

Institutionalized Beneficiaries Who Have Earnings

A-02-17-50140



August 2018

Office of Audit Report Summary

Objective

To determine the accuracy of earnings records that led to increased benefit payments to institutionalized Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries.

Background

The Social Security Administration (SSA) is responsible for maintaining accurate individual earnings records, including wages and self-employment income. SSA uses the earnings information to calculate benefit amounts for all eligible beneficiaries.

At times, SSA updates beneficiaries' records with earnings they did not earn. Generally, unless a beneficiary recognizes the overstated earnings and disclaims them, the earnings will remain overstated in SSA's records, and SSA may pay the individual more benefits than he/she should receive. According to the *Social Security Act*, earnings records can be revised within 3 years, 3 months, and 15 days of the year in which wages were paid, with some exceptions.

We identified 6,653 beneficiaries who had earnings posted to their records for years after they began residing in institutions and had Primary Insurance Amount (PIA) increases because of the earnings. From this group, we reviewed 243 beneficiaries' records.

Findings

In 192 of the 243 cases we reviewed, earnings records that led to increased benefit payments to institutionalized OASDI beneficiaries were generally accurate. However, in 24 of the 243 cases, the beneficiaries or their representative payees reported the earnings did not belong to them. Because the earnings raised the beneficiaries' PIA, they received higher monthly benefit payments to which they were not entitled. Accordingly, the beneficiaries were improperly paid approximately \$194,000. Projecting these results to our population, we estimate 247 beneficiaries were improperly paid approximately \$887,000 because of erroneous earnings added to their records after they began residing in institutions.

SSA will be unable to revise the erroneous earnings records or reduce the related benefit increases for 12 of the 24 beneficiaries because of a statutory time limitation. Therefore, the Agency cannot collect over \$168,000 of the \$194,000 in improper payments. The Agency corrected 2 of the remaining 12 cases on its own accord, and we forwarded the other 10 cases during our audit so the Agency could correct them before the time limitations applied, which the Agency did.

Finally, while SSA has a control in place to help prevent erroneous earnings from being posted when beneficiaries previously reported erroneous earnings, five beneficiaries in our sample had erroneous earnings posted after they reported erroneous earnings in the past.

Recommendations

1. Determine whether there is value in reviewing the earnings records of the remaining institutionalized beneficiaries in our population.
2. Determine whether there is value in establishing a control to identify PIA increases caused by earnings added to the records of beneficiaries after they began residing in institutions.
3. Re-examine the controls to prevent the erroneous posting of earnings for individuals with previously removed or disclaimed earnings.

SSA agreed with our recommendations.