



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Beneficiaries Whose Payments Have
Been Suspended and Who Have
Death Information on the Numident

A-09-15-15039 | December 2018



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: December 21, 2018

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Beneficiaries Whose Payments Have Been Suspended and Who Have Death Information on the Numident (A-09-15-15039)

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 adequate controls to ensure it resolved death information on the Numident for beneficiaries whose payments it had suspended.

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

Beneficiaries Whose Payments Have Been Suspended and Who Have Death Information on the Numident

A-09-15-15039



December 2018

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it resolved death information on the Numident for beneficiaries whose payments it had suspended.

Background

When SSA receives a death report, it should terminate the decedent's benefits, record the death on the Numident and payment records, and initiate recovery for any payments issued after death.

SSA uses the Death Information Processing System to add death information to the Numident, change death information already on the Numident, or remove erroneous death information from the Numident. SSA's Death Alert Tracking System (DATS) contains a list of death alerts that employees must resolve.

In a 2011 audit, we found that SSA needed to improve controls to ensure it took timely and proper actions to resolve suspended beneficiaries' death information on the Numident.

For this review, we identified 3,406 beneficiaries whose payments SSA had suspended for address, representative payee development, or miscellaneous reasons and had death information on the Numident.

Findings

We continue to find that SSA needs to improve controls to ensure it takes timely and proper actions to resolve suspended beneficiaries' death information on the Numident. Based on our random sample, we estimate 1,907 beneficiaries remained in suspended payment status despite the death information on the Numident. Of these, we estimate SSA improperly paid 988 beneficiaries about \$6.6 million. Generally, this occurred because SSA systems did not always generate alerts for suspended beneficiaries with death information on the Numident or include all alerts in DATS. Therefore, SSA employees did not resolve death information on the Numident for these beneficiaries.

Recommendations

We recommend that SSA:

1. Evaluate the results of its corrective actions for the 56 beneficiaries in our sample and determine whether it should take corrective action for the remaining population of 3,406 suspended beneficiaries who have death information on the Numident.
2. Develop controls for suspended beneficiaries with death information on the Numident to ensure they are resolved in a timely manner.

SSA agreed with our recommendations.

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ABBREVIATIONS

DATS	Death Alert Tracking System
DIPS	Death Information Processing System
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to ensure it resolved death information on the Numident¹ for beneficiaries whose payments it had suspended.

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) program under Title II of the *Social Security Act*. This program provides monthly benefits to retired and disabled workers, including their dependents and survivors.² Benefits are not payable for the month of the beneficiary's death or later.³ When SSA receives a death report, it should terminate the decedent's benefits, record the date of death on the Numident and payment records, and initiate recovery for any payments issued for the month of death or later.⁴

In December 2015, SSA implemented the Death Information Processing System (DIPS) to add death information to the Numident, change death information already in the Numident, or remove erroneous death information from the Numident. Generally, a DIPS entry automatically records the death information to a beneficiary's Master Beneficiary Record (MBR).⁵ SSA employees must control and monitor the beneficiary's record to ensure information is correctly recorded on both the Numident and MBR.⁶ SSA uses death information from the Numident to create a record of death information called the Death Master File.

¹ The Numident contains personally identifiable information for each individual who has been issued a Social Security number.

² *Social Security Act*, 42 U.S.C. §§ 401, 402 (govinfo.gov 2017).

³ SSA, *POMS*, GN 02408.005.C (December 4, 2013).

⁴ SSA, *POMS*, GN 02408.600.A (November 6, 2014) and GN 02602.050.A (October 30, 2017).

⁵ The MBR is a file of all current and previously entitled OASDI beneficiaries. SSA establishes the record when it receives an initial claims action.

⁶ SSA, *POMS*, GN 02602.050.A (October 30, 2017) and GN 02602.051.A (October 5, 2017).

