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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**FOLLOW-UP: SUPPLEMENTAL SECURITY  
INCOME OVERPAYMENTS TO RECIPIENTS  
IN TITLE XIX INSTITUTIONS**

July 2011

A-08-10-10138

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**AUDIT REPORT**

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**



# SOCIAL SECURITY

## MEMORANDUM

Date: July 11, 2011

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions (A-08-10-10138)

## OBJECTIVE

Our objectives were to (1) assess overpayments to Supplemental Security Income (SSI) recipients living in Title XIX institutions and (2) determine the status of corrective actions the Social Security Administration (SSA) had taken to address recommendations in our June 2006 report, *Supplemental Security Income Overpayments to Recipients in Title XIX Institutions* (A-08-06-16024).

## BACKGROUND

SSI payments are available under Title XVI of the *Social Security Act* to people who are aged, blind, or disabled and have limited income and resources.<sup>1</sup> Residence in a Title XIX institution<sup>2</sup> can affect an SSI recipient's eligibility and/or payment amount. Specifically, when SSI recipients are permanent residents of a Title XIX institution for a full calendar month and Medicaid pays over 50 percent of the costs for that care, the maximum SSI payment is limited to \$30 per month. The payment reduction is applicable beginning with the first full month of permanent residence.<sup>3</sup>

*The Social Security Domestic Employment Reform Act of 1994*<sup>4</sup> requires that certain Title XIX institutions (for example, nursing homes and other long-term care facilities—but not hospitals) report admissions of SSI recipients to SSA within 2 weeks of their admission. When SSA does not receive timely notification of an SSI recipient's admission, it may continue issuing payments for months after the month of admission. To detect and stop overpayments, SSA conducts a monthly match with the Centers for Medicare and Medicaid Services to identify SSI recipients' admissions to nursing

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<sup>1</sup> *Social Security Act* § 1611 (a)(1), 42 U.S.C. § 1382(a)(1).

<sup>2</sup> These include hospitals, nursing homes, psychiatric institutions, and intermediate care facilities.

<sup>3</sup> 20 C.F.R. § 416.414.

<sup>4</sup> Pub. L. No. 103-387, § 6, 108 Stat. 4071, § 6 (1994).

homes. This match produces D8 diary alerts that SSA sends to field offices for processing.<sup>5</sup> However, to a large extent, SSA relies on recipients and representative payees to self-report residency in a Title XIX institution.<sup>6</sup> In addition, SSA requires that its field offices work with institutions in their service areas to facilitate the flow of information regarding SSI recipients.<sup>7</sup>

To achieve our audit objectives, we visited three SSA field offices and four nursing homes, and contacted five other Title XIX institutions, to obtain an understanding of their procedures for reporting SSI recipients' admissions. We also determined whether these field offices improved their communication with institutions. In addition, we identified a population of 27,183 recipients whom SSA overpaid \$200 or more because they were admitted to a Title XIX institution in Calendar Year (CY) 2009. Figure 1 shows the CY 2009 overpayment ranges, associated number of recipients, and total overpayments.

**Figure 1: Overpayments in CY 2009 Population**

Low Range	High Range	Number of Recipients	Total Overpayments
\$200.00	\$500.00	4,316	\$1,560,340
500.01	1,000.00	9,932	6,666,748
1,000.01	2,000.00	9,146	13,588,341
2,000.01	8,000.00	3,789	13,035,026
<b>TOTAL</b>		<b>27,183</b>	<b>\$34,850,455</b>

From this population, we randomly selected a sample of 50 SSI recipients to determine the type of institution entered and recovery action taken by SSA. Further, we identified a population of 105,321 D8 diary alerts SSA sent to field offices from March 1, 2009 through February 28, 2010. From our population, we randomly selected 275 D8 diary alerts to determine whether an overpayment occurred and, if so, the amount. Appendix B contains a detailed discussion of our scope and methodology.

<sup>5</sup> SSA, POMS, SI 02310.064 A (November 19, 2003).

<sup>6</sup> SSA, POMS, SI 02301.005 A (November 5, 2007).

