

Old-Age, Survivors and Disability Insurance Beneficiaries with Overpayments on Suspended and Terminated Records

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Office of Audit Report Summary

Objective

To determine whether overpayments were improperly posted under Social Security numbers (SSN) where the Social Security Administration (SSA) suspended or terminated Old-Age, Survivors and Disability Insurance (OASDI) benefits.

Background

The OASDI program provides benefits to wage earners and their family members who meet certain criteria in the event the wage earner retires, becomes disabled, or dies. In some cases, SSA may suspend or terminate benefits paid to a beneficiary under one SSN and begin paying benefits under another SSN.

If a beneficiary has an overpayment under an SSN where the Agency suspended or terminated benefits, an SSA employee must manually transfer the overpayment to the SSN under which the beneficiary is receiving benefits so SSA can recover the overpayment via benefit withholding.

The Re-entitled Beneficiaries process identifies certain overpayments under SSNs where SSA suspended or terminated benefits and alerts employees to transfer them to SSNs where SSA is paying benefits, when appropriate. If SSA does not transfer an overpayment, it may be permanently written off, and SSA cannot recover it because of the 10-year bar to adjustment.

Findings

Of the 100 beneficiaries we reviewed, 58 had overpayments totaling \$262,097 that were improperly posted under SSNs where SSA previously suspended or terminated benefits. Per policy, SSA should have transferred these overpayments to the SSNs under which the beneficiaries were currently receiving benefits and initiated recovery via benefit withholding. Of the 58 beneficiaries,

- 17 had overpayments that met the criteria for the Re-entitled Beneficiaries process to identify them, but it had not and
- 41 had overpayments that did not meet the criteria for the Re-entitled Beneficiaries process to identify them and required manual actions by employees, which did not occur.

SSA can recover \$181,975 from 23 beneficiaries, but it cannot recover \$80,122 from 35 beneficiaries because of the 10-year bar to adjustment. Accordingly, we project SSA can recover approximately \$17.6 million from more than 2,200 beneficiaries, but it cannot recover more than \$7.7 million from approximately 3,400 beneficiaries.

Recommendations

We recommended that SSA complete planned updates to the Re-entitled Beneficiaries process and establish a process to identify overpayments it currently does not detect to ensure the Agency recovers all overpayments that should be transferred to SSNs where SSA is paying benefits, as required by policy. SSA agreed with our recommendations.

Agency Actions Resulting from the Audit

In November 2018, we notified the Agency of the 58 beneficiaries whose overpayments improperly existed under SSNs where it suspended or terminated OASDI benefits. In March 2019, SSA informed us, and we confirmed, that SSA had either taken or initiated proper corrective actions. As a result, we are not recommending further actions for these 58 beneficiaries.