

# Auxiliary Beneficiaries Who Do Not Have Their Own, or Have an Incorrect, Social Security Numbers 012312



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Office of Audit Report Summary

## Objective

To determine whether the Social Security Administration (SSA) decreased the number of auxiliary beneficiaries with missing or incorrect Social Security numbers (SSN) on the Master Beneficiary Record (MBR).

## Background

Auxiliary beneficiaries are children, widows, spouses, and parents who receive Old-Age, Survivors and Disability Insurance (OASDI) benefits based on another wage earner's Social Security record. As such, SSA uses the primary wage earner's—not the auxiliary beneficiary's—SSN to track the auxiliary's benefit payments on the MBR. SSA commonly refers to the auxiliary beneficiary's SSN as the Beneficiary's Own Account Number (BOAN).

The *Social Security Act* requires that individuals first entitled to benefits as of June 1, 1989 or later have, or have applied for, an SSN to receive OASDI benefits. To comply with this, SSA's BOAN verification system monitors the MBR. If an SSN is not verified for an auxiliary beneficiary initially entitled on or after June 1, 1989, the BOAN verification system generates an exception report to the appropriate SSA office for correction.

As of March 2022, we had identified 5,885 auxiliary beneficiaries: 4,932 who had missing SSNs and 953 who had possibly incorrect SSNs.

## Results

Since 2002, SSA has decreased the number of auxiliary beneficiaries with missing or incorrect SSNs by 98 percent. Of the more than 10 million auxiliary beneficiaries in current pay status, 5,885 (less than one-tenth of 1 percent) did not have a valid SSN.

When an auxiliary beneficiary applies for benefits, SSA enters the information in its Modernized Claims System (MCS). However, MCS cannot completely process certain claims because of processing limitations, such as a non-U.S. address, that need manual action. Of the 5,885 auxiliary beneficiaries, 3,177 (54 percent) lived outside the United States. These cases require manual processing, which is more error-prone. Additionally:

- SSA did not add the correct SSNs for auxiliary beneficiaries who were entitled to benefits before June 1, 1989 because, by law, these beneficiaries were not required to have an SSN. This occurred for 3,716 (63 percent) of the 5,885 auxiliary beneficiaries we identified in March 2022.
- SSA employees can clear alerts that are generated for beneficiaries entitled on or after June 1, 1989 without ensuring the SSN is valid. Human error, such as transposition errors or failure to address an alert, can prevent validation. This occurred for 2,169 (37 percent) of the 5,885 auxiliary beneficiaries we identified in March 2022.

Because the SSNs were missing or incorrect, SSA improperly paid 133 auxiliary beneficiaries \$2.6 million; most improper payments were due to death. SSA's Medicare Non-Utilization Project identifies aged beneficiaries who may have died so SSA may identify them even if the SSN is missing or incorrect.

As of July 2023, SSA had corrected 969 (16 percent) of the 5,885 records. Therefore, there were 3,643 auxiliary beneficiaries entitled before June 1, 1989, and 1,273 entitled on or after June 1, 1989 without a valid SSN.

## Recommendation

SSA agreed with the recommendation to add the correct SSNs to the 1,273 MBRs for auxiliary beneficiaries entitled on or after June 1, 1989 that are still missing or incorrect.