The Social Security Administration's Fiscal Year 2004 Through 2013 Accounts Receivable Balances
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SOCIAL SECURITY ADMINISTRATION
OIG

January 2015 **Office of Audit Report Summary**

Objective

To analyze and review trends in the Social Security Administration's (SSA) accounts receivable balances for Fiscal Years (FY) 2004 through 2013.

Background

SSA's accounts receivable balance with the public consists primarily of two debt groups: (1) Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) beneficiaries who received benefits in excess of their entitlement and (2) Supplemental Security Income (SSI) recipients who are no longer eligible to receive supplemental income or received payments in excess of their eligibility.

We analyzed the components of SSA's program accounts receivable balances: (1) ending receivables, (2) collections, (3) adjustments (including re-established overpayments), (4) amounts written off (including waivers and terminations), and (5) the allowance for doubtful accounts.

Lastly, we analyzed new receivable amounts compared to improper benefit overpayment amounts projected by the Office of Quality Review (OQR).

Findings

Based on our analysis of trends in SSA's accounts receivable balances for FYs 2004 through 2013, we determined (1) ending receivable balances increased for DI and Federal SSI, (2) collection amounts increased in each program, (3) adjustment amounts varied widely from year-to-year and program-to-program, and (4) the allowance for doubtful accounts amount continued to increase for the OASI and DI programs. From FYs 2011 to 2013, in general, SSA waived fewer debts; however, terminations for Federal SSI debts increased during the same period.

Although SSA increased the amount of debt it collected over our review period, we believe the Agency needs to do more to *prevent* incorrect payments to beneficiaries/recipients. The 2014 Trustees report projected that beneficiaries will deplete DI trust fund reserves in 2016 if no legislative action is taken before then. As such, SSA must be even more diligent in ensuring it is a good steward of these scarce resources. While we acknowledge SSA cannot eliminate every improper payment, we believe it needs to place an even higher priority on actions to prevent these debts before they occur.

Lastly, although we recognize the technical differences between SSA's accounts receivable and estimated annual improper payment amounts, we noted that the variances between the two were more significant than we believe one would reasonably expect. Specifically, when we compared the actual amount of new accounts receivable to the estimated amount of improper overpayments, as estimated by OQR's stewardship reviews, we identified significant differences ranging from approximately $100 million to approximately $2 billion in the years reviewed. We also noted neither actual new receivables nor OQR's estimated improper overpayment error amounts include estimated overpayment amounts as a result of SSA not performing the medical continuing disability review backlog and non-medical redetermination reviews.