



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Rejection of State Death Reports

042304 March 2025



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: March 17, 2025

Refer to: 042304

To: Leland Dudek
Acting Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit

Subject: Rejection of State Death Reports

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration appropriately rejected state death reports and the impact that rejection had on the Agency's program and administrative costs.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Mark Searight, Deputy Assistant Inspector General for Audit.

Attachment

Rejection of State Death Reports 042304



March 2025

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) appropriately rejected state death reports and the impact that rejection had on the Agency's program and administrative costs.

Background

As required by the *Social Security Act*, SSA established a program under which states can voluntarily contract with SSA to provide death data to match against its records. SSA uses the Death Information Processing System (DIPS) to verify the state death information it receives. If the death report passes the DIPS verification, DIPS posts the information to the Numident, a database that stores information for all Social Security numberholders, and terminates payments to deceased beneficiaries. DIPS rejects death reports that do not pass its verification checks to prevent posting erroneous death information to SSA records.

We obtained data for approximately 1.5 million state death reports DIPS rejected between November 2018 and October 2022. We reviewed random samples of deceased individuals to determine the impact rejection of valid death information had on SSA program costs. We worked with SSA to estimate the impact of rejections on the Agency's administrative costs.

Results

SSA appropriately rejected over 1.4 million state death reports that did not pass DIPS verification checks. The verification checks prevented DIPS from posting incorrect or duplicate death information to SSA records for approximately 773,000 death reports. However, approximately 702,000 of the state reports that did not pass DIPS verification checks contained valid death information.

Based on our sample review, we estimate SSA's rejection of approximately 702,000 state reports with valid death information resulted in over \$327 million in improper payments issued to approximately 16,000 beneficiaries after they died. SSA could issue an additional \$108 million to over 7,000 of these beneficiaries over the next 12 months if it does not stop their benefits.

DIPS rejected most of the 702,000 state reports with valid death information because it did not allow processing of death reports with Online Verification System discrepancies. DIPS rejected other reports with valid death information because the reports contained minor Social Security number discrepancies. We believe SSA could improve criteria and processes to enable DIPS to automatically process valid death information without posting erroneous death information.

DIPS' rejection of state death reports with valid death information also created additional work for SSA employees. For example, employees had to manually add some individuals' death information to DIPS because DIPS did not automatically process their death reports. We worked with SSA to determine that employees spent, or will spend, approximately 199,000 hours manually processing actions to correct records for the individuals we identified. This cost SSA approximately \$12 million in administrative expenses. Accordingly, improvements to DIPS to increase automated processing of reports with valid death information would improve SSA's administrative efficiency.

Recommendations

We made three recommendations for SSA to improve the accuracy of the death information on its Numident and payment records. SSA agreed with our recommendations.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
DIPS	Death Information Processing System
EDR	Electronic Death Registration
EVS	Enumeration Verification System
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
OVS	Online Verification System
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
U.S.C.	United States Code

OBJECTIVE

To determine whether the Social Security Administration (SSA) appropriately rejected state death reports and the impact that rejection had on the Agency's program and administrative costs.

BACKGROUND

As required by the *Social Security Act*, SSA established a program under which states can voluntarily contract with SSA to provide death data to match against its records.¹ SSA and the states developed the Electronic Death Registration (EDR) process to improve the accuracy and timeliness of death information. States may also provide SSA death data outside the EDR process. State Offices of Vital Statistics verify, register, and report to SSA death information. SSA receives death reports from these Offices in the 50 states, the District of Columbia, New York City, the Northern Mariana Islands, and Puerto Rico.² SSA also receives death data from other sources, including family members, other Federal agencies, and financial institutions. SSA uses these data to prevent improper payments to deceased individuals and identify individuals who may be eligible for survivor benefits. According to SSA, death information helps prevent more than \$100 million in improper Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income payments each month. In addition, SSA distributes death data to other Federal benefit-paying agencies to reduce Government-wide improper payments.

Processing State Death Reports

The EDR process begins when death reporters, such as funeral homes, hospitals, and coroner offices, use SSA's Online Verification System (OVS) to pre-verify the decedent's name, date of birth, and Social Security number (SSN) against the Numident, a database that stores personally identifiable information for all Social Security numberholders. SSA classifies EDR death reports as verified or unverified depending on whether OVS matched the information to the Numident. States then electronically submit EDR death records along with the OVS verification response to SSA's Death Information Processing System (DIPS). States also electronically submit non-EDR death reports, which do not go through the OVS verification process, to SSA.

To prevent posting erroneous death information to SSA records, SSA designed DIPS to conduct a variety of verification checks on the state-submitted data. DIPS posts the state death information that passes the verification checks to the Numident and terminates payments to deceased beneficiaries.³ DIPS rejects death reports that do not pass the verification checks. DIPS tests death reports for errors by checking for (1) duplicate submissions, (2) OVS discrepancies, (3) formatting errors, and (4) Numident matching discrepancies (for unverified and non-EDR death reports only). DIPS stops its verification checks and rejects death reports after it detects the first error. SSA then sends the state a rejection code that explains why it did

¹ *Social Security Act* § 205, 42 U.S.C. § 405(r)(1).

