



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## *Audit Report*

# Supplemental Security Income Ineligibility Determinations and Payment Suspensions Based on Failure to Provide Information

*A-02-22-51135 September 2024*



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** September 25, 2024

**Refer to:** A-02-22-51135

**To:** Martin O'Malley  
Commissioner

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

**Subject:** Supplemental Security Income Ineligibility Determinations and Payment Suspensions Based on Failure to Provide Information

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration acted in accordance with its policies and procedures when it processed Supplemental Security Income ineligibility determinations and suspensions based on applicants', recipients', or representative payees' failure to provide information.

If you wish to discuss the final report, please contact me or have your staff contact Mark Searight, Deputy Assistant Inspector General for Audit.

Attachment

# Supplemental Security Income Ineligibility Determinations and Payment Suspensions Based on Failure to Provide Information

## A-02-22-51135



September 2024

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) acted in accordance with its policies and procedures when it processed Supplemental Security Income (SSI) ineligibility determinations and suspensions based on applicants', recipients', or representative payees' failure to provide information.

### Background

When SSA is determining an individual's SSI eligibility or payment amount, it may request information from individuals. Should the individual fail to provide the information, SSA can determine they are ineligible for SSI and/or stop their SSI payments until it receives the information. SSA uses a number of non-payment status codes to stop payments when individuals fail to provide information. Generally, before stopping payments, SSA employees must exhaust efforts to contact individuals to obtain the requested information.

To determine whether employees followed all required steps before denying or suspending SSI payments, we reviewed a sample of 274 cases from a population of 1.5 million recipients SSA placed in non-payment status codes from March 2020 through May 2022 after determining the recipients failed to provide requested information or take requested actions. Additionally, we identified 61,176 recipients who were placed into 7 non-payment status codes during periods SSA had prohibited their use.

### Results

SSA did not act in accordance with its policy and procedures when it processed SSI ineligibility determinations and suspensions based on applicants', recipients', or representative payees' failure to provide information. SSA's employees did not complete all required steps for 156 (57 percent) of the 274 sampled cases placed in non-payment status, which led to 96 of the 156 recipients not receiving \$203,133 in SSI payments they should have received. Projecting these results to our population, we estimate SSA did not follow its policy before it denied or suspended SSI payments for 871,330 recipients. Of these recipients, we estimate 536,203 did not receive \$647 million in SSI payments they should have received.

SSA did not have adequate system controls in place to prevent its employees from using non-payment status codes before they completed all required steps and/or documentation. This includes making required attempts to locate recipients who had not provided requested information or obtaining the management approval needed before they suspended payments. Also, SSA's instructions detailing the steps employees must take to obtain information before they suspended or denied SSI payments varied between different non-payment status codes. This created an inconsistent approach for the steps employees are required to take before suspending or denying recipients, even though the non-payment status codes all relate to individuals failing to provide some type of information to SSA.

SSA also placed 61,176 recipients in 7 non-payment status codes when their use was prohibited. SSA instructed its employees not to use certain non-payment codes during specific periods; however, SSA did not add controls to its systems to prevent their use, which allowed SSA employees to continue using them during prohibited periods. In addition, the Agency did not update all of its policies when it made a non-payment status code obsolete.

### Recommendations

We made two recommendations related to SSA having procedures to prevent the use of prohibited non-payment status codes and updating policy to ensure consistency with employee actions before using any non-payment status code related to individuals failing to provide some type of information to SSA. SSA agreed with our recommendations.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
EM	Emergency Messages
FO	Field Office
FTC	Failure to Cooperate
FY	Fiscal Year
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

## OBJECTIVE

To determine whether the Social Security Administration (SSA) acted in accordance with its policies and procedures when it processed Supplemental Security Income (SSI) ineligibility determinations and suspensions based on applicants', recipients', or representative payees' failure to provide information.

## BACKGROUND

SSA administers the SSI program to provide monthly payments to people who have limited income and resources and are aged, blind, or disabled. Because SSI is a needs-based program, SSA reviews the value of recipients' income and resources when it determines whether they are eligible for SSI payments.<sup>1</sup>

SSA policy requires that recipients submit evidence that establishes their eligibility for program benefits.<sup>2</sup> SSA may also request information it needs to determine recipients' continuing SSI eligibility or correct payment amounts.<sup>3</sup> Generally, when requesting information, SSA employees must take certain steps to locate recipients and obtain the information, including sending initial and follow-up notices.<sup>4</sup>

SSA can deny recipients' SSI eligibility or suspend their SSI payments should they not provide requested information. SSA has nine suspension and non-payment status codes<sup>5</sup> that it uses to indicate recipients have not provided information or failed to take an action the Agency deems necessary for it to continue processing their applications or paying their SSI payments (see Table 1). SSA defines failure to provide information specifically in policy and uses a specific business process, the N20 suspension.<sup>6</sup> For our audit, we identified and included other non-payment status codes that indicate recipients failed to provide information the Agency needed to establish their eligibility or continue payments.

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<sup>1</sup> We use the term "recipients" when we refer to applicants, recipients, and/or representative payees.

<sup>2</sup> SSA, *POMS*, GN 00301.001 (December 9, 2003).

<sup>3</sup> 20 C.F.R. § 416.714(b).

<sup>4</sup> The steps employees must take for the non-payment status codes are documented in several policies. See Appendix D for the specific policy used for each non-payment status code.

<sup>5</sup> We use the term "non-payment status code" when we refer to the suspension, denial, and stop payment codes in our population and subsequent analyses and findings. See Table 1 and Table 2 for the specific type of action involved for each non-payment status code.

