

Deceased Beneficiaries in Suspended Payment Status

A-08-19-50800



November 2021

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it took appropriate actions for beneficiaries in a suspended payment status who may have been deceased.

Background

SSA suspends benefit payments for a variety of reasons. Suspending benefits stops ongoing monthly payments, and SSA technicians receive alerts to resolve the reason for the suspension. However, SSA does not initiate actions to recover payments made after a beneficiary's death until technicians add death information and terminate the payment record.

We identified three populations of beneficiaries who were in suspended payment status as of December 2019. We used death data from 24 States to identify approximately 5,000 beneficiaries in suspended payment status who were deceased according to State death records. We then identified about 6,000 beneficiaries suspended for development of unverified death reports. Finally, we used data analytics to identify approximately 23,000 beneficiaries suspended for address development who we determined were likely deceased. We randomly selected and reviewed 100 beneficiaries from each of the three populations (300 total).

Findings

We determined 263 (88 percent) of the 300 sampled beneficiaries in suspended payment status had died before December 2019. These deceased beneficiaries remained in suspended payment status because SSA (1) technicians did not follow existing policy for beneficiaries suspended for death development, (2) did not have adequate controls to identify beneficiaries suspended for address development who were likely deceased, and (3) policy does not consistently instruct technicians to search for or recognize all available sources of death information. Additionally, SSA policy does not provide sufficient information to guide technicians when they post a beneficiary's unverified death based on a returned payment from Treasury, which results in erroneous dates of death on SSA records.

Because of these control weaknesses, we estimate SSA issued approximately \$298 million in payments to about 24,000 deceased beneficiaries in suspended payment status. SSA did not initiate actions to recover these payments, but it did receive approximately \$84 million in recovered funds. SSA erroneously recorded about \$33 million of the returned funds as underpayments. We estimate SSA has neither recovered approximately \$214 million of the payments nor recorded approximately 24,000 beneficiaries' death information in the Numident.

Improving the accuracy and timeliness of death information on SSA's payment records will facilitate recovery of payments to deceased beneficiaries and release underpayments to surviving auxiliary beneficiaries. In addition, maintaining better death data on SSA's Numident will aid other Federal benefit-paying agencies and those certified by the National Technical Information Service in reducing improper payments and preventing identity fraud.

Recommendations

We made nine recommendations for SSA to improve controls to ensure it takes appropriate and timely actions for beneficiaries in a suspended payment status who may be deceased. SSA agreed with our recommendations.