

The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims

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Objective

To assess the Social Security Administration's (SSA) manual award process for initial Retirement and Survivors Insurance (RSI) claims.

Background

SSA technicians use the Modernized Claims System (MCS) to enter claims data for RSI applications. SSA advises technicians to process claims through the automated Earnings Computation (EC) system whenever possible. EC computes benefits, sends notices to the claimant, certifies payments to the Department of the Treasury, and creates the Master Beneficiary Record. Other advantages of adjudicating claims through EC include online edits and faster processing.

When a systems limitation prevents technicians from adjudicating claims through EC, they use a manual award process. Field office technicians document their benefit determinations on automated 101 screens. Then, technicians in program service centers complete the manual award through the Manual Adjustment, Credit, and Award Process.

We identified 390,835 initial RSI manual awards processed in Fiscal Year (FY) 2015. We selected a random sample of 250 cases from this population for review. For each case, we determined the systems limitation that prevented EC adjudication and the accuracy of the initial payment.

Findings

SSA did not accurately process about 20 percent of initial RSI manual awards in FY 2015. We estimated that SSA improperly paid beneficiaries more than \$44 million. We also estimated that uncorrected manual award errors resulted in about \$10 million in additional improper payments the following 12 months. We determined 2 percent of our sampled claims contained errors in both MCS applications and manual awards, resulting in over \$59,000 in improper payments. However, because we could not separate the dollar impact of the manual award from the MCS application errors, we did not include these cases in our improper manual award payment computations.

Manual awards had other adverse effects on SSA's claims processing. For example, it took SSA technicians, on average, 35 days longer to process manual awards than EC awards. Further, we estimated SSA spent over \$44 million in additional administrative expenses to process manual awards.

Given the errors and other adverse effects on claims processing, SSA should take steps to reduce the number of manual awards. This is important given the number and percent of manually processed RSI initial claims increased annually from FYs 2011 through 2016.

Recommendations

We recommend SSA:

1. Determine the feasibility of enhancing SSA systems to reduce common EC limitations.
2. Revise policy language to instruct technicians to separate cases involving multiple claimants and resolve systems limitations so they can process claims through EC whenever possible. In doing so, SSA should also advise technicians to verify EC benefit computations and process claims with a manual award if EC would incorrectly pay the beneficiary.

SSA agreed with our recommendations.