<sup>6</sup> SSA, *POMS*, SI 02301.235 (September 3, 2024).

**Table 1: Non-payment Status Codes Indicating a Failure to Provide Information**

Non-payment Status Code	Definition	Type of Action	Responsible Component <sup>7</sup>
N05	Field office (FO) employees cannot determine eligibility for some month(s) of a past period of non-payment or applicant/recipient failure to provide information for children overseas or to give permission to contact financial institutions	Payment Suspension	FO
N06	Applicant failed to file for other benefits	Non-medical Denial or Payment Suspension	FO
N18	Applicant Failure to Cooperate (FTC) or failure to give permission to contact financial institutions	Non-medical Denial	FO
N20	Recipient failure to provide information	Payment Suspension	FO
N36	Applicant insufficient or no medical data furnished	Medical Denial	Disability Determination Services (DDS)
N37 <sup>8</sup>	Applicant failure or refusal to submit to consultative examination	Medical Denial	DDS
N39 <sup>9</sup>	Applicant willfully fails to follow prescribed treatment	Medical Denial	DDS
S06	Recipient whereabouts unknown	Payment Suspension	FO or system
S08	Representative payee development pending	Stop Payment <sup>10</sup>	FO or system

<sup>7</sup> The responsible component indicates which type of office is responsible for the determination. For example, DDS employees make the medical denial determinations noted in the table. Employees in SSA's local FO or the reviewing office input the denial into SSA's system; however, the FO employees did not make the medical determinations.

<sup>8</sup> Although non-payment status code N37 became obsolete effective January 10, 2020 and was removed from the global reference table, we included this code in our review because some of the DDSs have not fully migrated to SSA's Disability Case Processing System and were able to select N37 although policy instructs them not to do so (SSA, POMS, DI 23007.015D [August 2, 2022]). We discuss this in the section on Non-payment Status Codes Used During Prohibited Timeframes.

<sup>9</sup> SSA stated "Failure to follow prescribed treatment is not a failure to do what we asked, rather it is a failure to follow a medical source's recommendation when that treatment could restore a level of functioning to perform [substantial gainful activity]" and requested we remove this non-payment status code from our report. We continue to believe the definition of the code indicates the individual failed to do something the Agency deemed necessary to continue an application or pay benefits. Email dated May 8, 2024, with subject line *RE: Audit No. 22022007 (A-02-22-51135) – Exit Conference Notification – OIG Statement of Facts "Supplemental Security Income Ineligibility Based on Individuals Failure to Provide Information"* from Office of Analytics, Review, and Oversight employees.

<sup>10</sup> SSA, POMS, SI 02301.201.B.2 (August 30, 2023). A stop payment is an interruption in payment, not a loss of eligibility. SSA informed us it does not suspend recipients using code S08 for failure to provide information, but rather because the beneficiary needs a new payee, a new payee is not available, and direct payment is prohibited. We included this non-payment status code in our review because of the risk employees might not fully understand the rules governing when direct payments can be made or develop for whether a recipient can receive payments before stopping their payments when a new payee is not available.

SSA uses four additional non-payment status codes when recipients indicate they do not want to continue their SSI application or payments. We included these four codes as part of our review because of the risk SSA employees may use the codes when they encounter difficulties obtaining required information from recipients or when recipients choose not to continue their application or payments because they have difficulty obtaining required information.

**Table 2: Non-payment Status Codes Indicating Recipients Not Wanting to Continue**

Non-payment Status Code	Definition	Type of Action	Responsible Component
N12	Applicant or Recipient Voluntary Withdrawal	Withdrawal	FO
N17	Applicant/Recipient Failure to Pursue	Non-medical Denial	FO
N19	Recipient Voluntary Termination	Termination	FO
N38	Applicant Does Not Want to Continue Development of Claim	Medical Denial	DDS

See Appendix D for more information on the policies SSA should follow for each of the non-payment status codes.

## Advocate Concerns

In April 2021, SSI advocates expressed concern with FO employees' use of N20 and other non-payment status codes that lead to payment suspensions or denials. These codes include failure to cooperate (N18),<sup>11</sup> whereabouts unknown (S06),<sup>12</sup> and insufficient or no medical evidence (N36).<sup>13</sup> The advocates stated “. . . designations such as FTC should be used as a last resort and after multiple efforts to reach the [recipient], appointed representatives, third party contacts and working with community partners to try to locate the individual.” The advocates feared the non-payment suspension codes were being quickly used after employees made minimal attempts to resolve the situation. Further, specific to N20 suspensions, advocates suggested FO employees contact recipients for the necessary information or gather the information through other means.

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<sup>11</sup> SSA, POMS, SI 00601.110 (December 21, 2023) and SI 00501.001 (October 6, 2023). SSA uses non-payment status code N18 when individuals fail to cooperate or fail to give permission to contact financial institutions during their initial application.

<sup>12</sup> SSA, POMS, SI 02301.240 (February 17, 2023).

<sup>13</sup> SSI advocates were a part of the workgroup on SSI/Social Security Disability Insurance Administrative Simplifications and Evidence-Based Outreach.



