

# Processing of Deferred Old-Age, Survivors and Disability Insurance Cases with a High Risk of Benefit Payment Error

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Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) correctly processed deferred Old-Age, Survivors and Disability Insurance (OASDI) cases it identified as having a high risk of benefit payment error.

### Background

In a deferred OASDI case, SSA withholds an individual's monthly benefit to collect prior incorrect payments or past-due Medicare premiums. An erroneous benefit deferral can occur if a technician incorrectly updates a beneficiary's record.

The Agency designed systems to alert staff of errors in updating individuals' records. However, staff could still make an error without causing a system alert. As a second line of review, in 2008, SSA deployed a program to identify cases with a high risk of error that leads to deferred benefits on individuals' records. Therefore, the technician must review and correct the record as quickly as possible because the beneficiary's payments have stopped.

We identified 19,661 cases that SSA's program classified as having a high risk of error in deferring payment of OASDI benefits based on the information gathered from program service centers (PSC) 2 through 6 for Fiscal Year 2017.

### Findings

SSA did not always correctly process cases it identified as having a high risk of error in deferring payment of OASDI benefits. Of the 100 sampled beneficiary records we reviewed, SSA did not correctly process 66 it identified as having a high risk of error. Of the 66 errors, 54 resulted in improper payments. This included approximately \$115,000 in overpayments and \$87,000 in underpayments. We found four types of payment errors: (1) incorrect manual overpayment adjustments, (2) inaccurate manual adjustments to Medicare premiums owed, (3) failure to release underpayments, and (4) failure to take corrective action. We project SSA incorrectly processed the deferred cases for about 13,000 beneficiaries, which resulted in incorrect payments of approximately \$40 million to about 11,000 beneficiaries.

Additionally, we identified two beneficiaries who had incorrect overpayment amounts, totaling approximately \$6,000, posted to their records. Finally, SSA did not have consistent procedures among PSCs for identifying and correcting deferred benefit cases. Specifically, three of the eight PSCs did not use the program other PSCs used to identify deferred benefit cases.

### Recommendations

We made four recommendations for SSA to address the payment and procedural errors that resulted from incorrectly processed deferral cases identified as high risk and improve consistency in the identification and correction of these cases across all PSCs.

SSA agreed with our recommendations.