

# Social Security Administration Office of the Inspector General



**FAEC**

**NOVEMBER 16, 2011**

# FY 2010 Improper Payments



<b>Government-wide</b>	<b>\$125 billion</b>
• <b>Social Security Administration</b>	<b>\$8 billion</b>
• <b>Health and Human Services</b>	<b>\$71.4 billion</b>
• <b>Department of Labor</b>	<b>\$17.5 billion</b>

# 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

# Disabled Beneficiaries Returning to Work



- 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**

# Income and Resources – Third Party 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**

# FECA and Disability Payments



- 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**

# State and Local Pension 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?



<http://oig.ssa.gov>

[improperpayments@ssa.gov](mailto:improperpayments@ssa.gov)