SSA may suspend benefits when it cannot obtain or verify a beneficiary's address or when mail sent to the beneficiary is returned as undeliverable.⁷ SSA may also suspend benefits while it searches for a representative payee⁸ for a beneficiary.⁹ Finally, SSA may suspend beneficiaries for miscellaneous reasons, such as when a beneficiary is not lawfully present in the United States, his/her whereabouts are unknown, or it is necessary for SSA employees to develop proof of death.¹⁰

SSA's systems generate death alerts for employees to resolve when (1) they must verify a third-party death report for a beneficiary, (2) the decedent's name on the payment record does not match the Numident, (3) SSA did not use DIPS to input death information, or (4) death information is on the Numident but not the MBR. SSA's Death Alert Tracking System (DATS) contains a list of death alerts that employees must resolve.¹¹

In a 2011 audit,¹² we found SSA needed to improve controls to ensure it took timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimated 4,699 beneficiaries remained in suspended pay status despite the death information on the Numident. Of these, we estimated SSA improperly paid 2,976 beneficiaries approximately \$23.8 million. Our report included several recommendations for corrective action. SSA agreed with our recommendations.

For our current review, we identified 3,406 beneficiaries whose payments SSA had suspended for address, representative payee development, or miscellaneous reasons and had death information on the Numident. This represents a new population of beneficiaries since our 2011 audit. From this population, we selected a random sample of 100 beneficiaries for review (see Appendix B).

⁷ SSA, *POMS*, GN 02605.055.B (April 8, 2014).

⁸ A representative payee is an individual or organization that receives and manages the payments of beneficiaries who cannot manage or direct the management of their benefits because of youth or mental and/or physical impairments.

⁹ SSA, *POMS*, GN 00504.110.A (April 15, 2016).

¹⁰ SSA, *POMS*, HI 01005.806 (March 15, 1999) and GN 00304.001 (March 25, 2008).

¹¹ SSA, *POMS*, GN 02602.065.A (January 15, 2016).

¹² 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).

RESULTS OF REVIEW

We continue to find that SSA needs to improve controls to ensure it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. Based on our random sample, we estimated 1,907 beneficiaries remained in suspended payment status despite the death information on the Numident. Of these, we estimated SSA improperly paid 988 beneficiaries about \$6.6 million (see Appendix B). Generally, this occurred because SSA systems did not always generate alerts for suspended beneficiaries with death information on the Numident or include all alerts in DATS. Therefore, SSA employees did not resolve death information on the Numident for these beneficiaries.

Procedures for Identifying Payments to Deceased Beneficiaries

When SSA receives a death report for a beneficiary, it should initiate action to terminate benefits, record the date of death on the Numident and payment records, and initiate recovery for any payments issued after death. If SSA receives a death report from a first party (for example, a relative or State Bureau of Vital Statistics), it should terminate benefits without verification. SSA must verify death reports received from all other sources before it terminates benefits.¹³ DIPS processes the death information, records the death on the Numident, and passes the death information to the MBR to terminate the benefits.

SSA's systems should generate death alerts for employees to resolve when (1) they must verify a third-party death report for the beneficiary, (2) the decedent's name on the payment record does not match the Numident, (3) SSA did not use DIPS to input death information, or (4) death information is on the Numident but not the MBR. SSA's DATS contains a list of death alerts employees must resolve.¹⁴

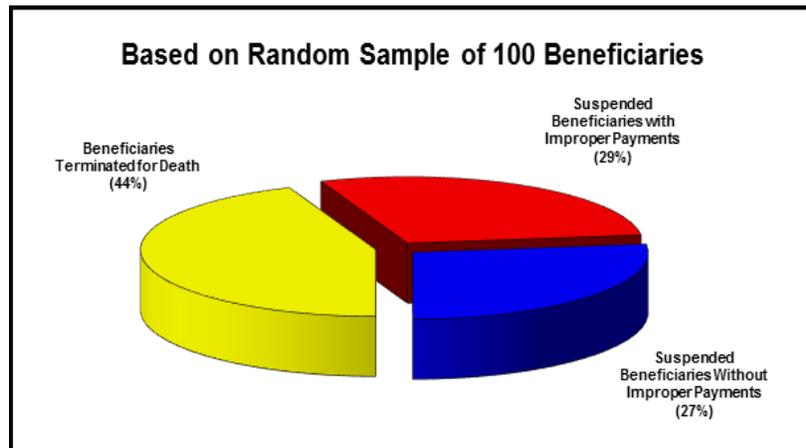
Suspended Beneficiaries Who Have a Date of Death on the Numident

SSA did not properly resolve benefit suspensions for 56 (56 percent) of the 100 beneficiaries in our sample. Of the 56 beneficiaries, 29 had improper payments, and 27 did not. SSA properly terminated the benefits of the remaining 44 beneficiaries. Figure 1 summarizes the results of our review.