SSA employees use non-payment status code N20 if an individual who fails to provide information is a capable recipient, representative payee who is the custodial parent of a minor recipient, or the payee is the recipient's legal guardian.<sup>14</sup> Before suspending payments, employees must:<sup>15</sup>

- exhaust efforts to locate and contact recipients and obtain needed information, including contacting other sources (such as a financial institution, employer, benefit source, medical treatment source, or homeless shelter) who may have contact with the recipient or could provide the information;
- develop capability if it appears a recipient is not managing benefits and meeting their own needs;
- consider the need for a change if the representative payee is missing, no longer acting for the recipient, or uncooperative;
- discuss voluntary termination if a recipient, legal guardian, or representative payee does not want to pursue SSI; and
- obtain approval to suspend a recipient for failure to provide information from a management support specialist or above.<sup>16</sup>

## Response to the COVID-19 Pandemic and Advocate Concerns

In response to the COVID-19 pandemic and advocate concerns, SSA revised some non-payment status code-related policy.<sup>17</sup> Specifically, SSA:

- instructed employees not to input adverse actions that would normally result in a reduction, suspension, or termination of payments from March 17 through August 30, 2020;

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<sup>14</sup> At the time of our review, the policy in effect was SSA, *POMS*, SI 02301.235.A (February 5, 2010 to August 31, 2021 and September 1, 2021 to June 13, 2022). SSA started updating the policy in June 2022, and, as of the date of this report, the most recent version was SSA, *POMS*, SI 02301.235.A (September 3, 2024).

<sup>15</sup> At the time of our review, the policy in effect was SSA, *POMS*, SI 02301.235.I (February 5, 2010 to August 31, 2021 and September 1, 2021 to June 13, 2022). SSA started updating the policy in June 2022, and, as of the date of this report, the most recent version was SSA, *POMS*, SI 02301.235.E and G (September 3, 2024).

<sup>16</sup> At the time of our review, the policy in effect was SSA, *POMS*, SI 02301.235.J (February 5, 2010 to August 31, 2021 and September 1, 2021 to June 13, 2022). SSA started updating the policy in June 2022, and, as of the date of this report, the most recent version was SSA, *POMS*, SI 02301.235.H (September 3, 2024).

<sup>17</sup> EM 20010 SEN, *Disaster Procedures – Coronavirus Disease 2019 (COVID-19) Pandemic—One Time Instruction* (March 18, 2020); EM 20010 SEN REV, *Disaster Procedures – Coronavirus Disease 2019 (COVID-19) Pandemic—One-Time Instruction* (March 27, 2020); EM 20010 SEN REV 2, *Disaster Procedures – Coronavirus Disease 2019 (COVID-19) Pandemic—One-Time Instruction* (April 23, 2020); EM 20010 SEN REV 3, *Disaster Procedures – Coronavirus Disease 2019 (COVID-19) Pandemic—One-Time Instruction* (June 22, 2020); EM 20010 SEN REV 4, *Disaster Procedures – Coronavirus Disease 2019 (COVID-19) Pandemic—One-Time Instruction* (July 17, 2020); EM 20010 SEN REV 5, *Disaster Procedures – Coronavirus Disease 2019 (COVID-19) Pandemic—One-Time Instruction* (August 31, 2020); EM-20019 SEN REV 2, *Disability Determinations Services (DDS) Procedures – Coronavirus Disease 2019 (COVID-19) Crisis* (September 11, 2020); EM-21079, *Temporary Hold on N20 (Failure to Provide Information) Suspensions—One-Time Only Instructions* (December 23, 2021); EM-21079 REV, *Temporary Hold on N20 (Failure to Provide Information) Suspensions—One-Time Only Instructions* (April 11, 2022); and EM 22034, *Resumption Instructions for cases held under EM-21079 Temporary Hold on N20 (Failure to Provide Information) Suspensions—One-Time Only Instructions* (June 14, 2022).

- suspended its FTC policy and procedures related to filing applications, submitting evidence, appeals, attending consultative examinations, hearings, redeterminations, and continuing disability reviews from March 17 through September 10, 2020; and
- deferred determining whether an SSI recipient was ineligible because they failed to provide information and the related use of non-payment status code N20 from December 23, 2021 to June 12, 2022.

### ***Documenting Required Information Before Using Non-payment Status Codes***

In 87 (32 percent) of the 274 cases reviewed, SSA employees did not add all required documentation into SSA’s systems before using non-payment status codes as a result of recipients not providing requested information, including failing to document management approval of the non-payment status code use. While the lack of documentation did not lead to recipients being denied SSI payments they should have received, policy required that employees add the documentation to SSA’s systems before they used the non-payment status codes.

See Table 3 for information on when the use of specific non-payment status codes was prohibited.<sup>18</sup>

**Table 3: Periods When Non-payment Status Codes Were Suspended**

<b>Non-payment Status Code</b>	<b>Definition</b>	<b>Unable to Use</b>	<b>Reason</b>
N05	FO cannot determine eligibility for some period of non-payment, failure to provide information for children overseas or failure to give permission to contact financial institutions.	March 17, 2020 – August 30, 2020 <sup>A</sup>	Adverse Action
N06	Recipient failed to file for other benefits	March 17, 2020 – August 30, 2020 <sup>B</sup>	FTC
N20	Failure to provide information	March 17, 2020 – August 30, 2020; December 23, 2021 – June 12, 2022	FTC
N36	Insufficient or no medical data furnished	March 27, 2020 – September 11, 2020	FTC
N37	Failure or refusal to submit to consultative examination	Entire scope of audit	Obsolete
S06	Recipient’s address unknown	March 17, 2020 – August 30, 2020	Adverse Action
S08	Representative payee development pending	March 17, 2020 – August 30, 2020	Adverse Action

Notes: A: Employees were only prohibited from using N05 during this period if it related to an adverse action.  
 B: Employees were only prohibited from using N06 during this period if it related to an adverse action.