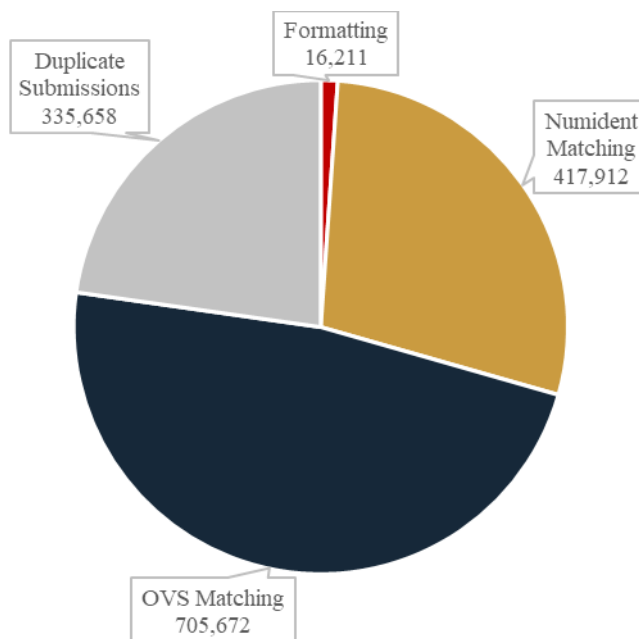
² In this report, we refer to all vital records offices as "states."

³ We use the term "beneficiary" throughout this report to refer to OASDI beneficiaries and/or Supplemental Security Income recipients in current payment status.

not accept the death report and instructs the state to correct and resubmit death reports with certain rejection codes.

From November 1, 2018 through October 31, 2022, states submitted to SSA approximately 13.7 million death reports. DIPS accepted approximately 12.2 million and rejected approximately 1.5 million (approximately 11 percent) state death reports. Figure 1 summarizes the reasons DIPS rejected the death reports.⁴

Figure 1: Death Report Rejection Reasons



Efforts to Reduce Rejection Rates

The *Payment Integrity Information Act of 2019* indicates SSA should take steps to curb Federal improper payments to deceased individuals by improving the quality, accuracy, and timeliness of the death data it maintains and distributes. These data include death information reported to the Commissioner of Social Security.⁵ To reduce rejections, SSA removed non-alpha-numeric characters and matching requirements for the sex code from DIPS rejection criteria in 2019 and 2020, respectively. To improve the quality of death data it receives, SSA provided the states EDR training and added provisions to its contract with the states to provide their death reporters with training on correcting errors in death information in 2020 and 2023, respectively.

⁴ Since DIPS stops its verification checks and rejects death reports after it detects the first error, there may have been other reasons for DIPS to reject the individual death reports. For example, if DIPS rejects a death report because it was a duplicate submission, DIPS does not conduct additional tests to determine whether there was an OVS discrepancy or states properly formatted the data on the death report. The rejection code associated with the first error is the only code displayed in Figure 1.

⁵ *Payment Integrity Information Act of 2019*, Pub. L. No. 116-117, § 3354(e), 134 Stat. 129-130 (2020).

SCOPE AND METHODOLOGY

We obtained data from SSA for approximately 1.5 million EDR and non-EDR state death reports DIPS rejected between November 1, 2018 and October 31, 2022. We used SSA's Numident and payment records to identify three populations⁶ of deceased individuals with valid death information who potentially received improper payments after death.⁷ We reviewed a random sample of 300 individuals (100 from each population) to determine the impact rejection of valid death information had on SSA program costs.

To determine the impact rejection of state death reports with valid death information had on SSA's administrative costs, we worked with subject-matter experts in SSA's Offices of Budget, Finance, and Management and the Deputy Commissioner of Operations to estimate the time and administrative expenses the Agency spent, or will spend, manually processing death information after DIPS rejected the state death reports.⁸

RESULTS OF REVIEW

SSA appropriately rejected over 1.4 million state death reports that did not pass DIPS verification checks. The verification checks prevented DIPS from posting incorrect or duplicate death information to SSA records for approximately 773,000 death reports.⁹ However, approximately 702,000 of the state death reports that did not pass DIPS verification checks contained valid death information.¹⁰

⁶ These populations included deceased individuals who (1) remained in current payment status, (2) were no longer in current payment status, but may have received improper payments after death, and (3) had discrepancies between the dates of death on their Numident and the state death reports. We took steps to ensure individual SSNs did not occur in more than one population.

⁷ We considered death information to be valid if (1) SSA could have matched the name, SSN, and date of birth from the death report to the correct Numident for the deceased individual through its Enumeration Verification System, (2) the state provided a properly formatted date of death, and (3) the state death report was not previously recorded on the Numident.

⁸ See Appendix A for more information on our audit scope and methodology. See Appendix B for our sampling methodology and results.

⁹ This population does not contain unique SSNs. SSA rejected some SSNs in the population multiple times. Some SSNs also appear in the population of approximately 702,000 deceased individuals whose rejected death reports contained valid death information.

¹⁰ There were approximately 655,000 unique SSNs in this population. States successfully resubmitted approximately 113,000 (17 percent) of these SSNs through DIPS.

Based on our sample review, we estimate SSA's rejection of approximately 702,000 state reports with valid death information resulted in approximately

- \$327 million in improper payments issued to approximately 16,000 beneficiaries after their death;
- \$12 million in inaccurate over- or underpayments posted to the payment records of approximately 7,500 deceased beneficiaries that SSA could improperly collect or issue if it does not correct the death information on its records; and
- \$108 million in improper payments SSA could issue over the next 12 months if it does not stop payments to the over 7,000 beneficiaries who remained in current payment status.

