

Follow-up on Cost-benefit Analysis of Processing Low-dollar Overpayments 072403



May 2026

Office of Audit Report Summary

Objective

To follow up on prior recommendations related to capturing the average cost to collect overpayments and determine whether there are actions the Social Security Administration (SSA) could take to improve the processing of low-dollar overpayments.

Background

An overpayment occurs when an individual receives a benefit payment greater than the amount to which they are entitled. Regardless of the overpayment amount, SSA generally initiates recovery actions by sending a notice requesting full and immediate refund. SSA may terminate collection, in part, when the cost of collection is likely to exceed the amount recovered.

SSA uses its Cost Analysis System (CAS) to provide the overall average cost to collect overpayments in the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. In a prior audit, we found SSA did not use the same methodology to capture the average costs of OASDI and SSI overpayments. Specifically, SSA did not have an estimated cost to collect an SSI overpayment when multiple actions are required. Therefore, we did not review low-dollar SSI overpayments for this audit.

From a population of 3,983 low-dollar OASDI overpayments SSA established between October 1, 2021 through September 30, 2024, we reviewed a sample of 250.

Results

SSA agreed with our prior recommendations to update its methodology to capture the average cost of collecting overpayments and re-evaluate its process for collecting overpayments where the value of the overpayment is less than what it spends to collect the overpayments. However, as of the date of our review, it had not implemented them. SSA stated it would need to create a new workload tracking system for the SSI program to be consistent with OASDI tracking, but it did not have resources to put toward this effort.

Of the 250 low-dollar OASDI overpayments we reviewed, SSA took actions on 50 (20 percent) that we did not consider cost-beneficial because it sent more notices to the overpaid individuals than required. Since SSA could not provide its average cost to send an overpayment notice, we applied the average cost to collect overpayments as reported in CAS during our audit period, and we did not consider it to have been cost-beneficial to recover these 50 overpayments. Specifically, we estimate SSA spent \$14,492 to attempt to recover the 50 overpayments, which totaled \$8,129.

Projected to our population, we estimated SSA spent \$4.6 million to recover almost 16,000 low-dollar OASDI overpayments totaling almost \$2.6 million. Therefore, we estimate SSA spent about \$2 million more than it would recover.

SSA has the authority to terminate or suspend collection actions when it cannot collect any substantial amount or the cost of collection is likely to be more than the amount it will recover. However, neither SSA's regulations nor policy specify the criteria the Agency or its employees will use to determine when the cost of collection is likely to be more than the amount recovered and therefore collection actions should be terminated or suspended.

Recommendations

We made four recommendations for SSA to ensure consistency in its methods for calculating the average costs to process overpayments, take appropriate actions for low-dollar overpayments we identified, and update policy to specify the criteria the Agency or its employees shall use to determine when the cost of collection is not cost-beneficial. SSA agreed to implement our recommendations.