<sup>18</sup> Table 3 includes non-payment status codes in the scope of our review, not all affected non-payment status codes.

## SCOPE AND METHODOLOGY

We identified approximately 1.6 million recipients placed into the 13 non-payment status codes SSA uses when it determines recipients failed to provide information or take a requested action. From March 2020 through May 2022, we identified:

- 1.5 million recipients who were placed in 12 of the 13 non-payment status codes when the determinations were allowed. We reviewed a stratified random sample of 274 recipients. We did not sample from the (N37) status code because SSA should not have been using the code during the scope of our audit. We discuss this code later in the report.
- 61,176 recipients who were placed into 7 of 13 non-payment status codes when use of the codes was prohibited because of the COVID-19 pandemic or other moratoriums.<sup>19</sup>

## RESULTS OF REVIEW

SSA did not act in accordance with its policy and procedures when it processed SSI ineligibility determinations and suspensions based on recipients' failure to provide information or take a requested action. We estimate SSA employees inaccurately processed determinations based on a failure to provide information for 871,330 recipients, which led SSA to improperly deny or suspend \$647 million in SSI payments to 536,203 recipients.

SSA did not have adequate system controls in place to prevent its employees from using SSI payment suspensions or denials before they took the actions and/or documented the information required by policy.<sup>20</sup> For example, employees did not attempt to locate recipients who had not provided requested information or obtain necessary management approval before they suspended payments. Also, SSA's policy on the efforts employees must take to locate individuals or obtain information before they suspend or deny SSI payments varied among non-payment status codes, even though the policy uniformly relates to individuals who fail to provide information to SSA. This created an inconsistent approach for the steps employees are required to take before suspending or denying recipients for failure to provide information.

SSA also placed 61,176 recipients in non-payment status codes when their use was prohibited. SSA instructed its employees not to use certain non-payment codes during specific periods in response to the COVID-19 pandemic; however, SSA did not add controls in its systems to prevent their use, which allowed SSA employees to continue using the non-payment status codes during prohibited periods. In addition, the Agency did not update all of its policies when making a non-payment status code obsolete.

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<sup>19</sup> Six non-payment status codes were not prohibited at any time during our scope of our review.

<sup>20</sup> The steps employees must take for the non-payment status codes are documented in several policies, see Appendix D for the specific policy used for each non-payment status code.

## Processing Cases When Recipients Do Not Provide Information

### *Completing Required Steps Before Using Non-payment Status Codes*

SSA employees did not complete all required steps in 156 (57 percent) of the 274 sample cases reviewed. SSA employees placed recipients in non-payment status before they followed all steps required by policy, such as exhausting all efforts to obtain information and/or locate the recipients (for example, contact financial institution or postmaster), considering a successor representative payee or direct payment, or before sending a second request for the information SSA needed.<sup>21</sup> For example:

- In October 2020, a parent applied for SSI on their child's behalf. SSA requested the parent complete and return a Form SSA-3376-BK, *Function Report – Child Age 1 to 3<sup>rd</sup> Birthday*. The parent did not provide the Form and therefore SSA denied the child's application in December 2020 because of the parent's failure to cooperate. However, SSA employees had not made multiple attempts to contact the parent or others who could have helped locate the parent and had not provided the parent notice they had 30 days to respond to its request for the Form.<sup>22</sup>
- In February 2021, SSA received returned mail it sent a recipient's representative payee. SSA requested the representative payee provide corrected information about his name, address, and bank account. The representative payee did not provide the corrected information, and, as a result, in March 2021, an SSA employee suspended the recipient's payments for 1 year. However, the employee used the incorrect non-payment status code to suspend the payments. Had the employee used the correct code, employees would have had to take additional steps before they suspended payments. This would have included employees determining whether the recipient was eligible for direct payment and, if not, documenting why direct payment was not possible.<sup>23</sup> Because the employee used the wrong non-payment status code, the SSI recipient did not receive approximately \$9,074 in payments.

SSA's failure to fully adhere to policy resulted in 96 (62 percent) of the 156 recipients not receiving \$203,133 in payments they should have received.<sup>24</sup> Based on the sample results, we estimate SSA did not follow its policy before it denied or suspended SSI payments for 871,330 recipients. Of these recipients, we estimate 536,203 did not receive \$647 million in SSI payments they should have received.

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<sup>21</sup> The steps employees must take for the non-payment status codes are documented in several policies, see Appendix D for the specific policy used for each non-payment status code.

<sup>22</sup> SSA acknowledged its employees failed to make multiple contacts and notify the parent they had 30 days to respond to SSA's request.

<sup>23</sup> SSA acknowledged there was no documentation to support contact to recipient and leads or documentation of efforts to locate the recipient.

<sup>24</sup> For the remaining 60 recipients, the suspension or denial did not affect the recipient's payments. In some cases, the recipients were not eligible for SSI and the failure to provide information was not the determining factor in denying them SSI payments. In other cases, while the non-payment status code was used because of a failure to provide information, the recipients ultimately received their SSI payments when they were due.

## ***Documenting Required Information Before Using Non-payment Status Codes***

In 87 (32 percent) of the 274 cases reviewed, SSA employees did not add all required documentation into SSA's systems before using non-payment status codes as a result of recipients not providing requested information, including failing to document management approval of the non-payment status code use. While the lack of documentation did not lead to recipients being denied SSI payments they should have received, policy required that employees add the documentation to SSA's systems before they used the non-payment status codes.

