

Underpayments Payable to Widow(er)s Eligible for a Higher Monthly Benefit Amount

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it established the correct primary insurance amount (PIA) for widow(er)s when a wage earner died before age 62.

Background

Normally, the eligibility year used to determine the PIA is the year a wage earner attains age 62, becomes disabled, or dies. However, the *Social Security Act* requires an alternative PIA computation for aged and disabled widow(er)s' benefits when the deceased wage earner dies before age 62. The alternative method, Widow(er)'s Indexing (WINDEX) PIA, can result in a higher monthly benefit amount payable to widow(er)s because the PIA calculation uses the widow(er)'s eligibility year or the year the wage earner would have attained age 62.

SSA uses the Modernized Claims System (MCS) to take and process applications for benefits, which automatically computes a WINDEX PIA, if applicable. However, there are some claims that SSA must process outside MCS.

We identified 178,462 widow(er)s who did not have a WINDEX PIA, and the deceased wage earners died before they attained age 62.

Findings

SSA needs to improve its controls to ensure it establishes the correct PIA for widow(er)s when deceased wage earners die before age 62. Based on our random sample, we estimated that SSA underpaid approximately \$224 million to 25,309 widow(er)s. We also estimated that SSA did not record on the Master Beneficiary Record that 11,032 widow(er)s were entitled to benefits based on a WINDEX PIA.

This occurred because SSA employees did not identify that a WINDEX PIA applied when they processed claims outside MCS. In addition, SSA employees did not update the Master Beneficiary Record to indicate that widow(er)s' monthly benefit amounts were based on a WINDEX PIA. Finally, SSA's systems did not detect when a WINDEX PIA applied for manually processed claims.

Recommendations

We recommend that SSA:

1. Take appropriate actions for the remaining 29 widow(er)s eligible for a higher monthly benefit identified by our audit.
2. Take appropriate actions to record a WINDEX PIA indicator on the Master Beneficiary Record for the 17 widow(er)s identified by our audit.
3. Evaluate the results of its corrective action for the widow(er)s identified by our audit and determine the appropriate action for the remaining population of widow(er)s who may be eligible for a higher monthly benefit.
4. Determine whether it should develop a systems alert to detect when a WINDEX PIA should apply.

SSA agreed with our recommendations.