

Controls over Supplemental Security Income Applicants/Recipients' Transferring Ownership of Resources

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) accurately processed cases when Supplemental Security Income (SSI) applicants/recipients transferred ownership of a resource for less than fair market value (FMV).

Background

Transferring ownership of resources for less than FMV can result in an SSI ineligibility period of up to 36 months. Accordingly, SSA must determine whether applicants or recipients transferred any resources for less than FMV. SSA staff uses the Property/Cash Given or Sold (RGIV) screen in the Modernized Supplemental Security Income Claims System to determine the length of SSI ineligibility periods, if any. If an ineligibility period applies, staff manually records it on the Supplemental Security Record (SSR) and manually prepares a notice to inform the applicants or recipients about the decision.

We reviewed a random sample of 200 recipients who transferred resources worth between \$735 and \$500,000 for less than FMV from January 2012 through September 2016. We also reviewed the 37 cases in our population with transferred resource values over \$500,000.

Findings

SSA did not always accurately process cases when applicants or recipients transferred resources for less than FMV. In 68 (29 percent) of 237 cases we reviewed, SSA did not accurately record in the SSR the SSI ineligibility period caused by resource transfers. In 46 of these cases, the inaccuracies resulted in approximately \$141,000 in payment errors.

We also found that SSA staff did not accurately compute the ineligibility period on the RGIV screen. These inaccuracies were often transferred to the SSR, which led to the payment errors. In addition, SSA failed to send required notices to 123 of the 237 recipients we reviewed. In another six cases, SSA issued a notice, but either the ineligibility period was inaccurately stated in the notice or the wrong notice was sent.

Projecting the results to our population, we estimate SSA inaccurately recorded the ineligibility period due to transferred resources in the SSR records of about 2,423 recipients and improperly paid about 1,604 of these recipients approximately \$4.5 million because of these errors.

Recommendations

We recommend that SSA:

1. Review the eligibility of the 46 cases we determined were improperly paid and take appropriate corrective action, as needed.
2. Reinforce with staff through its field office training sessions how to accurately determine ineligibility periods caused by transfers of resources for less than FMV.
3. Determine the value of automating the transfer of ineligibility periods calculated on the RGIV screen to the SSR. If it adds value, make that change.
4. Determine the value of automating the release of the required notices. If it adds value, make that change.

SSA agreed with our recommendations.