### ***Non-payment Status Code Policy Consistency***

SSA lacked consistent policy on the actions employees need to complete before they use the non-payment status codes related to recipients' failure to provide information. For example:

- In January 2024, SSA updated the N20 Failure to Provide Information policy. The updated policy clarified what employees should do if they determine the whereabouts of recipients from whom they have requested information are unknown. Per the N20 policy, employees should exhaust all efforts to locate recipients. These efforts include sending address information requests to recipients' servicing post offices and allowing 30 days for a response.<sup>25</sup> Should the recipients' whereabouts continue to be unknown after the 30-day response time, the N20 policy instructs employees to use the S06 non-payment status code to suspend recipients' payments until their whereabouts are established. However, while SSA's S06 non-payment status code policy similarly advises employees to send address information requests to the recipients' post offices, it does not direct employees to delay using the S06 non-payment status code 30 days while waiting for responses from servicing post offices.
- The N20 policy requires that employees also send requests for address information to recipients' financial institutions and allow 30 days for a response when recipients cannot be located. The S06 policy does not require that employees contact recipients' financial institutions for address information. Instead, it states this contact as optional.<sup>26</sup>

While the N20 and S06 policies have guidance on taking steps to identify recipients' addresses, the steps required are not consistent. For example, while SSA took steps to clarify N20 policy in January 2024, it did not update or clarify other similar policies to ensure its employees take a consistent approach when attempting to locate recipients before it denies or suspends SSI payments.<sup>27</sup>

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<sup>25</sup> SSA, *POMS*, SI 02301.235 G (September 3, 2024).

<sup>26</sup> SSA, *POMS*, SI 02301.240.C.2 (February 17, 2023).

<sup>27</sup> SSA stated, "The S06 suspension policy was not updated with the same guidelines as N20 because the S06 policy does not have the same requirements. For the N20 policy, technicians must exhaust all efforts to *obtain* the requested information. For the S06 policy, technicians must exhaust all efforts to locate an individual after applying an S06 suspension." We disagree. SSA, *POMS*, SI 02301.240 (February 17, 2023). While SSA's S06 suspension policy does not specifically state employees must exhaust all efforts, the policy lists required and optional efforts to locate the recipient and states the S06 suspension should be used if the recipient cannot be located.

## Non-payment Status Codes Used During Prohibited Timeframes

We identified 61,176 recipients who were placed in 7 non-payment status codes when the codes' use was prohibited (see Table 4). While the codes' use was prohibited, SSA did not add controls to its systems to prevent their use, which allowed SSA employees to continue using them during prohibited periods. In addition, the Agency did not update all of its policies when making a non-payment status code obsolete. Accordingly, 61,176 recipients' SSI payments were denied or suspended when they should not have been.

**Table 4: Recipients Placed into Non-payment Status Codes During Prohibited Periods<sup>28</sup>**

Non-payment Status Code	Period Prohibited	Recipients
S06	March 17 to August 30, 2020	30,555
N36	March 27 to September 11, 2020	12,173
S08	March 17 to August 30, 2020	10,685
N20	March 17 to August 30, 2020	5,319
	December 31, 2021 to June 12, 2022	
N05	March 17 to August 30, 2020	1,360
N37 <sup>29</sup>	January 6, 2020 to present	590
N06	March 17 to August 30, 2020	494
Total		61,176

<sup>28</sup> For non-payment status codes N05 and N06, we only included records involving adverse actions as specified in SSA's guidance. The S06 suspension can be manually input by employees or automatically processed by the system. We did not determine whether the input was manual or automated. We believe any suspensions of the use of the codes should have applied to both manual and automated actions.

<sup>29</sup> SSA removed payment code N37 from the global reference table in January 2020, and DDSs cannot select N37 in the Disability Case Processing System. However, some DDSs have not fully migrated to the System and may be able to select N37 although policy instructs them not to do so (SSA, POMS, DI 23007.015D [August 2, 2022]).

## **RECOMMENDATIONS**

We recommend SSA:

1. Update policy for certain non-payment status codes (N05, N06, N18, N36, N39, and S06) we reviewed to (1) clearly and consistently require employees to exhaust efforts to locate and contact recipients and obtain needed information before applying the suspension or denial and (2) provide examples in each updated policy that are relevant to the specific suspension or denial code to illustrate all aspects of proper development, including timeframes for initial and follow-up requests and determinations regarding sufficient information for eligibility, capability, change of payees, undeliverable mail, extension requests, and procedures to exhaust efforts.
2. Develop policy and procedures for the Offices of Retirement and Disability Policy and Chief Information Officer to coordinate systems changes to prevent the use of obsolete or temporarily prohibited non-payment status codes. If unable to make systems change, SSA should identify and review records placed into suspension or denied using prohibited non-payment status codes to ensure they are corrected timely.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The Agency's comments are included in Appendix E.