DIPS rejected most of the 702,000 state reports with valid death information because it did not allow processing of death reports with OVS discrepancies. This includes differences between the OVS verification date on the state report and SSA's OVS file. DIPS rejected other reports with valid death information because they contained minor SSN discrepancies, such as one discrepant digit or transposed numbers. We believe SSA could improve criteria and processes to enable DIPS to automatically process valid death information without posting erroneous death information.

DIPS' rejection of state death reports with valid death information also created additional work for SSA employees. For example, employees had to manually add some individuals' death information to DIPS because DIPS did not automatically process their death reports. We worked with SSA to determine that employees spent, or will spend, about 199,000 hours manually processing actions to correct records for the individuals we identified with missing or inaccurate death information. This cost SSA approximately \$12 million in administrative expenses.¹¹ Accordingly, improvements to DIPS to increase automated processing of reports with valid death information would improve SSA's administrative efficiency.

Death Reports with Incorrect or Duplicate Death Information

In accordance with DIPS criteria, SSA appropriately rejected approximately 773,000 death reports that contained incorrect or duplicate death information.¹² For example, SSA rejected approximately 444,000 state death reports it could not match to the Numident because the individual who reported the death misspelled the decedent's name, submitted an incorrect date of birth, or submitted an incorrect SSN that prevented SSA from identifying the correct decedent's Numident.¹³ While SSA may have rejected some death reports that belonged to the correct deceased individuals, SSA programmed DIPS to reject death reports with information it could not match to the Numident to help ensure it does not record erroneous death information on its records or terminate living beneficiaries' payments.

¹¹ We did not independently verify SSA's estimated hours or administrative costs. See Appendix A for additional information on how we estimated administrative costs.

¹² This population does not contain unique SSNs. SSA rejected some SSNs in the population multiple times. Some SSNs also appear in the population of approximately 702,000 deceased individuals whose rejected death reports contained valid death information.

¹³ The DIPS rejection codes for the death reports varied. However, matching the Numident is the last step of DIPS validity testing and DIPS displays the first rejection reason on its reports.

Death Reports with Valid Death Information

Approximately 702,000 death reports for more than 655,000 individuals did not pass DIPS verification checks; these reports contained valid death information. SSA designed DIPS verification checks to prevent the Agency from posting erroneous death information to its records. However, we believe SSA could improve DIPS criteria and processes, which would allow the system to automatically process valid death information, without posting erroneous death information to its records.¹⁴ For example, SSA could have automatically processed death reports with the following.

- **OVS Discrepancies:** DIPS rejected death reports for approximately 605,000 (92 percent) individuals based on discrepancies between the death reports and OVS, such as differences between the OVS verification date on the state report and SSA's OVS file. SSA designed DIPS to prevent it from processing EDR reports when the information did not exactly match the most recent OVS submission. However, the OVS discrepancies did not affect the accuracy of SSA's death records because the information on the death reports and the Numidents matched.¹⁵ DIPS takes additional steps to match non-EDR death reports to the Numident. Had DIPS taken similar steps to verify EDR reports against the Numident, it would have automatically processed these individuals' valid death information. Our 2020 review had similar findings and recommended SSA "Include a Numident match in DIPS, or similar process, to assess OVS discrepancies before rejecting an EDR report."¹⁶ SSA agreed with our recommendation but did not implement it because of resource constraints.
- **Minor SSN Discrepancies:** DIPS rejected death reports for approximately 35,000 (6 percent) individuals because the death reports contained minor SSN discrepancies, such as one discrepant digit or transposed numbers. These discrepancies occurred when the name and date of birth for the SSN in the report did not match the Numident. DIPS does not attempt to locate similar SSNs before it rejects the death reports. Yet, SSA has processes in other programs, including the Enumeration Verification System, that search for similar SSNs that match the name and date of birth submitted. Had SSA updated DIPS to take additional steps to identify similar SSNs, DIPS could have resolved the SSN discrepancies and automatically processed these individuals' death information.
- **Other Discrepancies:** DIPS rejected death reports for approximately 15,000 (2 percent) individuals for other reasons. For example, SSA rejected death reports because DIPS incorrectly determined the death reports were duplicate submissions. SSA also designed DIPS to reject death reports for individuals because the states did not supply a death certificate number. However, the Agency could not provide a reason for requiring the death certificate numbers.

¹⁴ SSA indicated that increased tolerances to reduce EDR rejections may increase the risk of unintentional erroneous death termination cases. During our sample review, we identified some death reports with an incorrect date of death. However, neither we nor SSA identified sampled death reports with SSNs that belonged to living individuals.

¹⁵ SSA does not record OVS information on its Numident or payment records.

¹⁶ SSA, OIG, *The Social Security Administration's Rejection of State Electronic Death Registration Reports*, A-08-18-50499, p. 9 (September 2020).

Impact of Rejecting Reports with Valid Death Information on Program Costs

Of our 300 sampled beneficiaries, SSA could have prevented or detected approximately \$5 million in payments issued to 229 after death had DIPS processed, instead of rejected, state reports with valid death information.¹⁷ For example, SSA issued approximately \$126,000 in improper payments to a deceased beneficiary in current payment status after DIPS rejected their death report because it contained an OVS discrepancy. Based on our sample review, we estimate SSA could have prevented or detected over \$327 million in payments issued to about 16,000 beneficiaries after death had DIPS processed, instead of rejected, state reports that contained valid death information.

