



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Payments to Individuals with Deaths  
Reported in California from 1980 to  
1987

*A-06-14-21416 | August 2014*

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** August 14, 2014

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Payments to Individuals with Deaths Reported in California from 1980 to 1987 (A-06-14-21416)

The attached final report presents the results of our audit. Our objective was to determine the appropriateness of continued benefit payments to individuals who, according to California Department of Public Health vital statistics data files, died in California between January 1980 and December 1987.

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 Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

# Payments to Individuals with Deaths Reported in California from 1980 to 1987

## A-06-14-21416



August 2014

Office of Audit Report Summary

### Objective

To determine the appropriateness of continued benefit payments to individuals who, according to California Department of Public Health (CDPH) vital statistics data files, died in California between January 1980 and December 1987.

### Background

In August 2010, we investigated approximately 60 fraudulent retirement claims that were filed using the Social Security Administration's (SSA) online application process. The investigation revealed that an individual and two accomplices used death information of individuals who died in California in the 1980s and filed retirement benefit claims using the deceased individuals' personally identifiable information (PII).

We obtained CDPH data that identified the PII of approximately 1.2 million numberholders who died in California between 1980 and 1987. We matched the data against SSA records.

### Our Findings

At the time of our audit, SSA issued benefit payments to 22 individuals whose PII matched that of individuals who died in California during the 1980s. We obtained California death certificates for each of the 22 beneficiaries and forwarded fraud referrals to our Office of Investigations (OI).

- OI determined that 3 of the 22 beneficiaries were alive. In these instances, it appeared that California issued death certificates upon the deaths of identity thieves who used these SSNs to work in the 1970s and 1980s. It appeared that SSA erroneously incorporated the identity thieves' work activity into all three beneficiaries' payment computations, resulting in as much as \$186,000 in overpayments.
- SSA stated that one beneficiary is likely alive and the victim of an identity thief. SSA is in the process of verifying the beneficiary's identity.
- OI determined that 14 beneficiaries were deceased. OI and SSA determined that SSA issued approximately \$3 million in improper payments in these cases.
- Investigations are in progress in the four remaining cases. If the numberholders are confirmed deceased, we estimate that SSA issued an additional \$598,350 in improper payments. Our investigators will pursue criminal charges and work with SSA to terminate the payments, as appropriate.

Another 64,193 numberholders with no death entry on the Numident were likely deceased. In most cases, the numberholders' name, SSN, and date of birth matched that of deceased individuals in CDPH death records. None of the 64,193 numberholders was receiving SSA payments at the time of our review. On June 12, 2014, we forwarded a data file to SSA identifying the 64,193 numberholders. Resolving these discrepancies will reduce SSA's exposure to future improper payments and improve the accuracy and completeness of the Death Master File.

### Our Recommendations

We made two recommendations for corrective action. SSA agreed with one of the recommendations.

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## ABBREVIATIONS

|        |                                         |
|--------|-----------------------------------------|
| CDPH   | California Department of Public Health  |
| DACUS  | Death Alert, Control, and Update System |
| DMF    | Death Master File                       |
| EDR    | Electronic Death Registration           |
| ESF    | Earnings Suspense File                  |
| MEF    | Master Earnings File                    |
| OIG    | Office of the Inspector General         |
| PII    | Personally Identifiable Information     |
| POMS   | Program Operations Manual System        |
| SSA    | Social Security Administration          |
| SSN    | Social Security Number                  |
| U.S.C. | United States Code                      |

## OBJECTIVE

Our objective was to determine the appropriateness of continued benefit payments to individuals who, according to California Department of Public Health<sup>1</sup> (CDPH) vital statistics data files, died in California between January 1980 and December 1987.

## BACKGROUND

Section 205(r) of the *Social Security Act* requires that the Social Security Administration (SSA) match States' death records against SSA payment records to identify and prevent erroneous payments after death.<sup>2</sup> In addition, SSA matches death records from other Federal, State, and local agencies. SSA uses the Death Alert, Control, and Update System (DACUS) to receive and process death information<sup>3</sup> as well as record dates of death on the Numident file. The Numident is an SSA database that houses, in Social Security number (SSN) order, personally identifiable information (PII) for each numberholder. SSA uses DACUS to ensure that benefits to deceased beneficiaries<sup>4</sup> are appropriately terminated; ensure corresponding SSA records are correct; and produce a national record of death information, known as the Death Master File (DMF).<sup>5</sup>

In August 2010, we investigated approximately 60 fraudulent retirement claims filed using SSA's online application process. The investigation revealed that three individuals used CDPH and DMF information to identify individuals who died in California between 1980 and December 1987 but whose death information was not included in the DMF. The individuals then filed fraudulent retirement benefit claims with SSA using the deceased individuals' PII.