# ***APPENDICES***



## Appendix A – SCOPE AND METHODOLOGY

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To gain an understanding of the Supplemental Security Income (SSI) ineligibility determinations and suspensions, we:

- Researched and reviewed applicable sections of the *Social Security Act*, the Social Security Administration's (SSA) Program Operations Manual System, Emergency Messages, and technical guidance.
- Reviewed prior SSA and Office of the Inspector General reports and studies conducted on Supplemental Security Income (SSI) terminations or suspensions that discussed documentation issues, notice issues, or failure to cooperate as well as the Agency failing to terminate or suspend SSI payments when required.
- Interviewed, and obtained information from, SSA subject-matter experts on SSI ineligibility determinations and suspensions based on a failure to provide information or cooperate.
- Identified 13 non-payment status codes that SSA uses when it determines recipients failed to provide information or take a requested action.
  - SSA uses nine codes to indicate recipients have not provided information or have failed to take an action the Agency deems necessary to continue processing recipients' applications or paying their SSI payments.
  - SSA uses four codes when recipients indicate they do not want to continue with their SSI application or payments. We included these non-payment status codes as part of our review because of the potential risk of the non-payment status codes being used by SSA employees because of difficulties in obtaining required information from recipients or recipients choosing not to continue their application or payments because of difficulties obtaining required information.
- Obtained from SSA's Advanced Data Analytics Lab historical Supplemental Security Record (SSR) data from SSA's Enterprise Data Warehouse records related to 13 non-payment status codes related to ineligibility determination or suspension based on applicants', recipients', or representative payees' failure to provide information from March 2020 through May 2022. Using the data, we identified:
  - The number of unique recipients placed into each non-payment status.
  - The number of recipients who were placed into a non-payment status during periods when the determinations were prohibited because of the COVID-19 pandemic or other moratoriums. We identified 61,176 recipients who were placed into 7 non-payment status codes during prohibited months.<sup>1</sup>

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<sup>1</sup> We identified an additional 61,129 recipients who were placed into 7 non-payment status codes during the first 2 months after the prohibited period (that is March 2020, April 2020, December 2021, and January 2022). We excluded these cases from our error-case population because of timing delays with input and processing of the suspension codes.

- The number of recipients who were placed in obsolete non-payment status code N37. We identified 590 recipients.
- The number of recipients who were placed in non-payment status codes from March 2020 through May 2022, excluding individuals placed into a non-payment status during periods when the determinations were prohibited or obsolete. We identified 1,530,413 recipients placed in 12 non-payment statuses.<sup>2</sup>
- From the 1,530,413 recipients, we selected a proportionate stratified random sample of 274 cases by non-payment status code, see Table A-1.

**Table A-1: Strata Sample Sizes**

	<b>Non-payment Status Code</b>	<b>Recipients</b>	<b>Stratified Random Sample Size</b>
1	N05	19,985	4
2	N06	27,431	5
3	N12	10,427	2
4	N17	30,457	5
5	N18	143,263	26
6	N19	4,474	1
7	N20	246,515	44
8	N36	400,240	71
9	N38	18,195	3
10	N39	4,097	1
11	S06	537,112	96
12	S08	88,217	16
	<b>Total</b>	<b>1,530,413</b>	<b>274</b>

- To analyze for the 274 sample cases, we obtained information from the:
  - SSR – remarks and other relevant fields.
  - SSI Claims System - Report of Contact, development worksheet.
  - Evidence Portal.
    - Form SSA-831-U3, *Disability Determination and Transmittal*.
    - Disability Determination Explanation
    - Disability determination services (DDS) development worksheet.

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<sup>2</sup> Individuals may be in more than one stratum if they were placed into non-payment in more than one category. Since employees must follow specific requirements for each non-payment status, our review will focus on unique individuals in relation to each unique ineligibility determination or stop payment to determine whether employees accurately followed SSA policy in making their determination.

- Report of Contact.
- Other documents submitted by the recipient/applicant.
- Online Retrieval System.
- Electronic Representative Payee System.

We conducted our review between April 2022 and May 2024. We assessed the reliability of the SSR data by verifying the requested data elements and records were within the specified date range. Additionally, we traced the extracted data elements to the related queries in SSA's system to ensure the data was accurate. We determined the data used in this report were sufficiently reliable given our audit objectives and intended use of the data. The principal entity audited was the Office of Operations.

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 communication, 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 the audit objective:

- Component 1: Control Environment
  - Principle 5: Enforce accountability
- Component 2: Risk Assessment
  - Principle 9: Analyze and respond to change
- Component 3: Control Activities
  - Principle 10: Design control activities
  - Principle 11: Design activities for the information system
  - Principle 12: Implement control activities
- Component 5: Monitoring
  - Principle 16: Perform monitoring activities

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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix B SAMPLING RESULTS AND PROJECTIONS

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Obtained from the Social Security Administration's (SSA) Advanced Data Analytics Lab historical Supplemental Security Record (SSR) data from SSA's Enterprise Data Warehouse records related to 13 non-payment statuses related to ineligibility determination or suspension based on applicants', recipients', or representative payees' failure to provide information from March 2020 through May 2022. Using the data, we identified 1,530,413 recipients placed into 12 non-payment status codes. From the 1,530,413 recipients, we selected a proportionate stratified random sample of 274 cases by non-payment status code, see Table B-1.

**Table B-1: Strata Sample Sizes**

	Non-payment Status Code	Recipients	Stratified Random Sample Size
1	N05	19,985	4
2	N06	27,431	5
3	N12	10,427	2
4	N17	30,457	5
5	N18	143,263	26
6	N19	4,474	1
7	N20	246,515	44
8	N36	400,240	71
9	N38	18,195	3
10	N39	4,097	1
11	S06	537,112	96
12	S08	88,217	16
	Total	1,530,413	274

### Sample Errors and Projections

Of the 274 cases reviewed, 163 (59 percent) were not processed according to policy. Specifically, 156 had processing errors, and 7 had documentation errors (see Table B-2). As a result, 96 of the 156 recipients were denied \$203,133 in payments.

