

Report Summary

Social Security Administration Office of the Inspector General

June 2010



Objective

To determine why incorrect payment dates were included in some 2010 Cost-of-Living Adjustment (COLA) notices sent to beneficiaries and to assess the steps the Social Security Administration (SSA) took to prevent a recurrence. We also determined the costs related to the erroneous 2010 COLA notices and whether the notices met other quality standards.

Background

SSA mailed 2010 COLA notices in early December 2009. While Social Security beneficiaries did not receive a COLA in January 2010 because the Consumer Price Index did not increase, SSA still sent a COLA notice to its beneficiaries since it contained other important information. Since June 1997, SSA has delivered recurring Old-Age, Survivors and Disability Insurance benefits on 4 days throughout the month: on the third of the month and on the second, third and fourth Wednesdays of the month.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-02-10-20107.pdf>

2010 Cost-of-Living Adjustment Notices with Incorrect Payment Dates (A-02-10-20107)

Our Findings

On December 8, 2009, SSA determined that 2010 COLA notices sent to over 7 million beneficiaries contained incorrect payment dates. An additional 7 million notices with inaccurate payment dates were printed but not mailed. The payment delivery date for beneficiaries with payment cycles two, three, and four were inaccurate. The notices incorrectly stated the payment dates for these three cycles were 1 week earlier than the actual payment dates.

SSA used a contracted vendor to print and mail the 2010 COLA notices. The vendor added beneficiary-specific information to each COLA notice as directed by Vendor Display Rules provided by SSA. The Vendor Display Rules contained the incorrect payments dates, which eventually were added to the 2010 COLA notices.

SSA sent an apology notice to those who received the inaccurate COLA notices. The apology notice informed each recipient of the correct payment dates. SSA also reprinted notices to replace the incorrect ones that were printed but not mailed. In total, SSA incurred over \$3 million in additional costs due to the error in the COLA notices.

Matters for Consideration

SSA should consider expanding the validation process to ensure its COLA notices are accurate. It should implement a cost-effective validation process to reduce the risk of releasing COLA notices with inaccurate information. An improved system is warranted given the additional costs and workloads incurred when mistakes occur.