

The Social Security Administration's Application of Due-process Provisions for Old-Age, Survivors and Disability Insurance Overpayments

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) applied due-process provisions according to law before it initiated recovery of Old-Age, Survivors and Disability Insurance (OASDI) overpayments.

Background

According to Federal regulations, SSA must afford an overpaid individual due-process rights before it initiates recovery of an overpayment. SSA policy is to send written notification.

If SSA begins recovery of an overpayment (1) without sending an overpayment notice, (2) without sending an overpayment notice that contains required or accurate content, or (3) within 30 days of the overpayment notice, SSA must reissue any benefits withheld to recover the overpayment. SSA must then update the overpayment balance, send a new notice, and provide a new due-process period to the overpaid individual.

From the Recovery of Overpayments, Accounting, and Reporting data of 1 segment of the Master Beneficiary Record, we identified 61,298 OASDI overpayments greater than \$229 established in Fiscal Years 2016 and 2017 for which SSA may have initiated recovery before applying due-process provisions. From this population, we reviewed a random sample of 200 overpayments.

Findings

SSA did not appropriately apply due-process provisions for 39 (20 percent) of the 200 overpayments we reviewed. For these 39 overpayments, SSA sent incomplete or inaccurate notices or did not send notices. This was due to both employee and system errors.

SSA incorrectly recovered \$56,201 and may incorrectly recover up to \$109,491 in future months unless it ceases recovery efforts and provides a new due-process period. Based on our sample results, we project SSA incorrectly recovered approximately \$345 million for about 190,000 overpayments. Further, we project SSA may incorrectly recover up to approximately \$671 million in future months unless it ceases recovery efforts on about 110,000 overpayments.

When due-process provisions are misapplied, overpaid individuals are burdened, and SSA incurs administrative costs for the additional work on those overpayments. For 14 (36 percent) of the 39 overpayments for which SSA did not appropriately apply due-process provisions, beneficiaries or their representatives contacted SSA via telephone or in person to discuss their overpayments. We estimate SSA incurred approximately \$20 million in administrative costs for subsequent actions to resolve about 86,000 overpayments.

Recommendations

We made four recommendations for SSA to take appropriate actions to address its misapplication of due-process provisions for OASDI overpayments.

SSA agreed with our recommendations.