**Table B-2: Sample Case Conclusions**

Non-payment Status Code	No Error	Type of Errors			Total Cases Reviewed	Percent of Cases Reviewed with Errors
		Processing and Documenting	Processing	Documenting		
N20	2	25	12	5	44	95.5
S06	25	30	40	1	96	74
N17	2	-	2	1	5	60
N18	2	13	11	-	26	92.3
N36	66	-	5	-	71	7.0
N05	-	-	4	-	4	100
S08	9	6	1	-	16	43.8
N19	-	-	1	-	1	100
N06	-	5	-	-	5	100
N12	1	1	-	-	2	50
N38	3	-	-	-	3	-
N39	1	-	-	-	1	-
Total	111	80	76	7	274	

We did not project the sample results for the documentation errors. Therefore, based on the results, we estimate SSA may have inaccurately processed determinations for 871,330 recipients of which 536,203 recipients were denied \$647 million in payments (see Table B-3).

**Table B-3: Sample Results**

Description	Recipients with Processing Errors	Recipients Denied Payments	Denied Payment Amount
Sample Results	156	96	\$203,133 <sup>1</sup>
Point Estimate	871,330	526,203	\$647,273,628
Projection – Lower Limit	792,652	462,981	\$201,079,244
Projection – Upper Limit	948,283	613,153	\$793,468,012

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

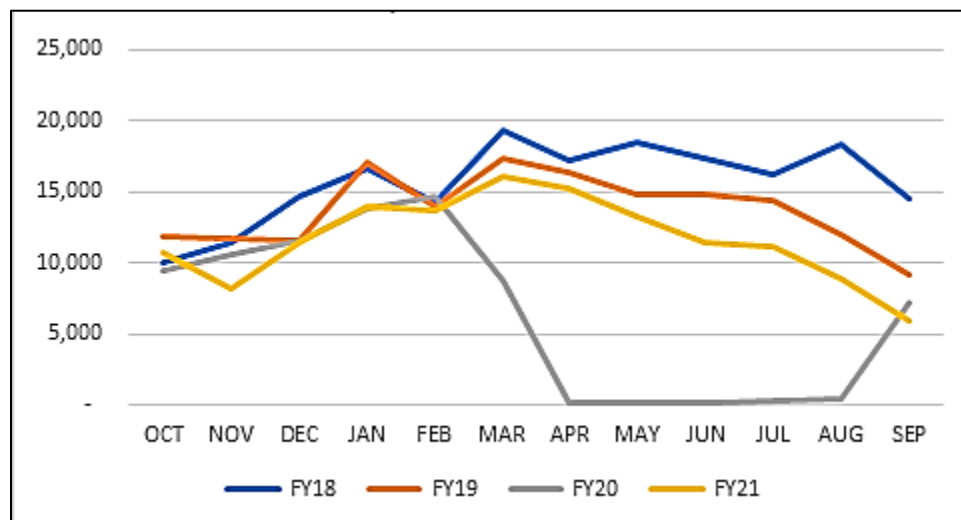
<sup>1</sup> We excluded \$91,476.71 in missed payments for 10 cases from the variable projections for improper payments but included in the attribute projections because the payments were considered outliers.

## Appendix C – CHANGES RELATED TO FAILURE TO PROVIDE INFORMATION

To address the April 2021 concerns raised by advocates over a perceived increase in N20 suspensions and inconsistent application of policy across regions, the Social Security Administration (SSA) took the following actions:

- Placed a moratorium on processing N20 suspensions in December 2021. The Agency resumed N20 suspension processing effective June 13, 2022.
- Directed the Office of Quality Review to conduct three studies related to N20 suspensions.
- Reviewed historical N20 suspension data and found the overall N20 suspension volume was generally consistent with each region's share of redeterminations and the occurrence of N20 suspensions was down significantly in Fiscal Year (FY) 2021 (see Figure C-1).

**Figure C–1: FYs 2018 to 2021, N20 Suspensions by Month**



Note: We did not audit these numbers; therefore, we do not express an opinion on their accuracy.

- The Office of Income Security Programs substantially revised the N20 policy in June 2022. This policy incorporated Operations' mandatory checklist requiring signatures of technicians and approving management. SSA updated policy several times to address how to contact individuals for information, which included the following:
  - review the Supplemental Security Record, Master Beneficiary Record, Modernized Development Worksheet, Supplemental Security Income Stand-Alone post entitlement events, and other SSA records for any reports of a change of address;
  - obtain the information from secondary sources (that is, anywho.com or other SSA approved sources), if possible; and
  - document the mandatory N20 Checklist that they have completed these actions.

- The Office of Benefit Information Systems implemented a change to the Consolidated Claims Experience to restrict non-medical N20 suspension inputs to management profiles only effective June 11, 2022.
- The Office of Operations modified the Workload Action Center application to limit medical continuing disability review N20 suspensions to management-only profiles for Supplemental Security Income and concurrent cases effective June 13, 2022.
- The regions conducted an end-of-line review of all June 2021 N20 suspensions listed on the Chicago N20 website that were not yet restored to pay and required remediation of any cases found to be deficient.
- In January 2023, a change was implemented to use the 15-day period for follow-up notices generated by the StaRZ and StriPEs - the Next Generation application.

## Appendix D – NON-PAYMENT STATUS CODE POLICIES

The Social Security Administration’s (SSA) policy outlines numerous criteria employees must consider and develop before they suspend or deny payments. We reviewed the following policies related to the 13 non-payment status codes to determine whether employees followed all steps required by policy and made the correct decision to suspend or deny payments related to the 274 sample cases reviewed.