<sup>7</sup> SSA, POMS, SI 00520.730 A (June 13, 1996).

## RESULTS OF REVIEW

We are encouraged that SSA had taken steps to reduce and recover overpayments to SSI recipients living in Title XIX institutions. Specifically, SSA improved its overpayment recovery efforts; reduced the time it overpaid SSI recipients in Title XIX institutions; and made some improvement in processing D8 diary alerts timely. Despite SSA's efforts, since our 2006 review, the Agency had detected an additional \$191 million in overpayments to these recipients.<sup>8</sup> These overpayments generally occurred because Title XIX institutions did not report SSI recipients' living arrangement changes to SSA, as required by law. Additionally, although we noted improvements from our previous audit, field office personnel did not always process D8 diary alerts timely.

We recognize that SSA's ability to identify SSI recipients' admissions depends on others' prompt reporting. We also realize that steps SSA may take to facilitate the flow of information regarding the SSI population cannot eliminate all instances of unreported changes in living arrangements. Nonetheless, we believe there are opportunities for SSA to further prevent and detect overpayments to SSI recipients. For example, we believe SSA should provide more oversight to field offices that consistently do not process D8 diary alerts timely; increase the frequency with which field offices communicate with Title XIX institutions; and explore other methods that would enhance the flow of information regarding the SSI population.

## IMPROVEMENTS HAD BEEN MADE

Since our last review, SSA had improved its recovery efforts for overpayments resulting from SSI recipients' admissions to Title XIX institutions. Of the 50 overpayments we reviewed, SSA collected and pursued recovery of more overpayments and deemed fewer uncollectible, as shown in Figure 2.

**Figure 2: SSA's Overpayment Recovery Activities**

Overpayment Recovery Activities	CY 2009 Overpayment Amounts	Percentage of Total Overpayments <sup>9</sup>	
		CY 2009	CY 2004
<b>Total Collected</b>	\$28,544	43.8	32.2
<b>Recovery Action in Progress</b>	31,567	48.5	43.9
<b>Not Collected</b>	4,997 <sup>10</sup>	7.7	23.9
<b>Total Overpayments</b>	<b>\$65,108</b>	<b>100.0</b>	<b>100.0</b>

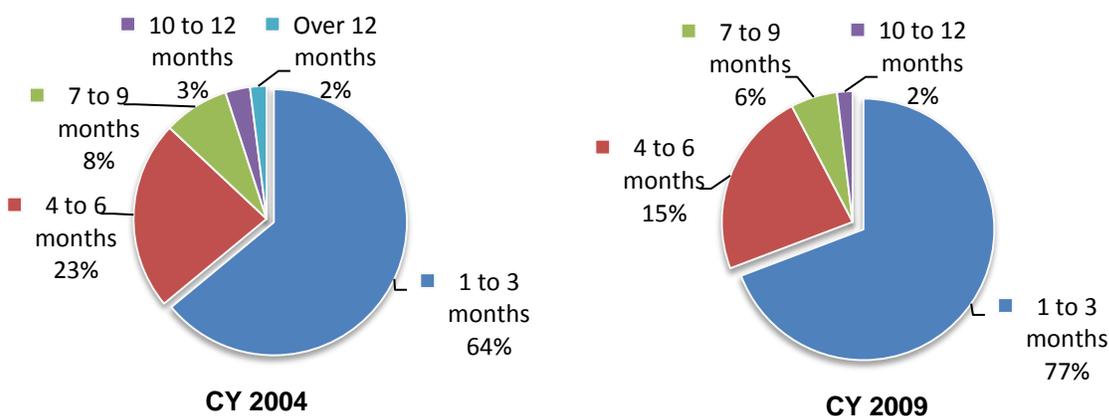
<sup>8</sup> We obtained the data used to calculate this figure from the Supplemental Security Record as of April 26, 2010.

<sup>9</sup> We reviewed 50 overpayments in our CY 2009 sample and 275 in our CY 2004 sample.