In addition, SSA could have detected approximately \$6,000 in underpayments due six sampled beneficiaries had DIPS processed, instead of rejected, state death reports with valid death information.¹⁸ For example, SSA recorded a date of death that was earlier than the beneficiary's correct date of death on the rejected death report. Based on the correct date of death, SSA underpaid the beneficiary approximately \$1,000, which is payable to the beneficiary's survivors or estate. Based on our sample review, we estimate SSA could have detected approximately \$268,000 in underpayments due approximately 300 beneficiaries' survivors or estates.¹⁹

Of the 300 sampled beneficiaries, SSA posted approximately \$301,000 in inaccurate over- or underpayments on 124 sampled beneficiaries' payment records but, at the time of our review, had not released improper payments.²⁰ We estimate SSA posted approximately \$12 million in inaccurate over- or underpayments to the payment records of about 7,500 beneficiaries because of missing or incorrect death information. If SSA does not correct the death information on its records, it could improperly collect or issue these over- or underpayments.

We estimate SSA will issue approximately \$1 million in additional payments over the next 12 months if it does not add death information to the payment records of 91 sampled beneficiaries in current payment status. SSA continued paying these deceased beneficiaries as of March 2024. Based on our sample review, we estimate SSA could issue approximately \$108 million to about 7,300 beneficiaries in our population over the next 12 months.

¹⁷ SSA could have initiated actions to stop payments or recover overpayments had DIPS automatically processed the death reports.

¹⁸ SSA could have initiated actions to issue underpayments to the proper recipients had DIPS automatically processed the death reports.

¹⁹ *Social Security Act* § 204, 42 U.S.C. § 404 (a)(1)(B); 20 C.F.R. § 404.503(b); SSA, POMS, GN 02301.030, A (September 14, 2017) and SI 02101.003, A (September 22, 2023) list the parties eligible to receive an underpayment when the beneficiary is deceased. SSA could have initiated actions to issue underpayments to the proper recipients had DIPS automatically processed the death reports.

²⁰ SSA recorded inaccurate underpayments on the records of 99 sampled beneficiaries after financial institutions or other parties returned funds to SSA. SSA recorded inaccurate overpayments on the payment records of two sampled beneficiaries after posting incorrect dates of death that were earlier than the beneficiary's actual date of death. SSA reduced pre-death overpayments by incorrectly withholding benefits from improper payments issued to 25 deceased sampled beneficiaries.

Impact of Rejecting Reports with Valid Death Information on Administrative Costs

We worked with SSA to determine the impact rejecting approximately 702,000 state reports with valid death information had on SSA's administrative costs. SSA estimated that, as of June 2024, employees spent approximately 80,000 hours manually processing actions because DIPS rejected reports with valid death information. For example, SSA employees manually posted death information and adjusted payment records for some individuals because DIPS did not automatically process their death information. This cost the Agency approximately \$5 million in administrative expenses. According to SSA, its employees will spend approximately 119,000 additional hours that will cost the Agency approximately \$7 million in additional administrative expenses, manually processing actions to correct its records for the individuals we identified with missing or inaccurate death information. This estimate includes the time and administrative expenses SSA will spend to add or correct death information for the individuals in our 3 populations as well as approximately 36,000 non-beneficiaries we identified.²¹ These actions would not have been necessary and employees could have spent their time processing other actions had DIPS automatically processed the state death reports.

CONCLUSION

Until SSA improves DIPS, it will continue accruing hundreds of millions of dollars in improper payments to deceased beneficiaries, further straining the Trust Funds and burdening SSA employees. SSA employees spend thousands of hours, costing the Agency millions of dollars in administrative expenses, manually adjusting deceased beneficiaries' records when they could be processing priority workloads or reducing SSA's backlog of pending actions.²²

RECOMMENDATIONS

We recommend SSA:

1. Record correct death information on the Numident, terminate payments, and initiate collection of the overpayments or release the underpayments for the deceased beneficiaries in our populations.
2. Add death information to the Numident for the identified deceased non-beneficiaries.
3. Make improvements to DIPS, such as adding a Numident match to assess OVS discrepancies and resolving minor SSN discrepancies before rejecting a state death report.

AGENCY COMMENTS

SSA agreed with our recommendations; see Appendix C.

²¹ We use the term "non-beneficiaries" in reference to deceased individuals who did not have indications that they received OASDI or Supplemental Security Income benefits after SSA rejected their state death reports.