¹³ SSA, *POMS*, GN 02602.050 (October 30, 2017).

¹⁴ SSA, *POMS*, GN 02602.065 (January 15, 2016).

Figure 1: Suspended Beneficiaries Who Have a Date of Death on the Numident



SSA did not properly resolve the benefit suspensions for 56 beneficiaries. SSA received death reports for these beneficiaries and recorded the deaths on the Numident. However, SSA did not use the death information to terminate benefits. As of January 2018, the 56 beneficiaries had been in suspended payment status from 11 to 104 months after SSA recorded their death information on the Numident.¹⁵ In addition, 14 of the 56 beneficiaries had death information recorded on another MBR. While SSA recorded death information on another MBR, it did not take action to terminate benefits on the suspended payment record. Of the 56 beneficiaries in suspense, 20 received payments after death, and 9 had withheld benefits that were payable to their survivors or legal representative of their estate. In January 2018, we referred the 56 cases to SSA for appropriate action. As of April 2018, SSA had terminated benefits for death and recorded death information on the MBR for all 56 beneficiaries.

Beneficiaries Who Received Payments After Death

Under the OASDI program, benefits are not payable for the month of the beneficiary's death or later.¹⁶ When SSA receives a death report, it should terminate the decedent's benefits and initiate recovery for any payments issued for the month of death or later.¹⁷ If SSA does not terminate benefits on the decedent's payment record timely, it could make improper payments to the deceased beneficiary and/or their survivors. We found that SSA had issued payments totaling \$176,556 to 20 beneficiaries after their month of death that were not returned or recovered. For these beneficiaries, as of January 2018, the number of months of payments issued after the month of death ranged from 2 to 86 months.¹⁸

¹⁵ The mean was 44 months. The median was 33 months.

¹⁶ SSA, *POMS*, GN 02408.005.C (December 4, 2013).

¹⁷ SSA, *POMS*, GN 02408.600.A (November 6, 2014) and GN 02602.050.A (October 30, 2017).

¹⁸ The mean was 23 months. The median was 15 months.

For example, in August 2012, SSA suspended benefits to a beneficiary for address reasons. In March 2011, SSA received a death report and recorded a date of death on the beneficiary's Numident of December 1, 2010. Although SSA recorded the death information on the Numident, it did not take action to terminate benefits and initiate recovery of benefits issued after the beneficiary's death. As a result, the beneficiary had \$18,514 in improper payments after death.

We referred the 20 cases to SSA for appropriate action. SSA terminated their benefits for death and took appropriate action to initiate recovery of improper payments issued after death.

Beneficiaries Who Had Withheld Benefits Payable

When SSA determines it underpaid a deceased beneficiary, employees must determine the proper recipient of the underpayment. SSA pays underpayments due the decedent to the surviving spouse, surviving children, other family members, or the estate's legal representative.¹⁹ We found that SSA had suspended the payments of nine beneficiaries before their month of death, and \$17,269 in benefits was payable to their survivors or the estate's legal representative. For these beneficiaries, as of January 2018, the number of months of benefits withheld in suspense before the month of death ranged from 1 to 13 months.²⁰

For example, in September 2014, SSA suspended benefits to a beneficiary for address reasons. In December 2014, SSA received a death report and recorded a date of death on the beneficiary's Numident as of November 21, 2014. Although SSA recorded the death information on the Numident, it did not take action to terminate benefits. Consequently, SSA did not determine whether the benefits in suspense from September through November 2014, totaling \$2,142, were payable to the beneficiary's survivors or legal representative of the estate.

