

Follow-up on the Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums 012310



September 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) timely and accurately processed cases where a beneficiary's Medicare premium was higher than the SSA benefit payment.

Background

When a Medicare Part B recipient receives a monthly Social Security benefit, SSA deducts the monthly Medicare premium from the benefit. Some individuals' monthly Social Security benefit is lower than the monthly Medicare premium. SSA bills these individuals for the balance of the premium. Each year, SSA uses its Benefit Rate Increase (BRI) program to generate an alert for individuals whose Social Security benefit is lower than their monthly Medicare premium. SSA considers this alert to be a high priority because SSA must bill beneficiaries the remaining Medicare premium as soon as possible and timely issue benefit statements.

In a 2016 report on the *Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums*, we concluded SSA incorrectly calculated the Medicare premium owed for 48 percent of the sampled beneficiaries we reviewed. For this audit, we reviewed a random sample of 100 beneficiaries from a population of 111,976 beneficiaries SSA's BRI program identified in November 2022.

Results

SSA timely processed the cases in our sample; however, it incorrectly processed or calculated the Medicare premium owed for 73 of the 100 beneficiaries we reviewed where their Medicare premium was higher than their SSA benefit payments. This included approximately \$147,000 in processing errors where employees did not correctly credit monthly benefits to Medicare billing information and \$102,000 in payment errors where beneficiaries were not correctly billed for Medicare premiums, which led to overages and arrearages.

Based on the results for our sample, we project SSA did not correctly update records or calculate Medicare premiums owed for approximately 82,000 beneficiaries, which resulted in approximately \$76 million in billing errors and \$91 million in processing errors. These errors included miscalculations, erroneous system inputs, and failure to update beneficiary records correctly. As a result, some beneficiaries paid more than the correct amount for Medicare premiums, while others paid less.

SSA had several regional guides and policies to complete this workload; however, there was no uniform policy guide.

Recommendations

We made three recommendations including that SSA re-evaluate this workload with CMS to determine whether the process can be improved based on the changes in technology and CMS capabilities as well as correct the payment and processing errors we identified in the audit. SSA agreed with the recommendations.