²² See SSA, OIG, *Reducing Processing Centers' Pending Actions*, 022313 (June 2024) for more information on SSA's backlog of pending payment center actions.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration’s (SSA) *Program Operations Manual System*.
- Obtained information from SSA on its controls over state death reporting, changes to its Death Information Processing System (DIPS), and proposals to revise its death processing programs.
- Evaluated the effectiveness of DIPS criteria for accepting and rejecting state death reports.
- Obtained SSA’s Death Management Information reports and analyzed rejection percentages by state and rejection code.
- Obtained data from SSA for 1,475,453 state death reports DIPS rejected between November 1, 2018 and October 31, 2022.
- Determined whether SSA appropriately rejected the death reports according to DIPS criteria.
- Matched rejected state death information from death reports against the Numident¹ using SSA’s Enumeration Verification System (EVS). We evaluated the reliability of the EVS codes to determine which codes identified the correct deceased individual.
- Determined DIPS rejected reports with valid death information if (1) SSA could have matched the death report to the correct Numident for the deceased individual through EVS, (2) the state provided a properly formatted date of death, and (3) the state death report was not previously recorded on the Numident.
- Took the following steps to estimate the impact rejection of 701,990² state reports with valid death information had on SSA program costs:
 - Used SSA’s Numident and payment record data as of November 2023 to identify the following populations of deceased individuals who potentially received improper payments after death:
 - **Current Pay:** 8,000 Old-Age, Survivors, and Disability Insurance (OASDI) and/or Supplemental Security Income (SSI) beneficiaries whose Numident did not contain death information and remained in current payment status.
 - **No Longer in Current Pay:** 7,171 former OASDI and/or SSI beneficiaries whose Numident did not contain death information and were not in current payment status but who had indicators on SSA records that they may have received payments after death.
 - **Discrepant Date of Death:** 4,551 individuals whose Numident contained death information, but SSA recorded a different month and/or year of death on the Numident after DIPS rejected the state death reports.

¹ The Numident is a database that stores personally identifiable information for all Social Security numberholders.

² There were approximately 655,000 unique Social Security numbers in this population.

- Reviewed a random sample of 100 individuals from each population. For each sampled individual, we determined the impact missing or incorrect death information had on SSA payment records by calculating:
 - Improper payments SSA could have prevented or detected had DIPS processed, instead of rejected, the state death reports. SSA could have prevented improper payments had DIPS received the state death report before the date SSA systems issued the payment. SSA could have detected improper payments had DIPS received the state death report after the date SSA systems issued the payment. As of November 2023, SSA had not identified and attempted to recover overpayments. We calculated the net improper payments by adding the payments made to, or on behalf of, the sampled beneficiaries after death.³ We subtracted funds returned to SSA and adjusted benefits to other beneficiaries on the payment records whose monthly payment amounts would be affected by the death information.
 - Underpayments due deceased beneficiaries SSA could have detected had DIPS processed, instead of rejected, the state death reports.
 - Inaccurate over- or underpayments that resulted from the state death report's rejection. We determined whether SSA established inaccurate overpayments or incorrectly adjusted overpayment balances because of missing or incorrect death information on SSA's payment records. We also determined whether SSA established inaccurate underpayments on its payment records based on the missing or incorrect death information.⁴
- Estimated the improper payments SSA could issue to the remaining sampled beneficiaries in current payment status over the next 12 months if the Agency does not take action to add death information to its payment records.
- We took the following steps to estimate the rejection of 701,990 state reports with valid death information resulted or will result in SSA employees spending approximately 199,000 hours, costing approximately \$12 million in administrative expenses, manually processing actions that would not have been necessary had DIPS automatically processed the state death reports:⁵
 - We worked with subject-matter experts in SSA's Offices of Budget, Finance, and Management and the Deputy Commissioner of Operations to estimate it took employees approximately 80,000 hours, costing approximately \$5.3 million in administrative expenses, to process avoidable manual actions as of June 2024. We estimate SSA employees spent approximately:
 - 64,000 hours, which cost approximately \$3.5 million in administrative expenses, to manually add death information to DIPS for 321,665 individuals we identified.

³ SSA withholds benefits and directly pays Medicare premiums, garnishments, and tax withholdings to the appropriate Agency on the beneficiary's behalf.

⁴ The inaccurate underpayments typically occurred because financial institutions returned improper payments issued after the beneficiary's death to SSA. SSA considered the returned funds as underpayments due because its payment records did not contain a date of death or contained an incorrect date of death.

⁵ The estimate is conservative as there were data limitations that prevented us and SSA from quantifying some employee actions that resulted from the rejection of the state death reports. We did not independently verify SSA's estimated hours worked or administrative cost estimate.

- 16,000 hours, at a cost of approximately \$1.8 million in administrative expenses, to complete manual actions to adjust payment records after DIPS rejected state death reports for 444,913 individuals we identified with death information on their Numident records after DIPS rejected their state death reports. See Appendix B for information on how we used sample results to estimate hours and administrative costs SSA employees spent processing the actions for the beneficiaries in the population.
- We worked with SSA subject-matter experts to estimate employees will spend approximately 119,000 hours, costing approximately \$6.7 million in administrative expenses, processing actions to correct SSA records for deceased beneficiaries and non-beneficiaries⁶ we identified. SSA estimates its employees will spend approximately
 - 90,000 hours, costing approximately \$5.1 million in administrative expenses, to add or correct death information on the Numident and payment records for the beneficiaries we identified and
 - 29,000 hours, costing approximately \$1.6 million in administrative expenses, to add death information to DIPS for 36,460 deceased non-beneficiaries we identified.

We assessed the reliability of SSA's EVS, Numident, Master Beneficiary Record, and Supplemental Security Record data by (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced them, and (3) tracing sampled data to source documents. We assessed the reliability of SSA's DIPS data by comparing them to SSA's Death Management Information System reports. We determined the data used in this report were sufficiently reliable given the audit objective and intended use of the data.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communicating, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to our objective to whether the SSA was appropriately rejecting state death reports and the impact rejection of state death reports had on SSA program and administrative costs.