<sup>10</sup> For these CY 2009 overpayments, an SSA district office authorized the waiver of four overpayments, totaling \$3,220, and an SSA field office decided two were uncollectible, totaling \$1,777. For the two uncollectible overpayments, the recipients were deceased.

Similar to our previous review, we determined that nursing homes accounted for the majority of overpayments in our sample.<sup>11</sup> However, as shown in Figure 3, SSA reduced the time it overpaid SSI recipients who resided in Title XIX institutions. For example, contrary to our prior audit, our current sample did not contain a recipient overpaid more than 12 months.<sup>12</sup> In addition, SSA detected more overpayments in the first 3 months of occurrence. In fact, SSA overpaid the majority of recipients 3 months or less.

**Figure 3: Months SSI Recipients in Title XIX Institutions Were Overpaid in CYs 2004 and 2009**



Between 2005 and 2009, total overpayments to SSI recipients residing in Title XIX institutions increased by 16 percent.<sup>13</sup> This was due, in part, to an increase in the average monthly payment amount and number of individuals receiving SSI. During this time, the average monthly SSI payment increased from \$439 to \$499, and SSI enrollment increased from 7.1 to 7.7 million recipients.<sup>14</sup>

<sup>11</sup> In our previous review of CY 2004 overpayments, we determined that nursing homes accounted for 84 percent of overpayments; based on our current review of CY 2009 overpayments, nursing homes accounted for 80 percent.

<sup>12</sup> SSA OIG, *Supplemental Security Income Overpayments to Recipients in Title XIX Institutions* (A-08-06-16024), p.5, June 26, 2006. The overpayment sample consisted of CY 2004 data.

<sup>13</sup> Overpayments to SSI recipients residing in Title XIX institutions totaled \$34.7 million in CY 2005 and \$40.3 million in CY 2009.

<sup>14</sup> According to SSA, 2 percent of its SSI recipients resided in Title XIX institutions during 2005 and 2009. SSA, *SSI Annual Statistical Report*, 2005, (May 2007) and SSA, *SSI Annual Statistical Report*, 2009, (September 2010).

## **OBSTACLES CONTINUED TO HINDER SSA FROM PREVENTING OVERPAYMENTS**

While SSA made efforts to reduce and recover overpayments to SSI recipients in Title XIX institutions, it had detected over \$191 million in overpayments to these recipients since our prior review. Based on our current review of 50 overpayments, it took SSA from 4 to 12 months to detect that it overpaid 23 percent of the sample recipients, as shown in Figure 3. Overpayments to these recipients continued because SSI recipients or their representative payees did not always report changes in living arrangements; institutions did not always routinely report recipients' admissions; or field office personnel did not always process D8 diary alerts timely.

### **Recipients and Representative Payees Did Not Report Changes in Living Arrangements**

Although SSA policy requires that recipients and representative payees report admissions to Title XIX institutions,<sup>15</sup> field office personnel in our prior and current reviews told us individuals rarely reported such changes in their living arrangement. Personnel at one field office told us that when individuals do self-report, it is generally because of a change of address. Having this information sooner would allow SSA to make prompt adjustments to benefit payments and help reduce overpayments.

In our 2006 report, we recommended that SSA reemphasize to SSI recipients and representative payees the importance of reporting admissions to Title XIX institutions. In response, SSA issued Administrative Message (AM)-06128,<sup>16</sup> which reminded employees to focus on SSI recipients' and/or their representative payees' reporting responsibilities when interviewing them. To communicate SSI recipients' reporting requirements further, SSA included an electronic booklet<sup>17</sup> on its Website that lists reportable events, such as entering or leaving an institution.

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<sup>15</sup> SSA, POMS, SI 02301.005 A and B (November 5, 2007).

<sup>16</sup> SSA, AM-06128, *Reminder Items on Preventing Overpayments to SSI Recipients Who Enter Title XIX Institutions—One-Time-Only Instructions*, (June 6, 2006).

<sup>17</sup> SSA Publication No. 05-11011, *What You Need to Know When You Get Supplemental Security Income (SSI)*, revised June 2010.

