FY 2010 Improper Payments

Government-wide: $125 billion

- Social Security Administration: $8 billion
- Health and Human Services: $71.4 billion
- Department of Labor: $17.5 billion
Coordinating with OMB

- CIGIE asked Social Security IG to take a leadership role on improper payments

- SSA OIG serves as the Inspector General community liaison to work with OMB on implementing the
  - Executive Order to reduce improper payments
    November 2009
  - *Improper Payment Elimination and Recovery Act*
    July 2010
How Payment Errors Occur at SSA

- Social Security is responsible for over $700 billion in benefit payments to about 60 million people each month.

- Even the slightest error can result in millions of dollars in over- or underpayments.

- Payment amounts change over time.

- SSA relies heavily on beneficiary self-reporting.

- SSA needs timely, accurate data to identify and prevent improper payments in a cost effective manner.
Continuing Disability Reviews

- At SSA, one tool to avoid improper payments is performing continuing disability reviews.
- For every $1 spent on these reviews, SSA saves $12.
- Backlog of 1.4 million reviews not performed.
- OIG review found SSA would have avoided paying $1.1 billion during 2011 if the reviews in the backlog had been conducted when due.
SSA has not reviewed work activity for all beneficiaries with earnings.

In an April 2009 audit, we found about $1.4 billion overpaid to about 63,000 beneficiaries who worked.

We estimated SSA will continue to overpay about $382 million annually until it assesses these cases.

Performing these reviews has a $15 to $1 return.
Redeterminations of Non-medical Criteria

- SSA has not kept current with non-medical redeterminations which have a $7 to $1 return.

- July 2009 OIG review found a significant backlog of non-medical redeterminations.

- We estimated SSA could have saved an additional $3.3 billion in FYs 2008 and 2009 by conducting redeterminations at same level as FY 2003.
Cooperative Disability Investigations

- Joint effort by SSA and SSA OIG to prevent fraud in the disability programs before improper payments are made
- CDI units in 20 States
- Since its inception in 1998, the program has investigated over 30,000 disability claims
- About 78% of those claims were never paid benefits
- First half of FY 2011, CDI program identified over $200 million in projected savings
Prisoners Receiving Benefits

- OIG audits recommended SSA obtain incarceration data from Federal, State, and local prisons to stop improper payments to beneficiaries in prison.

- SSA estimated savings of over $580 million annually from matching prison data.
We recently completed 2 audits that recommended SSA use electronic data from third-party vendors to verify recipients’ resources.

We found that some recipients did not report real property and vehicles that affected their eligibility to benefits.

SSA could have prevented about $550 million in overpayments had its staff used LexisNexis to identify unreported vehicles.

If SSA used LexisNexis on all redeterminations and new claims, it could save about $350 million annually for a return on investment of $8 for every $1 spent to check LexisNexis for cases that appeared to have unreported real property.
Marriage/Divorce Data

- We have performed audits to identify marriage and divorce data that may impact payment amounts.

- We compared marriage data between SSA’s programs and found beneficiaries who had claimed a marriage that would entitle them to benefits under one program had reported they were unmarried under another program.

- About 2,000 recipients were overpaid $25 million.

- By stopping these payments, SSA could save about $7 million annually.
Using Multiple Identifies to Get Benefits

- Analyzed 60 million payment records to identify those who appeared to be getting benefits under multiple identifies.

- When analyzing SSNs and addresses, we identified 262 beneficiaries overpaid $12 million under different SSNs.

- When we analyzed parent’s names/other data fields under multiple SSNs at different addresses, we identified $3 million overpaid to 221 beneficiaries.
Payments After Death

- SSA maintains and shares publicly a file of deceased individuals who were issued an SSN
- We periodically compare the death file to SSA’s payment records
- Recent audit found SSA improperly paid over 6,000 beneficiaries after death
- SSA had paid about $40 million to the deceased beneficiaries we identified
Beneficiaries who receive SSA disability payments should have their payments reduced if they also receive Federal Employment Compensation Act (FECA) payments.

In October 2010 report, we identified $43 million in potential overpayments and recommended SSA develop a computer matching agreement with Dept. of Labor to identify SSA beneficiaries also receiving FECA compensation.
Foreign Country Data

- Many SSA beneficiaries reside overseas
- If SSA beneficiaries die while living overseas, SSA may not find out timely about the death
- We recommended SSA negotiate with foreign countries to obtain death data
Some SSA beneficiaries also receive pensions based on wages that were not subject to payroll taxes.

Such pensions must be reported to SSA so that benefits can be reduced as required by law.

In a recent audit, we reviewed beneficiaries who worked for a State or local government for at least 5 years, but who had not reported a pension to SSA.

We estimate SSA overpaid $624 million to 25,000 and will overpay another $870 million over their lifetimes.
Self-Financing Program Integrity Fund

- We recommended SSA pursue a self-financing program integrity fund to ensure stewardship activities are conducted timely and not depend on annual appropriations or be subject to management discretion.

- Provide authority for SSA to use a portion of overpayment collections on stewardship activities.

- Proposal would make available up to 25 percent of overpayments collected to re-invest in future program integrity activities.
Computer Matching and Privacy Protection Act

- Computer Matching Act delays efforts to detect improper payments and identify weaknesses that make Federal programs vulnerable to fraud, waste, and abuse.
- CIGIE has proposed an exemption to the Computer Matching Act for IG audits and investigations.
- In March 2010, Congress passed a law excluding HHS and its IG from certain aspects of the Computer Matching Act if the match is to identify potential fraud, waste, and abuse.
Questions?

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