- Component 2: Risk Assessment
 - Principle 7: Identify, analyze, and respond to risks
- Component 3: Control Activities
 - Principle 11: Design activities for the information system
- Component 5: Monitoring
 - Principle 17: Remediate deficiencies

⁶ We use the term "non-beneficiaries" in reference to deceased individuals who did not have indications that they received OASDI or SSI benefits after SSA rejected their state death reports.

The SSA entity audited was the Office of the Chief Information Officer. We conducted our review between January and July 2024. We conducted this performance audit 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Sampling Methodology

We established four sampling frames as detailed in Appendix A. We used a simple random sample statistical approach to review each of the four populations. This is a standard statistical approach used for creating a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we chose a sample that represented the population, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire population under review. Our sampling approach for this review ensures that our reported projections are statistically sound and defensible.

Table B-1: Sample Descriptions, Population Sizes, and Sample Sizes

Sample Descriptions	Population Size	Sample Size
Current Pay	8,000	100
No Longer in Current Pay	7,171	100
Discrepant Date of Death	4,551	100
Numident ¹ Death Information Recorded After Report Rejection	444,913	275

Sample Results and Projections

To determine the impact rejection of state reports with valid death information had on the Social Security Administration's (SSA) program costs, we developed three populations of deceased individuals with rejected death reports: (1) beneficiaries in current pay, (2) beneficiaries no longer in current pay, and (3) individuals with discrepant death information between the Numident record and the state death report.² We identified improper payments, underpayments due deceased beneficiaries, and inaccurate over- or underpayments recorded on SSA payment records the Agency could have prevented or detected had its Death Information Processing System (DIPS) processed, instead of rejected, the state death report.

We also estimated the improper payments SSA will issue to the remaining 91 sampled beneficiaries in current payment status over the next 12 months if the Agency does not take action to add death information to its payment records. See Appendix A for more information on how we calculated the sample results. We identified funds we reported in our *Match of Puerto Rico Death Information Against Social Security Administration Records*.³

¹ The Numident is a database that stores personally identifiable information for all Social Security numberholders.

² We took steps to ensure individual Social Security numbers did not occur in more than one population.

³ SSA, OIG, *Match of Puerto Rico Death Information Against Social Security Administration Records*, 022332, p.1 (January 2024).

To determine the impact rejection of state reports with valid death information had on SSA’s administrative costs, we identified 444,913 individuals with death information recorded to their Numident records after SSA rejected their state death reports.

Improper Payments

We estimated SSA could have prevented or detected over \$327 million in improper payments issued to approximately 16,000 beneficiaries had DIPS processed, instead of rejected, the state death reports.⁴ Our sample results and estimated projections to the three populations are displayed in the table below. We identified \$1,950,953 in Table B-2 that we previously reported in our *Match of Puerto Rico Death Information Against Social Security Administration Records*.⁵

Table B-2: Improper Payments

Population Description	Sample Size	Beneficiaries in Sample with Improper Payments	Improper Payments in Sample	Estimated Beneficiaries in Population with Improper Payments	Estimated Improper Payments in Population
Current Pay (Table B-3)	100	100	\$4,026,149	8,000	\$289,885,544
No Longer in Current Pay (Table B-4)	100	71	\$521,724	5,091	\$28,039,926
Discrepant Date of Death (Table B-5)	100	58	\$244,771	2,640	\$9,219,384
Total	300	229	\$4,792,644	15,731	\$327,144,854

Note: All statistical projections are at the 90-percent confidence level.

⁴ Our estimates are contingent on SSA confirming the information on the state death reports.

⁵ SSA, OIG, *Match of Puerto Rico Death Information Against Social Security Administration Records*, 022332, p.1 (January 2024).

Current Pay Population

SSA issued approximately \$4 million in improper payments to the 100 sampled deceased beneficiaries. SSA could have prevented or detected those payments had DIPS processed, instead of rejected, the state death reports. Projecting our sample results to the population, SSA issued to 8,000 beneficiaries approximately \$290 million in improper payments it could have prevented or detected had DIPS processed, instead of rejected, the state death reports.

Table B-3: Current Pay Population: Improper Payments

Description	Beneficiaries Improperly Paid	Improper Payments
Sample Results ⁶	100	\$4,026,149
Projected Point Estimate	8,000	\$289,294,770
Projection-Lower Limit	7,766	\$263,686,149
Projection-Upper Limit	8,000	\$314,903,390
Total Projected Improper Payments (Projected Point Estimate Plus Outlier Actual Amount of \$590,774)		\$289,885,544
Note: All statistical projections are at the 90-percent confidence level.		

No Longer in Current Pay Population

SSA issued approximately \$522,000 improper payments to 71 sampled former beneficiaries that it could have prevented or detected had DIPS processed, instead of rejected, the state death reports. Projecting our sample results to the population of 7,171 former beneficiaries, SSA issued approximately \$28 million in improper payments to approximately 5,100 former beneficiaries that it could have prevented or detected had DIPS processed, instead of rejected, the state death reports.

Table B-4: No Longer in Current Pay Population: Improper Payments

Description	Beneficiaries Improperly Paid	Improper Payments
Sample Results ⁷	71	\$521,724
Projected Point Estimate	5,091	\$27,891,594
Projection-Lower Limit	4,496	\$20,699,701
Projection-Upper Limit	5,619	\$35,083,487
Total Projected Improper Payments (Projected Point Estimate Plus Outlier Actual Amount of \$148,332)		\$28,039,926
Note: All statistical projections are at the 90-percent confidence level.		