The CDPH data obtained during the 2010 investigation identified the PII of approximately 1.2 million numberholders who died in California between 1980 and 1987. We matched the data against SSA's payment records and Numident. Our review focused on these cases. See Appendix A for a discussion of our scope and methodology.

## RESULTS OF REVIEW

At the time of our audit, SSA issued benefit payments to 22 individuals whose PII matched that of individuals who died in California during the 1980s.<sup>6</sup> We obtained California death

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<sup>1</sup> Previously known as the California Department of Health Services.

<sup>2</sup> 42 U.S.C. § 405(r)(1).

<sup>3</sup> SSA, POMS, GN 02602.060A and B (May 13, 2011).

<sup>4</sup> We use the term "beneficiary" throughout this report in reference to both Old-Age, Survivors and Disability Insurance beneficiaries and/or Supplemental Security Income recipients.

<sup>5</sup> SSA, POMS, GN 02602.060B.1.

<sup>6</sup> Matching PII included SSN, first and last name, date of birth, and parents' names.

certificates for each of the 22 beneficiaries and forwarded fraud referrals to our Office of Investigations (OI).

- OI determined that three beneficiaries were alive. In these instances, it appeared that California issued death certificates upon the deaths of identity thieves who used these SSNs to work in the 1970s and 1980s. SSA initiated benefit payments to these beneficiaries in 2004, 2005, and 2010, respectively. It appeared that SSA erroneously incorporated the identity thieves' work activity into all three beneficiaries' payment computations, resulting in as much as \$186,000 in overpayments (see Appendix B, Table B-1).
- SSA stated that one beneficiary is likely alive and the victim of an identity thief. SSA is in the process of verifying the beneficiary's identity.
- OI determined that 14 beneficiaries were deceased. Upon notification from OI, SSA terminated these payments and recorded the beneficiaries' death information in its records. SSA determined it had issued approximately \$3 million in improper payments in these cases (see Appendix B, Table B-2).
- Investigations are in progress in the four remaining cases. If the numberholders are confirmed deceased, we estimate that SSA issued an additional \$598,350 improper payments (see Appendix B, Table B-3). Our investigators will pursue criminal charges and work with SSA to terminate the payments, as appropriate.

During the data matching process, we identified another 64,193 numberholders who were likely deceased but did not have death information on the Numident. These numberholders' PII matched that of deceased individuals in CDPH death records. None of the 64,193 numberholders was in current payment status at the time of our audit.<sup>7</sup> Because so much time had passed since California originally recorded these deaths, we could not determine why this death information did not appear in SSA's records. Because the Numident did not reflect dates of death for any of these numberholders, their death information did not appear in the DMF. Resolving these discrepancies will reduce SSA's exposure to future improper payments and improve the accuracy and completeness of the DMF.

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<sup>7</sup> SSA had established a Master Beneficiary or Supplemental Security Record for 11,628 of the 64,193 numberholders.

## Beneficiaries Were Alive

Three beneficiaries whose PII matched PII on California death certificates were alive. In all three cases, the State of California appeared to have generated the death certificates after individuals using these SSNs to work in California (not the numberholders currently receiving benefits) died in the 1980s. SSA initiated benefit payments under these SSNs in 2004, 2005, and 2010, respectively.

A beneficiary's earnings and work history affect the amount SSA pays in future benefits. Generally, the more a worker earns and the longer he/she works, the higher his/her SSA benefit payment will be. Hence, if SSA records show work an individual did not actually perform, his/her benefit payment may be higher than it should be. It appeared that SSA erroneously incorporated the identity thieves' work activity into all three beneficiaries' payment computations, resulting in as much as \$186,000 in overpayments.