We referred the nine cases to SSA for appropriate action. SSA terminated their benefits for death and took appropriate action to determine the amount of underpayments payable to the beneficiary's survivors or legal representatives. In addition, SSA sent letters to the beneficiaries' last known addresses to identify proper recipients for the underpayments.

¹⁹ *Social Security Act*, 42 U.S.C. § 404 (govinfo.gov 2017) and SSA, *POMS*, GN 02301.030.A (October 10, 2017).

²⁰ The mean was 4 months. The median was 2 months.

Corrective Actions Taken in Response to Prior Audit

In a 2011 audit,²¹ we found SSA needed to improve controls to ensure it took timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimated 4,699 beneficiaries remained in suspended pay status despite the death information on the Numident. Of these, we estimated SSA improperly paid 2,976 beneficiaries approximately \$23.8 million. We recommended that SSA (1) take appropriate action for the beneficiaries in our sample, (2) identify and take correction on the remaining population of beneficiaries with death information on the Numident, (3) determine whether it should review beneficiaries terminated for death with unresolved improper payments, and (4) improve controls to ensure beneficiaries in suspense with death information on the Numident are resolved in a timely manner.

To determine whether SSA took corrective action for the beneficiaries in the prior audit, we obtained the most recent payment status for the prior audit population of 6,527 beneficiaries. Of the 6,527 beneficiaries, SSA had terminated the benefits of 6,311 (97 percent) as of August 2018.²²

In response to our prior audit, SSA stated it would further enhance electronic processes for monitoring alerts, and those enhancements would assist in improving accuracy. However, our current review disclosed that SSA did not always monitor alerts for beneficiaries who were suspended and had a date of death on the Numident. For the 56 suspended beneficiaries in our sample, SSA's systems should have generated an alert.²³ However, SSA informed us that, as of March 2018, its systems had not generated alerts for 30 of these 56 suspended beneficiaries.²⁴ Although alerts were generated for the remaining 26 beneficiaries, only 1 of the alerts was in DATS (55 of the 56 beneficiaries were not in DATS). According to SSA, DATS did not display alerts for all suspended beneficiaries who have a date of death on the Numident. As a result, SSA employees did not resolve death information on the Numident for the 55 beneficiaries. For the remaining beneficiary who was included in DATS, SSA was resolving the death information on the Numident.

²¹ 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).

²² Of the 216 beneficiaries not terminated for death, 169 were still suspended for address development or miscellaneous reasons, 34 were in non-pay status or had been terminated for reasons other than death, and 13 were in current pay status and the death information on the Numident had been removed.

²³ Of the 56 suspended beneficiaries, SSA recorded death information on the Numident for 33 beneficiaries before SSA implemented DIPS in December 2015, and 23 after.

²⁴ Of the 56 suspended beneficiaries, SSA already took appropriate action to terminate benefits for 3 beneficiaries on or before February 2018; therefore, alerts would not be generated in February and March 2018 for those beneficiaries.

CONCLUSIONS

We continue to find that SSA needs to improve controls to ensure it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. Based on our random sample, we estimate 1,907 beneficiaries remained in suspended payment status despite the death information on the Numident. Of these, we estimate SSA improperly paid 988 beneficiaries about \$6.6 million (see Appendix B). Generally, this occurred because SSA systems did not always generate alerts for suspended beneficiaries with death information on the Numident or include all alerts in DATS. Therefore, SSA employees did not resolve death information on the Numident for these beneficiaries.

RECOMMENDATIONS

We recommend SSA:

1. Evaluate the results of its corrective actions for the 56 beneficiaries in our sample and determine whether it should take corrective action for the remaining population of 3,406 suspended beneficiaries who have death information on the Numident.
2. Develop controls for suspended beneficiaries with death information on the Numident to ensure they are resolved in a timely manner.