⁶ Five errors, totaling \$590,774 (\$136,416 + \$134,642 + \$126,290 + \$97,486 + \$95,940) were statistical outliers compared to the other errors; therefore, we excluded the dollar amounts from the projections.

⁷ Four errors, totaling \$148,332 (\$44,272 + \$37,721 + \$36,481 + \$29,858) were statistical outliers compared to the other errors; therefore, we excluded the dollar amounts from the projections.

Discrepant Date of Death Population

SSA issued approximately \$245,000 in improper payments to 58 sampled beneficiaries that it could have avoided by processing, instead of rejecting, the state death reports. Projecting our sample results to the population of 4,551 individuals, SSA issued approximately \$9 million in improper payments to approximately 2,600 beneficiaries it could have prevented or detected had DIPS processed, instead of rejected the state death reports.

Table B-5: Discrepant Date of Death Population: Improper Payments

Description	Beneficiaries Improperly Paid	Improper Payments
Sample Results ⁸	58	\$244,771
Projected Point Estimate	2,640	\$9,174,183
Projection-Lower Limit	2,248	\$6,425,427
Projection-Upper Limit	3,015	\$11,922,939
Total Projected Improper Payments (Projected Point Estimate Plus Outlier Actual Amount of \$45,201)		\$9,219,384
Note: All statistical projections are at the 90-percent confidence level.		

Underpayments Due

SSA underpaid six sampled beneficiaries approximately \$6,000 it could have identified and attempted to issue to the beneficiaries' survivors or estates had DIPS processed instead of rejected the state death reports. Projecting our sample results to the population of 4,551 individuals, SSA could have attempted to issue approximately \$268,000 in underpayments to approximately 300 beneficiaries' survivors or estates had it processed the death reports that contained the correct date of death.

Table B-6: Discrepant Date of Death Population: Underpayments Due

Description	Beneficiaries Improperly Paid	Improper Payments
Sample Results	6	\$5,897
Projected Point Estimate	273	\$268,352
Projection-Lower Limit	122	\$71,325
Projection-Upper Limit	520	\$465,379
Note: All statistical projections are at the 90-percent confidence level.		

⁸ One \$45,201 error was a statistical outlier compared to the other errors; therefore, we excluded the dollar amount from the projections.

Inaccurate Over- or Underpayments

We estimated SSA recorded approximately \$12 million in inaccurate over- or underpayments on the records of approximately 7,500 beneficiaries that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports.⁹ If these errors are not corrected, there is a risk the Agency could improperly collect or release inaccurate over- or underpayments. We summarized our sample results and estimated projections to the three populations in the following table.

Table B-7: Inaccurate Over- or Underpayments

Population Description	Sample Size	Beneficiaries in Sample with Inaccurate Over- or Underpayments	Inaccurate Over- or Underpayments in Sample	Estimated Beneficiaries with Inaccurate Over- or Underpayments	Estimated Inaccurate Over- or Underpayments in Population
Current Pay (Table B-8)	100	11	\$12,164	880	\$735,509
No Longer in Current Pay (Table B-9)	100	57	\$154,710	4,087	\$7,985,452
Discrepant Date of Death (Table B-10)	100	56	\$134,397	2,549	\$3,489,599
Total	300	124	\$301,271	7,516	\$12,210,560
Note: All statistical projections are at the 90-percent confidence level.					

Current Pay Population

SSA posted approximately \$12,000 in inaccurate over- or underpayments on the payment records of 11 sampled deceased beneficiaries that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports. Projecting our sample results to the population of 8,000 beneficiaries, SSA recorded approximately \$736,000 in inaccurate over- or underpayments to approximately 900 deceased beneficiaries that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports.

⁹ Our estimates are contingent on SSA confirming the information on the state death reports.

Table B-8: Current Pay Population: Inaccurate Over- or Underpayments

Description	Beneficiaries with Inaccurate Over- or Underpayments	Inaccurate Over- or Underpayments
Sample Results ¹⁰	11	\$12,164
Projected Point Estimate	880	\$732,409
Projection-Lower Limit	506	\$261,093
Projection-Upper Limit	1,400	\$1,203,724
Total Projected Inaccurate Over- or Underpayments (Projected Point Estimate Plus Outlier Actual Amount of \$3,100)		\$735,509
Note: All statistical projections are at the 90-percent confidence level.		

No Longer in Current Pay Population

SSA posted approximately \$155,000 in inaccurate over- or underpayments on the payment records of 57 sampled former beneficiaries that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports. Projecting our sample results to the population of 7,171 former beneficiaries, SSA recorded approximately \$8 million in inaccurate over or underpayments to approximately 4,100 former beneficiaries' payment records that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports.

Table B-9: No Longer in Current Pay Population: Inaccurate Over- or Underpayments

Description	Beneficiaries with Inaccurate Over- or Underpayments	Inaccurate Over- or Underpayments
Sample Results ¹¹	57	\$154,710
Projected Point Estimate	4,087	\$7,940,364
Projection-Lower Limit	3,467	\$5,517,116
Projection-Upper Limit	4,685	\$10,363,611
Total Projected Inaccurate Over- or Underpayments (Projected Point Estimate Plus Outlier Actual Amount of \$45,088)		\$7,985,452
Note: All statistical projections are at the 90-percent confidence level.		