- A numberholder and his spouse, both Mexican nationals residing in Mexico and receiving SSA retirement benefits at the time of our audit, appeared to have filed fraudulent benefit claims in 2004. OI's investigation revealed that neither the numberholder nor the spouse had actual covered earnings that would have entitled them to retirement benefits. However, SSA awarded benefits based on the earnings of identity thief/thieves who used the SSN to work in California during the 1970s and 1980s. The California death certificate indicated the numberholder died in 1986; however, the death entry did not appear in SSA's records. After we identified this case, SSA terminated the couple's benefits and determined it issued \$104,906 in improper payments.
- It appeared individuals in California and New Mexico used the same SSN to work during the 1970s and 1980s. SSA's records indicated that earnings reported from California employers ceased in 1986—the same year California generated a death certificate for an individual using the SSN. However, reported earnings in New Mexico continued. In 2010, the individual in New Mexico filed for retirement benefits. At the time of our audit, it was not clear whether the SSN belonged to the wage earner who died in California or the person in New Mexico who was receiving benefits. In either case, SSA records indicated retirement benefits were improperly calculated based on both individuals' combined earnings. If the New Mexico beneficiary is, in fact, the numberholder, we estimate that SSA overpaid approximately \$4,000 in retirement benefits because of the overstated earnings.
- It appeared individuals in California and Florida used the same SSN to work. SSA records indicated a numberholder working in California had earnings through 1980. In 1982, the man filed a disability claim; however, SSA determined he was not disabled and denied the claim. According to the CDPH, the numberholder died in July 1983. Consistent with these facts, SSA records show no earnings activity reported under this SSN from 1981 through 2003. However, in 2004, earnings activity resumed in Florida, and in 2005, a 66-year-old Florida man applied for and began receiving retirement benefits. OI's interview with the numberholder led them to believe the death certificate belonged to an identity thief who used the SSN to work in California. If the Florida man is, in fact, the true numberholder, and he did not earn the wages in California during the 1970s, we estimate that SSA overpaid approximately \$77,000 in retirement benefits because of the overstated earnings.



SSA stated that one additional beneficiary is likely alive and that California issued the death certificate in 1982 upon the death of an identity thief using the beneficiary’s SSN. SSA is in the process of confirming the individual is the actual numberholder and reviewing the individual’s benefit status.

## Beneficiaries Were Deceased

OI and SSA confirmed that SSA issued approximately \$3 million in improper payments to 14 beneficiaries who died in California during the 1980s. SSA terminated payments in each of these cases and quantified improper payments issue after the numberholders’ deaths.

- In 1973, a disabled man began receiving benefit payments. Since that time, the man’s sister had served as his representative payee and received the disability benefits on his behalf. We obtained a California death certificate indicating the man died in November 1985. However, after the man’s death, SSA issued \$317,245 in improper payments to the man’s sister before terminating the payments in February 2014.
- In 1978, a disabled man and his spouse began receiving benefit payments. The spouse served as the man’s representative payee. We obtained a California death certificate indicating the man died in December 1985. SSA issued \$231,687 in improper payments to the deceased man’s widow before terminating the payments in November 2013.<sup>8</sup> Because of her advanced age, prosecutors decided not to pursue criminal charges against the widow.
- In 1985, a wage earner and his spouse began receiving retirement benefits. We obtained a California death certificate indicating the wage earner died in October 1985. SSA terminated the payments in November 2013 and recorded a \$198,925 overpayment on its payment records. The spouse died in 2012 so no criminal charges were pending.

**Table 1: Summary of Improper Payments Issued to 14 Deceased Beneficiaries**

| Case | Entitlement Date | Date of Death | Improper Payments | Payments After Death Received by | Case Status                                                                      |
|------|------------------|---------------|-------------------|----------------------------------|----------------------------------------------------------------------------------|
| 1    | 03/1985          | 01/1987       | \$319,979         | Child                            | Pled Guilty to Theft of Government Property and Sentenced to 12 Months in Prison |
| 2    | 03/1960          | 12/1987       | \$186,602         | Rep Payee/Sibling                | Case Closed – Suspect Deceased                                                   |
| 3    | 05/1985          | 10/1985       | \$198,925         | Widow                            | Case Closed – Suspect Deceased                                                   |
| 4    | 03/1984          | 05/1986       | \$101,741         | Unknown                          | Investigation in Progress                                                        |
| 5    | 08/1978          | 12/1985       | \$231,687         | Rep Payee/Widow                  | Prosecution Declined                                                             |
| 6    | 01/1974          | 12/1984       | \$247,331         | Child                            | Investigation in Progress                                                        |
| 7    | 03/1986          | 07/1987       | \$282,014         | Child                            | Suspect Confessed – Criminal Case Pending                                        |