AGENCY COMMENTS

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



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

From the Social Security Administration's (SSA) Master Beneficiary Record (MBR) and Numident, we obtained a data extract of beneficiaries whose benefits SSA suspended and who had a date of death on the Numident as of February 2017. From this extract, we identified 3,406 deceased beneficiaries whose benefits SSA had suspended for address, representative payee development, or miscellaneous reasons and had a date of death recorded on the Numident from March 2009 through February 2017. From this population, we selected a random sample of 100 beneficiaries for review.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA's Program Operations Manual System;
- interviewed SSA employees from the Offices of Operations, Systems, and Retirement and Disability Policy;
- reviewed queries from SSA's MBR, Payment History Update System, Numident, Treasury Check Information System, Claims File User Interface, Death Alert Tracking System, and Online Retrieval System; and
- determined the amount of payments issued to beneficiaries after death and withheld benefits payable to the beneficiaries' survivors or legal representative of their estate.

We determined the computer-processed data from the Numident and MBR were sufficiently reliable for our intended purpose. We tested data to determine their completeness and accuracy. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted our audit work in Richmond, California, and Baltimore, Maryland, from January to July 2018. The entities audited were the Offices of the Deputy Commissioners for Operations and Systems.

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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

From the Social Security Administration’s (SSA) Master Beneficiary Record and Numident, we obtained a data extract of beneficiaries whose benefits SSA suspended and who had a date of death on the Numident as of February 2017. From this extract, we identified 3,406 deceased beneficiaries whose benefits SSA had suspended for address, representative payee development, or miscellaneous reasons and had a date of death recorded on the Numident from March 2009 through February 2017. From this population, we selected a random sample of 100 beneficiaries for review.

Our review disclosed that 56 beneficiaries remained in suspended payment status despite the death information on the Numident. Of these, 29 beneficiaries had improper payments totaling \$193,825. This consisted of (1) 20 beneficiaries who were suspended after the month of death and received payments after death totaling \$176,556 that were not returned or recovered and (2) 9 beneficiaries who were suspended before the month of death and had withheld benefits totaling \$17,269 that were payable to their survivors or legal representative of their estate.

The following tables provide the details of our sample results and statistical projections.

Table B–1: Population and Sample Size

Description	Beneficiaries
Population Size	3,406
Sample Size	100

Table B–2: Suspended Beneficiaries with a Date of Death on the Numident

Description	Beneficiaries
Sample Results	56
Point Estimate	1,907
Projection - Lower Limit	1,615
Projection - Upper Limit	2,191

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

Table B–3: Suspended Beneficiaries with Improper Payments

Description	Beneficiaries	Payments
Sample Results	29	\$193,825
Point Estimate	988	\$6,601,693
Projection - Lower Limit	739	\$3,082,085
Projection - Upper Limit	1,268	\$10,121,301

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: December 18, 2018 Refer To: SIJ-3

To: Gale S. Stone
Acting Inspector General

Stephanie Hall

From: Stephanie Hall
Acting Deputy Chief of Staff

Subject: Office of the Inspector General's Draft Report, "Beneficiaries Whose Payments Have Been Suspended and Who Have Death Information on the Numident" (A-09-15-15039) -- 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 Trae Sommer at (410) 965-9102.

Attachment

SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “BENEFICIARIES WHOSE PAYMENTS HAVE BEEN SUSPENDED AND WHO HAVE DEATH INFORMATION ON THE NUMIDENT” (A-09-15-15039)

GENERAL COMMENTS

Since 2011, we have made progress in decreasing improper payments associated with death. In December 2015, we implemented the Death Information Processing System (DIPS) that ensures death data from internal and external sources is consolidated and used to update death information on the Numident and other SSA systems, including the Master Beneficiary Record. We would note that in the 56 error cases OIG identified, 33 of them occurred prior to our implementation of DIPS. Although we have made progress in death processing, we recognize we can do more to ensure timely action for suspended beneficiaries who have death information on their Numidents. Accordingly, we will continue to explore new mechanisms and controls to ensure timely termination of benefits for all beneficiaries whose Numident records reflect death information.

Recommendation 1

Evaluate the results of its corrective actions for the 56 beneficiaries in our sample and determine whether it should take corrective action for the remaining population of 3,406 suspended beneficiaries who have death information on the Numident.

Response

We agree.

Recommendation 2

Develop controls for suspended beneficiaries with death information on the Numident to ensure they are resolved in a timely manner.

Response

We agree.

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