## Title XIX Institutions Did Not Routinely Report Admissions

Field office personnel told us that Title XIX institutions rarely, if ever, reported SSI recipient admissions.<sup>18</sup> Field office personnel stated that this occurs because reporting requires additional work, and some institutions have a high turnover rate, which can result in staff being unaware of the reporting requirement. In addition, SSA has no legal authority to levy fines and penalties for not reporting.

In our 2006 review, the staff at 58 percent of the Title XIX institutions we contacted was unaware of the requirement to report SSI recipient admissions to SSA within 2 weeks,<sup>19</sup> and based on our current review, 44 percent of staff was unaware.<sup>20</sup> Staff members we interviewed at two institutions told us they only notified SSA of these admissions *if* the recipient signed a consent form allowing them to report the event. Upon learning of the legal requirement, one nursing home indicated it would begin notifying SSA of these admissions.

## Field Office Personnel Did Not Always Process D8 Diary Alerts Timely

Based on our sample, we concluded that SSA field office personnel processed 96 percent<sup>21</sup> of D8 diary alerts timely—a 3-percent improvement since our prior review. However, there are still a small number of D8 diary alerts, 4 percent, as shown in Figure 4, that field office staff did not process timely. Although SSA could not determine the cause for the delayed processing, one field office did not process one D8 diary alert for up to 4 months. The average processing time for these D8 diary alerts was 2 months (excluding a 30-day grace period), which resulted in an average overpayment of about \$909.<sup>22</sup>

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<sup>18</sup> SSA staff from two field offices stated that *nursing homes* and *hospitals* most often do not report SSI recipients' admissions to Title XIX institutions. However, staff members at another SSA field office indicated *hospitals* were more problematic in their area.

<sup>19</sup> *The Social Security Domestic Employment Reform Act of 1994*, Pub. L. No. 103-387, § 6, 108 Stat. 4071, § 6 (1994).

<sup>20</sup> In our 2006 review, 14 of the 24 institutions we contacted were not aware of the legal requirement to report SSI recipient admissions. In our current review, four of the nine institutions we contacted were not aware of the reporting requirement.

<sup>21</sup> This percentage includes D8 diary alerts with overpayments that SSA processed timely and those without overpayments.

<sup>22</sup> As in our previous review, to determine whether SSA processed D8 diary alerts promptly, we added 30 days to the date the field office received the alert. We calculated overpayments beginning with the subsequent month. Additionally, if SSA did not process the D8 diary alert by the recurring cutoff date each month, we did not consider the next payment an overpayment.

**Figure 4: Comparison of D8 Diary Alerts Processed**

<b>D8 Diary Alerts</b>	<b>Current Review<sup>23</sup></b>	<b>Prior Review<sup>24</sup></b>
Total Alerts	105,321	115,988
<b>Percentage of Sample Alerts <i>Not</i> Processed Timely</b>	<b>4.0</b>	<b>7.0</b>
Estimate of Alerts <i>Not</i> Processed Timely	3,830	7,592
<b>Estimate of Overpayments</b>	<b>\$3.5 million</b>	<b>\$5 million</b>

While we are encouraged that SSA processed most D8 diary alerts timely, delays in processing even a small percent of these alerts resulted in SSA overpaying millions of dollars to SSI recipients. In our previous report, we estimated that almost \$5 million in overpayments resulted from field office personnel not processing D8 diary alerts timely. In our current review, we estimate that the resulting overpayments totaled approximately \$3.5 million (see Appendix B, Table 1, for our sample results and projection).

