The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021
A-15-21-51121

May 2022 **Office of Audit Report Summary**

Objective

To determine whether the Social Security Administration (SSA) met all requirements of the *Payment Integrity Information Act of 2019* (PIIA) in the Fiscal Year (FY) 2021 Agency Financial Report (AFR) and accompanying materials.

Background

On March 2, 2020, the President signed PIIA into law to improve efforts to identify and reduce Government-wide improper payments. PIIA repealed and replaced the *Improper Payments Elimination and Recovery Improvement Act of 2012*, *Improper Payments Elimination and Recovery Act of 2010*, and *Improper Payments Information Act of 2002*. In March 2021, the Office of Management and Budget (OMB) issued updated Government-wide guidance on the implementation of PIIA. Both PIIA and OMB guidance require that agencies report specific improper payment information in their AFRs and accompanying materials. Further, the law and guidance require that Inspectors General review the improper payment information their respective agencies report in their AFRs and accompanying materials.

Results

For its FY 2021 Payment Integrity reporting, SSA did not fully comply with PIIA reporting requirements. Although the Agency met nine PIIA criteria, SSA did not report an improper payment and unknown payment estimate of less than 10 percent for Supplemental Security Income. SSA reported a 10.09-percent Supplemental Security Income (SSI) improper payment and unknown payment rate. The OASDI program fully complied.

A leading cause of overpayments in the SSI program is undisclosed financial accounts. To address this, SSA implemented the Access to Financial Institutions (AFI) program in June 2011. AFI verifies alleged bank account balances with financial institutions and searches for undisclosed accounts at geographically relevant locations based on the claimant's address. SSA uses AFI when it processes initial SSI applications and periodic eligibility redeterminations. The AFI program was in place for FYs 2012 through 2020; however, deficiency dollars averaged approximately $1.2 billion, increasing to over $1.9 billion in FY 2020. SSA is exploring a possible reduction in the AFI tolerance of countable liquid resources, through an expansion study that examines reducing the tolerance from $400 to $0; however, SSA indicated this study is on hold because of COVID-19 pandemic. SSA is not currently exploring the expanded use of AFI between initial claims and redeterminations because of a broad range of legal, technical, operational, and contractual barriers. SSA plans to revisit this issue.

In addition, wage discrepancies and substantial gainful activity were a leading cause of SSI and Old-Age, Survivors, and Disability Insurance improper payments, respectively. In FY 2019, SSA awarded a vendor a contract to build an information exchange to obtain monthly earnings data from third-party payroll data providers. SSA completed its first data exchange in August 2021. SSA is several years from determining whether the commercial payroll exchange effectively reduces improper payments that are caused by wage and substantial gainful activity reporting deficiencies.

Recommendation

We recommend SSA complete the expansion study for AFI and assess the effectiveness of lowering the countable liquid resource tolerance to $0. SSA agreed with our recommendation.