selected 125 beneficiaries from this population to determine whether they were alive or deceased.

### Deceased Beneficiaries

Based on a random sample of 125 beneficiaries, we determined that 23 (18 percent) beneficiaries were deceased and overpaid \$2,551,361. Projecting these results to our population of 485 beneficiaries and all segments of the MBR, we estimate that SSA overpaid 890 deceased beneficiaries in the remaining segments of the MBR about \$99 million in payments after death. Over the next 12 months, SSA will pay these 23 deceased beneficiaries \$235,596. Projecting these results to our population of 485 beneficiaries and all segments of the MBR, we estimate that over the next 12 months, SSA will issue about \$9 million in additional overpayments. These are conservative estimates because they exclude the estimated 7,000 beneficiaries who did not live near an OA field office, in South Florida, or in Southern California.

### Beneficiaries Purportedly Living Outside the United States

Based on a random sample of 125 beneficiaries, we determined that 30 (24 percent) beneficiaries were purportedly living outside the United States and did not report their address change to SSA. Projecting these results to our population of 485 beneficiaries and all segments of the MBR, we estimate that about 1,160 beneficiaries are purportedly living outside the United States.

### Beneficiaries Whose Whereabouts are Unknown

Based on a random sample of 125 beneficiaries, we determined that 5 (4 percent) beneficiaries' whereabouts are unknown. Projecting these results to our population of 485 beneficiaries and all segments of the MBR, we estimate that about 190 beneficiaries' whereabouts are unknown. The following tables provide the details of our sample results and statistical projections.

**Table C-1 – Population and Sample Size**

| Description     | Number of Beneficiaries |
|-----------------|-------------------------|
| Population Size | 485                     |
| Sample Size     | 125                     |

**Table C-2 – Deceased Beneficiaries**

| Description              | Number of Beneficiaries | Overpayments |
|--------------------------|-------------------------|--------------|
| Sample Results           | 23                      | \$2,551,361  |
| Point Estimate           | 89                      | \$9,899,280  |
| Projection – Lower Limit | 66                      | \$6,522,250  |
| Projection – Upper Limit | 117                     | \$13,276,311 |
| Estimate to Entire MBR   | 890                     | \$98,992,800 |

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

**Table C-3 – Overpayments to Deceased Beneficiaries over the Next 12 Months**

| Description              | Number of Beneficiaries | Future Overpayments |
|--------------------------|-------------------------|---------------------|
| Sample Results           | 23                      | \$235,596           |
| Point Estimate           | 89                      | \$914,112           |
| Projection – Lower Limit | 66                      | \$642,473           |
| Projection – Upper Limit | 117                     | \$1,185,752         |
| Estimate to Entire MBR   | 890                     | \$9,141,120         |

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

**Table C-4 – Beneficiaries Purportedly Living Outside the United States**

| Description              | Number of Beneficiaries |
|--------------------------|-------------------------|
| Sample Results           | 30                      |
| Point Estimate           | 116                     |
| Projection – Lower Limit | 91                      |
| Projection – Upper Limit | 146                     |
| Estimate to Entire MBR   | 1,160                   |

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

**Table C-5 – Beneficiaries Whose Whereabouts are Unknown**

| Description              | Number of Beneficiaries |
|--------------------------|-------------------------|
| Sample Results           | 5                       |
| Point Estimate           | 19                      |
| Projection – Lower Limit | 9                       |
| Projection – Upper Limit | 37                      |
| Estimate to Entire MBR   | 190                     |

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

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** July 19, 2012 **Refer To:** S1J-3

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

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

**Subject:** Office of the Inspector General Draft Report, "Using Medicare Claim Data to Identify Deceased Beneficiaries" (A-08-09-19105)--INFORMATION

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

Please let me know if we can be of further assistance. You may direct staff inquiries to Amy Thompson at (410) 966-0569.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “USING MEDICARE CLAIM DATA TO IDENTIFY DECEASED BENEFICIARIES” (A-08-09-19105)**

**Recommendation 1**

Continue working with the Centers for Medicare and Medicaid Services (CMS) to establish a data use agreement to identify aged beneficiaries who are not using Medicare and use this information to conduct Medicare Non-Usage Project reviews.

**Response**

We agree.

**Recommendation 2**

Work the remaining 1,067 cases in our universe (who are in current payment status and not part of the Centenarian Project) to determine whether these beneficiaries are alive.

**Response**

We agree. We will include the 1,067 cases in our data exchange with CMS. We will assess these cases under our 2013 Medicare Non-Usage Project.

**Recommendation 3**

Review all non-citizen beneficiaries in our sample who are alive and living outside the United States to determine whether they meet alien nonpayment provisions. We will provide these cases under separate cover.

**Response**

We agree.

**Recommendation 4**

Continue expanding the use of electronic death exchange information with foreign governments who are willing to share such information to ensure the agency does not continue to pay beneficiaries who die while living outside the United States.

**Response**

We agree.

**Recommendation 5**

Continue working with the banking industry (as allowed under law) to find inactive bank accounts of deceased beneficiaries, thus avoiding overpayments.

**Response**

We agree.

## OIG Contacts and Staff Acknowledgments

### ***OIG Contacts***

Kimberly A. Byrd, Director, Atlanta Audit Division

Jeff Pounds, Audit Manager, Birmingham Office of Audit

### ***Acknowledgments***

In addition to those named above:

Janet Matlock, Senior Auditor

Ken Coward, IT Specialist

Kathy Yawn, Senior Auditor

Jordan Sherman, Auditor

For additional copies of this report, please visit our Website at <http://oig.ssa.gov/> or contact the Office of the Inspector General's Public Affairs Staff at (410) 965-4518. Refer to Common Identification Number A-08-09-19105.

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The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.