Although SSA procedures require clearance of D8 diary alerts, SSA policy does not specify a timeframe for personnel to process them.<sup>25</sup> In our 2006 report, we recommended that SSA establish methods by which field office personnel should promptly resolve D8 diary alerts resulting from recipients' admissions to Title XIX institutions and monitor compliance with these procedures. In response, SSA stated that it released AM-06128, which included a reminder to field offices to monitor diary workloads through the SSI Diary Workload Website on ChiNet<sup>26</sup> to ensure the staff works these diaries in a timely manner. According to field office supervisors we interviewed, they ensure that the staff processes D8 diary alerts within 30 days or before month-end. However, if field office personnel do not process D8 diary alerts timely, SSA will continue contributing to overpayments. Should the situation remain unchanged, we estimate that, over the next year, SSA will not process about 3,800 D8 diary alerts timely, resulting in approximately \$3.5 million in additional overpayments.<sup>27</sup>

<sup>23</sup> In our current review, we determined that SSA did not process 10 (4 percent) of 275 alerts timely, resulting in \$9,086 in overpayments. These alerts occurred from March 1, 2009 through February 28, 2010.

<sup>24</sup> In our prior review, we determined that SSA did not process 18 (7 percent) of 275 alerts timely, resulting in \$11,757 in overpayments. These alerts occurred from August 2, 2004 through August 1, 2005.

<sup>25</sup> SSA, POMS, SI 02310.064 D (November 19, 2003).

<sup>26</sup> ChiNet is an SSA Intranet site maintained in the Chicago Region.

<sup>27</sup> We based this estimate on the projected number of alerts and amount of overpayments made because SSA did not timely process D8 diary alerts during our audit period.

Given that SSA considers processing D8 diary alerts to be one of its highest priority post-eligibility workloads,<sup>28</sup> we believe it should require that higher-level management ensure field offices process these alerts timely. For example, Area Directors or regional offices could periodically review the field offices' timeliness in processing D8 diary alerts. If management identifies trends of noncompliance, it should provide training and/or additional oversight, as needed.

## **OPPORTUNITIES TO REDUCE OVERPAYMENTS**

Although SSA has no legal authority to levy fines and penalties for those who do not report SSI recipients' admissions to Title XIX institutions, we believe SSA has the potential to reduce and recover overpayments by expanding its current activities. While we acknowledge that SSA's resources are limited, we believe taking such steps will also help *prevent* overpayments, thereby reducing resources required for debt collection efforts.

### **Enhance Communication with Title XIX Institutions**

To facilitate the flow of information regarding the SSI population, SSA policy instructs field offices to work closely with Title XIX institutions.<sup>29</sup> In our prior review, we recommended that SSA remind field office personnel of their responsibility to (1) maintain ongoing contact with Title XIX institutions in their service area; (2) use regular visits to encourage cooperation; and (3) establish procedures for institutions to report promptly on events that affect eligibility and payment determination. In response, SSA stated it had issued AM-06128,<sup>30</sup> which reminded employees of these responsibilities.

During our current review, field office representatives we interviewed stated that they generally only contacted Title XIX institutions to confirm D8 diary alert information. Additionally, several institutions stated they did not have procedures for reporting SSI recipient admissions and, in fact, had difficulty making contact with their local SSA office.

Given that significant overpayments continue to occur because Title XIX institutions do not always promptly report SSI recipient admissions, we believe SSA should improve its liaison efforts with these entities. We realize the Agency has limited resources and many competing priorities. However, in our opinion, investing more in outreach efforts could decrease overpayments and time spent recovering them. For example, field office personnel told us that SSI recipients have resided in Title XIX institutions up to 4 months before the field office received the D8 diary alert. Had the field office's liaison efforts with the Title XIX institutions been more frequent and effective, staff at these institutions would be familiar with the requirement to notify SSA of the recipients'

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<sup>28</sup> SSA, POMS, SI 02310.005 C.2 (May 15, 2007).

<sup>29</sup> SSA, POMS, SI 00520.730 A (June 13, 1996).

<sup>30</sup> SSA, AM-06128, *Reminder Items on Preventing Overpayments to SSI Recipients Who Enter Title XIX Institutions—One-Time-Only Instructions*, (June 6, 2006).

admissions—and with the most efficient method of communicating such information to the appropriate SSA staff. As such, SSA could have avoided the 4-month overpayment and associated recovery efforts. Accordingly, we believe liaisons should (1) increase contact with institutions, (2) inform them of reporting requirements, and (3) provide them with a direct contact number.

