Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits
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Objective

To determine whether the Social Security Administration (SSA) should have initiated recovery of Old-Age, Survivors and Disability Insurance (OASDI) overpayments after a contingently liable beneficiary stopped receiving benefits.

Background

An OASDI overpayment occurs when SSA pays a beneficiary more than he/she is due for a given period. When the overpaid person is not due a benefit and additional efforts to collect from the overpaid person are unsuccessful, any beneficiary receiving benefits on the same Social Security record as the overpaid person can be held liable for repaying an overpayment. This is known as contingent liability. SSA will cease recovery efforts from a contingently liable beneficiary when benefits are suspended or terminated, the overpaid person re-establishes eligibility, or SSA grants a waiver of recovery.

We identified 5,720 beneficiaries with an overpayment established under SSA's contingent-liability policy. As of March 2018, SSA had terminated benefits for these contingently liable beneficiaries and stopped its collection efforts for the contingently liable overpayments, totaling over $17.7 million.

Findings

Of the $17.7 million in overpayments, SSA should have initiated recovery of over

- $2.6 million through benefit adjustments by removing the uncollected debt from 1,030 terminated contingently liable beneficiaries and resuming recovery from the overpaid person or from another contingently liable beneficiary on the overpaid record and

- $15.1 million by removing the uncollected debt from 4,690 terminated contingently liable beneficiaries and transferring the balance to the overpaid person for an immediate payment or until future recovery was available.

According to SSA, staff is not alerted to all records that allow for continued benefit adjustments. Further, when benefit adjustments are not available, SSA's systems do not prompt staff to remove the balance and re-establish the debt to the original debtor.

Recommendations

We recommend SSA:

1. Review the 1,030 terminated contingently liable records and take action to adjust benefits.

2. Review and take action to remove the overpayment balance from the 4,690 terminated contingently liable beneficiaries and transfer the debt balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools.

3. Establish controls to remove the outstanding debt from terminated contingently liable beneficiaries and transfer the balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools when available.

SSA agreed with our recommendations.