**Table D–1: Policy Reviewed for 13 Non-payment Status Codes**

Non-payment Status Code	Policies Used for Analysis
N05	SI 02301.220 <i>Ineligible for A Past Non-Pay Period (N05)</i> SI 00515.001 <i>Requirement for Permission to Contact Financial Institutions for Supplemental Security Income Eligibility (SSI)</i> SI 00501.416 <i>Blind or Disabled Children of Military Personnel Stationed Overseas-Processing Responsibilities</i>
N06	SI 00510.025 <i>Monitoring and Determinations of Compliance – Filing for Other Benefits</i> SM 01305.065 <i>Nonpayment Due to Failure to Apply for and Obtain Other Benefits (N06) - Policy</i> SI 00510.001 <i>Overview of the Filing for Other Program Benefits Requirement</i>
N12	SI 00601.050 <i>Withdrawal of Supplemental Security Income (SSI) Application</i> SM 01305.001 <i>Payment Status Code</i> SM 01801.305 <i>Criteria for Terminating Active Master Records</i>
N17	SI 00601.140 <i>Closeout - Failure to Pursue Supplemental Security Income (SSI) Eligibility – Initial Claims (N17)</i> SI 00602.020 <i>Situations Requiring Documentation</i>
N18	SI 00515.001 <i>Requirement for Permission to Contact Financial Institutions for Supplemental Security Income (SSI) Eligibility</i> SI 00601.110 <i>Closeout - Failure to Cooperate (N18) - Initial Claims</i> SI 00601.100 <i>Information/Evidence – General</i>
N19	SI 02301.230 <i>Voluntary Termination (N19)</i> SM 01801.305 <i>Criteria for Terminating Active Master Records</i>
N20	SI 02301.235 <i>Failure to Provide Information (N20)</i> SI 02305.021 <i>Recipients' Failure to Respond – RZs and LIs</i>
N36	DI 23007.001 <i>Failure to Cooperate and Insufficient Evidence Definitions</i> DI 23007.005 <i>Contacting the Claimant, Applicant, Appointed Representative, or Third Party in Claims Involving Failure to Cooperate and Insufficient Evidence</i> DI 23007.015 <i>Making a Determination Based on the Evidence in the File</i> DI 22505.001 <i>Medical and Nonmedical Evidence</i> DI 22505.035 <i>Follow-up on Requests for Medical Evidence of Record (MER)</i> DI 22505.006 <i>Requesting Evidence - General</i> DI 22510.016 <i>Claimant Consultative Examination (CE) Notice and Confirmation Procedures</i>



Non-payment Status Code	Policies Used for Analysis
N37 <sup>1</sup>	DI 28075.005 <i>Failure to Cooperate (FTC) and Whereabouts Unknown (WU) During a Medical Continuing Disability Review (CDR)</i> DI 22510.016 <i>Claimant Consultative Examination (CE) Notice and Confirmation Procedures</i> DI 22510.019 <i>Consultative Examination (CE) Appointment Notice Follow up and Reminder</i>
N38	DI 26510.045 <i>Completing Item 22 (Regulation Basis Code) on the SSA-831</i> DI 23015.001 <i>Claimant Does Not Wish to Pursue Claim or Requests to Withdraw the Application</i> FAQ <i>Withdrawal vs. Does Not Wish to Pursue (July 5, 2022)</i>
N39	DI 26510.045 <i>Completing Item 22 (Regulation Basis Code) on the SSA-831</i> DI 90070.050 <i>Adjudicating a Claim Involving Drug Addiction or Alcoholism (DAA)</i> <i>Policy Interpretation Ruling SSR 13-2p: Title II and Title XVI: Evaluating Cases Involving Drug Addiction and Alcoholism (DAA)</i> DI 23010.006 <i>Failure to Follow Prescribed Treatment (FTFPT) – General</i> DI 23010.007 <i>When to Apply Failure to Follow Prescribed Treatment (FTFPT) Policy</i> DI 23010.009 <i>Necessary Conditions to Make a Failure to Follow Prescribed Treatment (FTFPT) Determination</i> DI 23010.011 <i>How to Make a Failure to Follow Prescribed Treatment (FTFPT) Determination</i> DI 23010.013 <i>Development Procedures for a Failure to Follow Prescribed Treatment (FTFPT) Determination</i> DI 23010.035 <i>Required Written Analysis for a Failure to Follow Prescribed Treatment (FTFPT) Determination</i> DI 23010.040 <i>Adjudication and Notice Procedures for a Failure to Follow Prescribed Treatment (FTFPT) Determination</i>
S06	SI 02301.240 <i>Whereabouts Unknown (S06)</i>
S08	GN 00504.150 <i>FO Processing of S8/S08 Alerts</i> GN 00504.105 <i>Direct Payment to Incapable Beneficiaries When Further Payee Development is Needed</i> GN 00504.110 <i>When We May Suspend Benefits</i>

<sup>1</sup> Because SSA should not have been using N37 during the scope of our audit, we did not sample from this population. We discuss this code in another section.

## Appendix E – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

**Date:** September 16, 2024 **Refer To:** TQA-1

**To:** Michelle L. H. Anderson  
Acting Inspector General

**From:** Dustin Brown  
Acting Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Supplemental Security Income Ineligibility Determinations and Payment Suspensions Based on Failure to Provide Information” (A-02-22-51135) – 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 Hank Amato at (407) 765-9774.



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