Furthermore, the staff at most Title XIX institutions we contacted told us that having a uniform reporting mechanism, such as an SSA Website, would enhance the reporting process. While we recognize the potential benefits of a Web-based application, we also understand there could be security issues involved with implementing this application. As such, we believe SSA should determine the costs and benefits of implementing a Website for reporting these admissions. In the interim, SSA field offices should encourage institutions to use current reporting techniques, such as a secure facsimile line, to notify SSA of recipient admissions.

## **CONCLUSION AND RECOMMENDATIONS**

We are encouraged SSA has made progress in reducing and recovering overpayments to SSI recipients residing in Title XIX institutions. We recognize that SSA cannot prevent all overpayments, in part because it has no legal authority to levy fines and penalties for those who do not report these admissions. We also realize that SSA is challenged with managing limited resources with many competing priorities. However, we believe SSA should take additional steps to prevent recipients' unreported living arrangement changes and, once detected, promptly adjust their monthly payments. Such an investment in resources could help the Agency prevent millions of dollars in SSI overpayments—and reduce SSA resources required to recover these overpayments.

Accordingly, we recommend that SSA:

1. Periodically monitor field offices' timeliness in processing D8 diary alerts and provide training and/or additional oversight to those offices that have difficulty processing these alerts timely.
2. Increase its frequency of communication with Title XIX institutions. While conducting these visits and/or contacts, field office personnel should inform the institutions of reporting requirements. In addition, these offices should ensure they provide institutions with any necessary contact information and instructions to facilitate their timely reporting.
3. Determine the costs and benefits of implementing a Website where Title XIX institutions can report SSI recipient admissions. Meanwhile, remind and encourage Title XIX institutions to use current reporting techniques, such as using a secure facsimile line, to notify the Agency of SSI recipient admissions.

## AGENCY COMMENTS AND OIG RESPONSE

SSA disagreed with all of our recommendations. Despite its disagreement with our recommendations, SSA proposed corrective actions to each of our findings. The Agency's comments are included in Appendix C.

- In response to Recommendation 1, the Agency stated that its current procedures were sufficient to ensure timely processing of D8 diary alerts. However, the Agency agreed to issue a reminder to its personnel regarding the importance of taking prompt action on these alerts.

OIG Response: We agree that the Agency's procedures ensure timely action on 96 percent of D8 diary alerts. However, delays in even a small percent of alerts equates to millions of dollars in overpayments. Our recommendation simply called on the Agency to *periodically* check field office performance and provide training and/or additional oversight, if necessary. Instead, SSA plans to issue a reminder to the field offices, which is the same action it took in response to our last report. We believe the Agency should do more than issue a policy reminder—or accept the status quo.

- In response to Recommendation 2, SSA stated that it did not have sufficient resources to increase communication with Title XIX institutions. Additionally, it stated that SSA personnel provide information regarding reporting requirements during discussions with Title XIX institutions and on its Internet site. In lieu of our recommended actions, SSA agreed to issue a policy reminder to field office managers to ensure that Title XIX institutions had the correct contact information for the offices.

OIG Response: While we acknowledge SSA is challenged with managing competing priorities, we determined during our current and prior reviews that it was not meeting *existing* policy requirements. That is, SSA liaisons were not always maintaining ongoing contact or making regular visits with, or establishing procedures for, institutions in their service areas. As such, we are not asking the Agency to perform more than that established in its policy. In addition, despite its disagreement with Recommendation 2, in response to Recommendation 3, SSA stated it will continue educating Title XIX institutions and instructing them to use existing reporting techniques during its *regular contacts*. By performing regular contacts, which would be an increase over current liaison efforts, the Agency is implementing our recommendation.

- In response to Recommendation 3, the Agency stated that a Web application for reporting Title XIX entries would duplicate current requirements for reporting to the Centers for Medicare and Medicaid Services and would not alleviate institutions' noncompliance. However, SSA stated it will explore the possibility of working with the States to identify all Title XIX institutions in their jurisdictions with the objective of sending them a reminder of their reporting responsibilities. Meanwhile, the Agency will continue to educate Title XIX institutions and instruct them to use existing reporting techniques during the Agency's regular contacts.