<sup>8</sup> From January 1986 through November 2013, SSA issued the deceased man and his spouse approximately \$395,000 in benefit payments. Because the spouse was entitled to survivor benefits after her husband’s death, not all amounts paid were improper payments. SSA assessed a \$231,687 overpayment against the widow.

| Case | Entitlement Date | Date of Death | Improper Payments  | Payments After Death Received by | Case Status                               |
|------|------------------|---------------|--------------------|----------------------------------|-------------------------------------------|
| 8    | 05/1973          | 11/1985       | \$317,245          | Rep Payee/Sibling                | Prosecution Declined - Suspect in Mexico  |
| 9    | 04/1995          | 09/1987       | \$337,107          | Sibling                          | Case Pending – Suspect has Alzheimer’s    |
| 10   | 08/2009          | 05/1984       | \$66,548           | Sibling                          | Suspect Arrested – Criminal Case Pending  |
| 11   | 04/1978          | 09/1984       | \$98,022           | Not Applicable                   | Bank Reclamation in Progress <sup>9</sup> |
| 12   | 06/1993          | 04/1981       | \$193,272          | Spouse and Accomplice            | Suspect Confessed – Criminal Case Pending |
| 13   | 03/1974          | 07/1984       | \$291,592          | Unknown                          | Investigation in Progress                 |
| 14   | 12/2004          | 01/1980       | \$85,978           | Identity Thief                   | Suspect Arrested – Criminal Case Pending  |
|      |                  | <b>Total</b>  | <b>\$2,958,043</b> |                                  |                                           |

## Investigations in Progress

Investigations are in progress in the four remaining cases. In two cases, OI has identified potential suspects and SSA has suspended the benefit payments. In the other two cases, active investigations are ongoing. If the numberholders are confirmed deceased, we estimate that SSA issued another \$598,350 in improper payments. Our investigators will pursue criminal charges and work with SSA to terminate the payments, as appropriate.

## Deceased Non-beneficiary Numberholders

We identified an additional 64,193 numberholders who had no death entry on the Numident but who were likely deceased. None of these numberholders was receiving SSA payments at the time of our review.

- 54,309 numberholders’ names, SSNs, and dates of birth matched that of deceased individuals in CDPH death records.
- 4,398 numberholders’ names and SSNs matched, but their dates of birth differed by 1 year or less from that of deceased individuals listed in CDPH death records.
- 860 female numberholders’ first names, SSNs, and dates of birth matched that of deceased individuals in CDPH death records. Last names in CDPH death records did not match these numberholders’ Numident records; however, the differences could be attributed to differences in the numberholders’ birth/married names.

<sup>9</sup> As of July 2014, SSA had recovered more than \$55,000 through the reclamation process.

- 4,626 numberholders' SSNs matched, but other PII on the Numident and CDPH death records differed. For example, these cases included 2,994 numberholders whose names and SSNs matched that of deceased individuals listed in CDPH death records, but whose date of birth differed by greater than 1 year.

Though none of these numberholders was in current payment status at the time of our review, we determined that SSA had established payment records for 11,628 of the 64,193 numberholders. SSA had terminated 1,084 of the 11,628 payment records because of the numberholders' death; however, SSA had not included these numberholders' death entries on the Numident.<sup>10</sup> SSA had terminated 6,130 of the 11,628 payment records for reasons other than the numberholders' deaths. Payment records of the remaining 4,414 numberholders were in various other non-payment statuses. On June 12, 2014, we forwarded SSA a data file identifying the 64,193 numberholders.

Because of the length of time that had passed since California recorded these deaths, we could not determine why the death information did not appear on the Numident. These numberholders' records presented a potential for fraud similar to those in the 2010 fraud case. Further, because the Numident did not reflect death information for any of these numberholders, the numberholders' death information did not appear in the DMF.

Various Federal entities rely on SSA's death information to detect unreported deaths and verify the accuracy of reported deaths. Under section 205(r) of the *Social Security Act*, only agencies paying federally funded benefits, such as the Railroad Retirement Board, Department of Defense, Office of Personnel Management, and Department of Veterans Affairs, may receive the full file of SSA's death information. SSA also provides the full file to the Centers for Medicare and Medicaid Services, Government Accountability Office, and Internal Revenue Service. Agencies that do not pay any type of federally funded benefits may receive only the public version of the DMF, which does not contain State death information. Private industry customers (including banks, hospitals, universities, and insurance companies) may purchase the public version of the DMF to verify death and prevent fraud.