¹⁰ One \$3,100 error was a statistical outlier compared to the other errors; therefore, we excluded the dollar amount from the projections.

¹¹ One \$45,088 error was a statistical outlier compared to the other errors; therefore, we excluded the dollar amount from the projections.

Discrepant Date of Death Population

SSA posted approximately \$134,000 in inaccurate over- or underpayments on the payment records of 56 sampled beneficiaries that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports. Projecting our sample results to the population of 4,551 individuals, SSA recorded approximately \$3 million in inaccurate over- or underpayments on approximately 2,500 beneficiaries' payment records that it could have prevented or corrected had DIPS processed, instead of rejected, the state death reports.

Table B-10: Discrepant Date of Death Population: Inaccurate Over- or Underpayments

Description	Beneficiaries with Inaccurate Over- or Underpayments	Inaccurate Over- or Underpayments
Sample Results ¹²	56	\$134,397
Projected Point Estimate	2,549	\$3,429,042
Projection-Lower Limit	2,157	\$2,414,568
Projection-Upper Limit	2,928	\$4,443,515
Total Projected Inaccurate Over- or Underpayments (Projected Point Estimate Plus Outlier Actual Amount of \$60,557)		\$3,489,599
Note: All statistical projections are at the 90-percent confidence level.		

Estimated Improper Payments over the Next 12 Months

We reviewed each sampled beneficiary in the Current Pay population. We estimate, if the Agency does not add death information to its payment records, SSA will issue approximately \$1,437,000 improper payments over the next 12 months to 91 sampled beneficiaries who remained in current payment status in March 2024.¹³ Projecting our sample results to the population of 8,000 beneficiaries, SSA could issue approximately \$108 million in improper payments over the next 12 months to approximately 7,300 deceased beneficiaries if the Agency does not add death information to its payment records.

¹² Two errors, totaling \$60,557 (\$44,024 + \$16,533) were statistical outliers compared to the other errors; therefore, we excluded the dollar amounts from the projections.

¹³ Our estimates are contingent on SSA confirming the information on the state death reports.

Table B-11: Current Pay Population: Improper Payments over the Next 12 Months

Description	Beneficiaries in Current Payment Status	Improper Payments
Sample Results ¹⁴	91	\$1,437,221
Projected Point Estimate	7,280	\$107,360,216
Projection-Lower Limit	6,789	\$98,096,521
Projection-Upper Limit	7,616	\$116,623,910
Total Projected Improper Payments over the Next 12 Months (Projected Point Estimate Plus Outlier Actual Amount of \$162,318)		\$107,522,534
Note: All statistical projections are at the 90-percent confidence level.		

We identified \$909,064 in Table B-11 that we previously reported in our *Match of Puerto Rico Death Information Against Social Security Administration Records*.¹⁵

Estimated Administrative Costs to Correct Payment Records

We determined SSA could have avoided manual actions to correct Old-Age, Survivors, and Disability Insurance (OASDI) payment records for 24 sampled beneficiaries had it processed, instead of rejected, the state death reports. Staff from SSA's Office of Deputy Commissioner of Operations estimated SSA employees spent an average of 24 minutes to process avoidable manual actions for each of the 24 sampled individuals.¹⁶ Staff from SSA's Office of Budget, Finance, and Management estimated it cost the Agency \$1,100 in administrative expenses to process avoidable manual actions for the sampled beneficiaries.¹⁷

¹⁴ Five errors, totaling \$162,318 (\$36,501 + \$33,021 + \$32,708 + \$30,464 + \$29,624), were statistical outliers compared to the other errors; therefore, we excluded the dollar amounts from the projections.

¹⁵ SSA, OIG, *Match of Puerto Rico Death Information Against Social Security Administration Records*, 022332, p.1 (January 2024).

¹⁶ We did not independently verify SSA's estimated processing times used to calculate hours worked.

¹⁷ We did not independently verify SSA's estimated administrative costs.

We used a straight-line ratio methodology to estimate the number of beneficiaries that required manual actions and hours SSA employees spent processing avoidable manual actions for beneficiaries in the population. We estimate SSA could have avoided manual actions to correct OASDI payment records for approximately 39,000 beneficiaries. Had SSA processed, instead of rejected, the state reports with valid death information for the beneficiaries in the population, we estimate SSA employees could have avoided spending approximately 16,000 hours processing manual actions to correct OASDI payment records. These hours worked represent approximately \$1.8 million in administrative expenses. See Appendix A for additional processing time and administrative cost estimates provided by SSA.

Table B-12: Straight-line Estimation of Hours and Administrative Expenses Spent Processing Avoidable Manual Actions to Correct Payment Records

Description	Sample	Estimation to Population
Sample Size/Population Size	275	444,913
Number of Beneficiaries with Avoidable Manual Actions	24	38,829
Time Employees Spent Processing Avoidable Manual Actions	9.6 hours	15,531.6 hours
Avoidable Administrative Costs	\$1,100	\$1,778,368

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: March 5, 2025

Refer To: TQA-1

To: Michelle L. Anderson

Assistant Inspector General for Audits

A handwritten signature in black ink, appearing to read "Chad Poist".

From: Chad Poist
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Memorandum "Rejection of State Death Reports" (042304)
-- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Acting ALS Director, Tom MacBride at (410) 829-2678.



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