OIG Response: We encourage SSA to reconsider its declination to examine a Web-based solution for Title XIX institutions to report SSA recipients' admissions. As SSA moves services online, we believe such an option should be explored.

We will monitor the Agency's progress in addressing its corrective actions and make further recommendation in future audits.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

## Acronyms

AM	Administrative Message
C.F.R.	Code of Federal Regulations
CY	Calendar Year
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

### Scope and Methodology

To accomplish our objectives, we:

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures as well as other relevant Federal laws and regulations.
- Reviewed our June 2006 report, *Supplemental Security Income Overpayments to Recipients in Title XIX Institutions*<sup>1</sup> (A-08-06-16024).
- Visited two field offices in Florida and one field office in Alabama. During our site visits, we interviewed staff to determine their procedures for processing D8 diary alerts that identify Supplemental Security Income (SSI) recipients' admissions to nursing homes. We also determined whether field offices had a liaison responsible for coordinating with institutions in their service area.
- Visited four nursing homes and contacted five other Title XIX institutions<sup>2</sup> to obtain an understanding of their procedures for reporting SSI recipients' admissions and to determine whether field offices had established a liaison responsible for coordinating with them. We also determined whether the institutions were aware of their reporting responsibilities.

Also, to accomplish our objectives, we reviewed two separate samples.

#### Sample of SSI Overpayments to Recipients in Title XIX Institutions

We obtained a universe of 27,183 SSI recipients who were overpaid \$200 or more because of admission to a Title XIX institution in Calendar Year 2009. From this universe, we randomly selected a sample of 50 SSI recipients.<sup>3</sup> We used SSA's Modernized Supplemental Security Income Claims System, the Centers for Medicare and Medicaid Services' Nursing Home Compare Website, and other Websites to determine the type of institution. We also used SSA's Supplemental Security Record to determine the type of recovery action for these overpayments.

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<sup>1</sup> These include hospitals, nursing homes, psychiatric institutions, and intermediate care facilities.

<sup>2</sup> Of the four nursing homes we visited, three were in the Miami, Florida, area and one was in Birmingham, Alabama. The five other Title XIX institutions we contacted were in Chicago, Illinois; Tarzana, California; and Brownsville, Texas.

<sup>3</sup> When we originally obtained our data extract on March 30, 2010, the Supplemental Security Record for all sample items reflected a living arrangement D code, which is residence in a Title XIX institution. However, when we queried the Supplemental Security Record on April 14, 2010, one sample item no longer reflected living arrangement D.

## Sample of D8 Diary Alerts that Identify SSI Recipients' Admissions to Nursing Homes

We obtained a universe of 105,321 D8 diary alerts that identified SSI recipients' admissions to nursing homes. SSA sent these D8 diary alerts to the servicing field offices from March 1, 2009 through February 28, 2010. From this universe, we randomly selected a sample of 275 D8 diary alerts. For each of the 275 D8 diary alerts, we reviewed SSA's Supplemental Security Record to determine whether an overpayment occurred, and if so, how much resulted from SSA not processing the D8 diary alert timely.

To determine whether SSA processed D8 diary alerts timely, we added 30 days to the date the field office received the D8 diary alert. Additionally, if SSA did not process the D8 diary alert by the recurring cutoff date each month, we did not consider the next payment an overpayment. We calculated overpayments beginning with the subsequent month.