In June 2010, the President directed Federal agencies to ensure they thoroughly review available databases with relevant information on eligibility before they release any Federal funds. At a minimum, agencies shall, before payment and award, check the existing databases, including SSA's DMF, to verify eligibility.<sup>11</sup>

Any deceased numberholder whose death is not recorded on the Numident will not appear in either version of the DMF. As a result, Federal and private entities that rely solely on the DMF to detect deaths would not know these individuals were deceased. Our review confirmed that as

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<sup>10</sup> We conducted audits comparing death information on SSA's payment records to the DMF including *Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident* (A-09-11-21171), July 2012; and *Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident* (A-09-12-22132), May 2013.

<sup>11</sup> Presidential Memorandum - *Enhancing Payment Accuracy Through a "Do Not Pay List"* June 18, 2010 (75 Fed.Reg. 35953; June 23, 2010).

many as 64,193 deceased numberholders did not have death information on the Numident and therefore were not included in the DMF. This missing death information could result in erroneous payments by other Federal agencies that rely on the DMF to detect inaccurate or unreported deaths. The missing death information could also hinder private industry and State and local governments' ability to identify and prevent identity fraud.

### *Other Activity Recorded in SSA Records*

We matched the 64,193 SSNs against SSA's Earnings Suspense File (ESF), Master Earnings File (MEF), and E-Verify systems and identified thousands of instances of post-1990 activity recorded by individuals using these SSNs.

- Wages that employers report on W-2s containing names and/or SSNs that do not match SSA's records cannot be posted to an individual's earnings record in SSA's MEF. Instead, SSA places these wages in the ESF—SSA's repository for unmatched wages. During Tax Years 2007 through 2011, SSA received 4,589 W-2s reporting approximately \$41 million in earnings by individuals using 1,041 of the 64,193 SSNs. In each case, the employee name on the W-2 was different than the name appearing on the numberholder's Numident record. One SSN was used on 71 different suspended wage reports issued during this 5-year period.
- Each year, SSA receives earnings reports from employers. SSA compares the name and SSN on the earnings report to the Numident and records validated earnings on the MEF. Since 1990, SSA has recorded on the MEF \$1,000 or more in annual earnings for only 678 of the 64,193 numberholders. The fact that so few of these numberholders had reported earnings since 1990 and none of these numberholders receives SSA payments increases the likelihood that the numberholders are deceased.
- E-Verify is a Department of Homeland Security program that allows employers to verify whether newly hired employees are authorized to work in the United States under immigration law. From FYs 2008 through 2011, SSA received 388 E-Verify inquiries using the SSNs of 303 of the 64,193 beneficiaries.

The fact that more than 98 percent of the 64,193 numberholders had no reported earnings since 1990, and none of the numberholders received SSA payments at the time of our review increases the likelihood that the numberholders are deceased. Thousands of suspended wage reports and hundreds of E-Verify inquiries could indicate use of these SSNs by identity thieves.

### **Request for Additional CDPH Death Data**

The Electronic Death Registration (EDR) reporting system is a State-sponsored initiative to improve the accuracy and timeliness of death registration by electronically submitting each participant's (funeral homes, hospitals, coroners, local registrars) portion of the death certificate to the State registration point. The States then send death information electronically to SSA. EDR replaced the cumbersome and labor-intensive process under which SSA previously received death information.

Although all States send death reports to SSA, EDR reports are different because the States can verify the decedent's SSN via an online SSN verification process before submitting the death reports to SSA. Consequently, death information transmitted via EDR is less prone to error. California implemented EDR in 2005.

We obtained CDPH death data covering the period 1970 through 2004 and plan to match the data against SSA records as part of a subsequent review.

## CONCLUSIONS

At the time of our audit, SSA issued benefit payments to 22 individuals whose PII matched that of individuals who died in California during the 1980s. We obtained California death certificates for each of the 22 beneficiaries and forwarded fraud referrals to OI.

- OI determined that three beneficiaries were alive. In these instances, it appeared that California had issued death certificates upon the deaths of identity thieves who used these SSNs to work in the 1970s and 1980s. It appeared that all three beneficiaries improperly benefited from the identity thieves' earnings, resulting in as much as \$186,000 in overpayments.
- SSA stated that one beneficiary is likely alive and the victim of an identity thief. SSA is in the process of verifying the beneficiary's identity.
- OI determined that 14 beneficiaries were deceased. Upon notification from OI, SSA terminated these benefit payments and recorded the beneficiaries' death information in its records. SSA determined it issued approximately \$3 million in improper payments in these cases.
- Investigations are in progress in the four remaining cases. If the numberholders are confirmed deceased, we estimate that SSA issued an additional \$598,350 in improper payments. Our investigators will pursue criminal charges and work with SSA to terminate the payments, as appropriate.

During the data matching process, we identified another 64,193 numberholders who were likely deceased but did not have death information on the Numident. These numberholders' PII matched that of individuals listed in CDPH death records. None of the 64,193 numberholders was receiving SSA payments at the time of our review. Resolving these discrepancies will reduce SSA's exposure to future improper payments and improve the accuracy and completeness of the DMF.

## RECOMMENDATIONS

We recommend that SSA:

1. Verify that the New Mexico and Florida beneficiaries are the correct numberholders, determine whether the California earnings should be removed from the benefit calculations,

and take additional actions (terminate or adjust payment amounts, recover overpayments), as appropriate.

2. Work with the State of California to obtain and process death information for the 64,193 non-beneficiary numberholders or process the death information contained in the CDPH data files used for the audit.

## AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with Recommendation 1. However, SSA disagreed with Recommendation 2. The Agency's comments are included in Appendix C.

SSA disagreed with Recommendation 2 and stated it does *not seek non-beneficiary death information and does not have a reason to process non-program related information*, nor the resources to do so. While SSA may *not seek non-beneficiary death information*, we believe SSA should not ignore non-beneficiary death information available to it.

We strongly disagree with SSA's assertion that it does *not have a reason to process non-program related information*. With its comments, SSA appears to disregard the fact that numberholders who are not current beneficiaries can still have benefit claims filed in their names as in the 2010 Florida case discussed in the Background section of this report. The perpetrators of that fraud scheme mined the same CDPH data used for this audit to identify deceased individuals whose PII were not included in the DMF, and subsequently filed fraudulent retirement benefit claims using the deceased individuals' identities. The numberholders discussed in Recommendation 2 present a similar potential for benefit fraud. Further, Federal benefit paying entities, the Department of Homeland Security's E-Verify program, State and local government entities, and private industry customers rely on the accuracy and completeness of SSA's death information to detect unreported deaths and prevent fraud without regard to the deceased individuals' Social Security benefit status.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed the Social Security Administration’s (SSA) policies and procedures.
- Reviewed Federal law and regulations related to death matches with State agencies.
- Obtained a California Department of Public Health (CDPH) death data file identifying 1,466,852 individuals who died in California between January 1, 1980 and December 31, 1987. We matched the CDPH data against SSA’s Numident file and identified 1,228,436 death entries that contained valid Social Security numbers (SSN).
- Identified 64,193 numberholders with no death entry on the Numident whose SSN, name, and/or date of birth (within a 2-year variance) matched deceased individuals listed in the CDPH death data file.
- Identified 27 Old-Age, Survivors and Disability Insurance beneficiaries and/or Supplemental Security Income recipients in current payment status as of September 2013, whose SSN, first and last names, date of birth and parents’ names matched individuals listed as deceased in the CDPH death data file. We obtained death certificates from CDPH for each of the 27 individuals.
- Reviewed the Master Beneficiary Record, Supplemental Security Record, Detailed Earnings Query, Lexis-Nexis, and Numident for the 27 identified records. Based on review of these cases, we:
  - ✓ Determined that 5 of the 27 individuals in current pay status were not the same individuals who died in California during the 1980s.
    - In four instances, SSA had erroneously superimposed the deceased numberholder’s PII with the Numident record of a living numberholder in current payment status.
    - In one instance, CDPH provided both an original and amended death certificate. CDPH determined it issued the original death certificate based on fraudulent identification of the decedent and changed the decedent’s name to “Jane Doe” on the amended death certificate.
  - ✓ Referred the 22 remaining cases to our Office of Investigations for fraud development.
- Quantified both actual and potential improper payments after death.