**Table 1: Sample Results and Projection on D8 Diary Alerts**

<b>SAMPLE ATTRIBUTE AND VARIABLE APPRAISAL</b>	
Total Population of D8 Diary Alerts Sent to Field Offices from March 1, 2009 Through February 28, 2010	105,321
Sample Size	275
<b>Attribute Projections</b>	
Number of Alerts in Sample SSA Did Not Process Timely	10
<b>Estimate of Alerts in Population SSA Did Not Process Timely</b>	<b>3,830</b>
Projection—Lower Limit	2,094
Projection—Upper Limit	6,410
<b>Variable Projections</b>	
Overpayment Amounts in Sample Resulting from SSA not Processing Alerts Timely	\$9,086
<b>Estimate of Overpayment Amounts in Population Resulting from SSA Not Processing Alerts Timely</b>	<b>\$3,479,798</b>
Projection—Lower Limit	\$1,231,310
Projection—Upper Limit	\$5,728,287
<i>Projections made at the 90-percent confidence level.</i>	

Our review of internal controls was limited to gaining an understanding of SSA's policies and procedures regarding SSI recipients in Title XIX institutions. We relied primarily on the Supplemental Security Record to complete our review and determined that the data were sufficiently reliable to meet our audit objectives. We did not verify the completeness or test the accuracy of information submitted on the D8 diary alerts. We performed our audit at the Office of Audit in Birmingham, Alabama, and at selected SSA field offices and Title XIX institutions in Birmingham, Alabama, and the Miami, Florida, area.

The SSA entities reviewed were the Offices of the Deputy Commissioners for Retirement and Disability Policy and Operations. We conducted our work from May 2010 through January 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

Date: June 23, 2011

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.  
Inspector General

From: Dean S. Landis /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions" (A-08-10-10138)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Frances Cord at (410) 966-5787.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “FOLLOW-UP: SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS TO RECIPIENTS IN TITLE XIX INSTITUTIONS” (A-08-10-10138)**

You state that since 2004, we have “made progress in reducing and recovering overpayments to SSI recipients residing in Title XIX institutions.” You also “recognize that SSA cannot prevent all overpayments from occurring” and that we are “challenged with managing limited resources with many competing priorities.” We will continue our efforts to make improvements within those constraints.

We offer the following responses to your recommendations.

**Recommendation 1**

Periodically monitor field offices’ timeliness in processing D8 diary alerts and provide training and/or additional oversight to those offices that have difficulty in processing the alerts timely.

**Response**

We disagree. We already have procedures in place to monitor the D8 diary alerts, and we process more than 96 percent of those alerts timely. We will continue to encourage field office (FO) managers to utilize the Supplemental Security Income Diary Workload website to monitor this activity. In addition, we will release a reminder to all field offices about the importance of processing D8 diary alerts timely.

**Recommendation 2**

Increase its frequency of communication with Title XIX institutions. While conducting these visits and/or contacts, field office personnel should inform the institutions of reporting requirements. In addition, these offices should ensure these institutions are provided with any necessary contact information and instructions to facilitate their timely reporting.

**Response**

We disagree. We do not have sufficient resources to increase the frequency of communication with Title XIX institutions. In discussions with these institutions, we explain our reporting requirements and provide a hard copy of “*A Guide to Supplemental Security Income for Groups and Organizations*,” which is also available on our website.

We plan to issue a policy reminder to all FO managers to ensure Title XIX institutions have the correct agency contact information.

### **Recommendation 3**

Determine the costs and benefits of implementing a Website where Title XIX institutions can report SSI recipient admissions. Meanwhile, remind and encourage Title XIX institutions to use current reporting techniques, such as using a secure facsimile line, to notify the agency of SSI recipient admissions.

### **Response**

We disagree. We believe a website would be duplicative of the current reporting requirements to the Centers for Medicare and Medicaid Services and would not alleviate institutions' noncompliance with reporting requirements. As you note, institutions are not always aware of, and sometimes misinterpret those requirements. Therefore, we will explore the possibility of working with the States to identify all Title XIX institutions within their jurisdiction with the objective of sending them a reminder of their reporting responsibilities. Meanwhile, we will continue to educate Title XIX institutions and instruct them to utilize existing reporting techniques during our regular contacts.

## OIG Contacts and Staff Acknowledgments

### *OIG Contacts*

Kimberly Byrd, Director

Theresa Roberts, Audit Manager

### *Acknowledgments*

In addition to those named above:

Janet Matlock, Senior Auditor

Neha Smith, Audit Manager

Jordan Sherman, Auditor

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## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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