We conducted our audit between June 2013 and April 2014 at SSA's Regional Office in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The primary entity audited was the Office of the Deputy Commissioner for Operations. 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 – SUMMARY OF IMPROPER PAYMENTS

**Table B–1: Improper Payments Issued to Living Beneficiaries**

| Number       | March 2014 Payment Status | Improper Payment Amount | Overpayment Established? |
|--------------|---------------------------|-------------------------|--------------------------|
| 1            | Terminated                | \$104,906               | Yes                      |
| 2            | Current Pay               | \$4,330                 | No                       |
| 3            | Current Pay               | \$76,885                | No                       |
| <b>Total</b> |                           | <b>\$186,121</b>        |                          |

**Table B–2: Improper Payments Issued to Deceased Beneficiaries (SSA Recorded Deaths, Terminated Benefit Payments and Established Overpayments)**

| Case         | Improper Payment Amount |
|--------------|-------------------------|
| 1            | \$319,979               |
| 2            | \$186,602               |
| 3            | \$198,925               |
| 4            | \$101,741               |
| 5            | \$231,687               |
| 6            | \$247,331               |
| 7            | \$282,014               |
| 8            | \$317,245               |
| 9            | \$337,107               |
| 10           | \$66,548                |
| 11           | \$98,022                |
| 12           | \$193,272               |
| 13           | \$291,592               |
| 14           | \$85,978                |
| <b>Total</b> | <b>\$2,958,043</b>      |

**Table B–3: Potential Improper Payments Issued to Deceased Beneficiaries as of August 2014 (Investigations in Progress)**

| Case         | June 2014 Payment Status | Estimated Improper Payments | Investigation Status                            | Overpayment Established |
|--------------|--------------------------|-----------------------------|-------------------------------------------------|-------------------------|
| 1            | Current Pay              | \$124,351                   | Family Member Under Investigation               | No                      |
| 2            | Current Pay              | \$149,090                   | Investigation in Progress                       | No                      |
| 3            | Suspended                | \$161,059                   | Investigation in Progress-Subject Uncooperative | No                      |
| 4            | Suspended                | \$163,850                   | Suspect Under Investigation                     | No                      |
| <b>Total</b> |                          | <b>\$598,350</b>            |                                                 |                         |

**Table B-4: Questioned Costs – Improper Payments Confirmed by SSA and Potential Improper Payments in Cases With Investigations in Progress**

| Source                                     | Amount             |
|--------------------------------------------|--------------------|
| Terminated Payment from Table B-1          | \$104,906          |
| Improper Payments from Table B-2           | \$2,958,043        |
| Estimated Improper Payments from Table B-3 | \$598,350          |
| <b>Total</b>                               | <b>\$3,661,299</b> |

**Table B-5: Questioned Costs – Potential Improper Payments to Living Beneficiaries**

| Source                       | Amount          |
|------------------------------|-----------------|
| Item Number 2 from Table B-1 | \$4,330         |
| Item Number 3 from Table B-1 | \$76,885        |
| <b>Total</b>                 | <b>\$81,215</b> |

## Appendix C – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

Date: July 17, 2014

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.  
Inspector General

From: Katherine Thornton /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Payments to Individuals with Deaths Reported in California from 1980 to 1987" (A-06-14-21416)—INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
"PAYMENTS TO INDIVIDUALS WITH DEATHS REPORTED IN CALIFORNIA  
FROM 1980 TO 1987" (A-06-14-21416)**

**Recommendation 1**

Verify that the New Mexico and Florida beneficiaries are the correct number holders, determine whether the California earnings should be removed from the benefit calculations, and take additional actions (terminate or adjust payment amounts, recover overpayments), as appropriate.

**Comment**

We agree. We plan to complete our actions by December 2014.

**Recommendation 2**

Work with the State of California to obtain and process death information for the 64,193 non-beneficiary number holders or process the death information contained in the California Department of Public Health data files used for the audit.

**Comment**

We disagree. We have policy and procedures in place to verify the identity of applicants, and for reviewing earnings associated with a Social Security number (SSN), to minimize the risk of fraudulent misuse of a deceased person's SSN. We do not seek non-beneficiary death information and do not have reason to process non-program related information, nor the resources to do so.

## Appendix D – MAJOR CONTRIBUTORS

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Ron Gunia, Director, Dallas Audit Division

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Luis Ramirez, Audit Data Specialist

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