IMPROPER PAYMENTS INFORMATION DETAILED REPORT

Background

Our Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), and Supplemental Security Income (SSI) program integrity workloads are critical to ensuring efficient programs and accurate payments. We take our responsibility to reduce improper payments very seriously. As good stewards of our resources and taxpayer funds, we remain focused on the integrity of our programs, including minimizing improper payments. "Strengthen the Integrity of Our Programs" is a Strategic Goal in our *Agency Strategic Plan for Fiscal Years* (FY) *2014 - 2018* (www.socialsecurity.gov/asp/plan-2014-2018.pdf). Each year, we report improper payment findings, both overpayments and underpayments, from our stewardship reviews of the non-medical aspects of the OASI, DI, and SSI programs. Regarding the medical aspects of our disability programs, we conduct continuing disability reviews (CDR) to determine whether disability beneficiaries continue to meet the programs' medical criteria. However, terminating disability benefits after a CDR may not mean that the original determination was incorrect, it may mean the beneficiary's medical condition has improved to the point he or she can work. Therefore, the benefits he or she received prior to improvement may not be improper.

In accordance with the Office of Management and Budget (OMB) guidelines for implementing the provisions of the *Improper Payments Information Act of 2002* (IPIA), as amended by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), we report as improper those payments that result from:

- Our mistake in computing the payment;
- Our failure to obtain or act on available information affecting the payment;
- A beneficiary's failure to report an event; or
- A beneficiary's incorrect report.

OMB has designated 16 Federal programs as "high-priority programs." As outlined in OMB's IPERIA guidance, any program with $750 million in improper payments qualifies as a high-priority program, and agencies must report improper payments in those programs. Two of our programs meet OMB's definition of high-priority programs: the OASDI program and the SSI program.

The information presented in this report complies with the guidance provided in IPIA, OMB Circular No. A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments*, and OMB Circular No. A-136, *Financial Reporting Requirements*. This report provides general information that demonstrates our commitment to reducing improper payments. It also contains descriptions of our efforts in reducing, recovering, and preventing improper payments for our OASDI and SSI benefit programs and our administrative payments.

We provide additional information on our efforts to curb improper payments for the OASDI and SSI programs and to meet the requirements of Executive Order 13520, *Reducing Improper Payments,* at our public improper payments website (www.socialsecurity.gov/improperpayments).

Risk Assessment and Statistical Sampling

Risk Susceptible Program

IPERA expanded the definition of programs susceptible to significant improper payments to include programs with improper payments estimated to exceed $100 million. Under this definition, our OASI, DI, and SSI programs are susceptible to significant improper payments. We estimate improper payments in these programs in terms of overpayments and underpayments. See Table 1a for details of our OASI and DI improper payments, and Table 1c for details of our SSI improper payments.

OMB's IPERA guidance requires us to evaluate all of our payment outlays (i.e., payments from the OASI, DI, and SSI programs and other outlays, such as administrative payments). Since 2003, we have reviewed our administrative payments, including payroll disbursements and vendor payments. We found these payments were not susceptible to significant improper payments. We provide additional information on this risk assessment of our administrative payments in the Risk Assessment: Administrative Payments section of this improper payments report.

We evaluated our FY 2014 administrative expenses and determined they were not susceptible to significant improper payments as defined by IPIA.

Risk Assessment: Benefit Payments

To comply with IPERA's risk assessment requirements, we conduct an annual stewardship review of our OASDI and SSI payments. Our stewardship review is a proven, cost-effective means for evaluating payment accuracy and identifying major causes of improper payments in our benefit programs.

Risk Assessment: Administrative Payments

IPERA requires agencies to review administrative payments as part of their annual risk assessment process. If these risk assessments determine that an agency's administrative payments are susceptible to significant improper payments, the agency is required to establish an annual improper payment measurement related to administrative payments.

As part of the risk assessment, we considered the following factors:

- A number of financial statement audits, which identified no significant weaknesses in the administrative payment process;

- The size, stability, and complexity of our administrative payment processes;

- The historically low error rate for administrative payments;

- Extensive controls inherent in our administrative payment systems; and

- The current internal control structure we have in place to prevent, detect, and recover improper administrative payments.

We reviewed the agency's Travel and Purchase Card Management Plans required by OMB Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs*. We also leveraged the results of a financial risk assessment completed in FY 2014 by an independent accounting firm in support of our *Federal Managers' Financial Integrity Act* (FMFIA) compliance program. This assessment found that our overall risks are low in the areas of administrative expenses and payables as well as human resources and payroll management.

We demonstrate that, other than what is required in our annual *Agency Financial Report*, our administrative payments do not meet the criteria for further improper payment reporting to Congress or OMB.

Statistical Sampling

We use stewardship reviews to measure the accuracy of payments to beneficiaries. Each month, we review a statistically valid sample of OASI, DI, and SSI cases to determine payment accuracy rates. For each sample case, we interview the beneficiary or representative payee, contact third parties for additional information if needed, and redevelop all non-medical factors of eligibility as of the sample month to determine whether the payment was correct. We express any difference between what we actually paid and what the reviewer determines we should have paid as an overpayment or underpayment error. We based the data in the OASDI and SSI Improper Payments Experience tables on cases sampled in FY 2014. For government-wide reporting purposes, our FY 2014 findings are treated as FY 2015 data. We will not have FY 2015 data until April 2016. We will report our findings from the FY 2015 stewardship reviews in next year's *Improper Payments Information Detailed Report*.

When we compute accuracy rates for monthly payments, we use case error dollars. Case error dollars refers to an incorrect payment made to a case as a whole, with an overpayment or underpayment occurring when we pay more or less than we should have. Some cases have more than one error causing an incorrect payment, with each of these errors referred to as a deficiency. We analyze and track the individual effect of each separate cause of error. Because we project findings from samples, we use a five-year rolling average for each type of deficiency to identify and rank error trends.

Stewardship review findings provide the data necessary to meet the IPIA reporting requirements. The OASDI and SSI payment accuracy rates developed in the stewardship reviews reflect the accuracy of payments issued to OASDI beneficiaries and SSI recipients. In addition to the combined payment accuracy rates for OASDI, we calculate separate rates for OASI and DI. We base our corrective actions for our high-priority programs on the information we obtain from the stewardship reviews. We focus our efforts on major causes of improper payments, both overpayments and underpayments.

Improper Payment Reporting

Improper Payments Strategy

For FY 2015, we continued to focus our improper payments strategy to align with our improper payments governance. We are working in collaboration with our Federal partners, stakeholders, and beneficiaries to attain our agency Strategic Goal to "Strengthen the Integrity of Our Programs." Proper management of payments is an essential element of our goal.

Under this Strategic Goal, we will:

- Collaborate with other Federal agencies, such as the Department of Veterans Affairs (VA) and Centers for Medicare and Medicaid Services within the Department of Health and Human Services (HHS), to find innovative ways to prevent and reduce improper payments;

- Increase efforts to recover overpayments;

- Enhance predictive models and automation tools to help identify error-prone aspects of benefit eligibility;

- Expand the use of data analytics to reduce fraud and payment errors; and

- Streamline the Representative Payee Program to better identify potential misuse of benefits.

In addition to our on-going efforts to curb improper payments, we identified the following eight key strategic initiatives to achieve our Strategic Goal:

- Increase Access to Financial Institutions (AFI) information;

- Enhance the SSI wage-reporting process;

- Identify non-home real property;

- Increase post-entitlement accuracy;

- Improve death data processing;

- Impose administrative sanctions;

- Make better use of data exchanges; and

- Enhance debt collection policy and practices.

We will discuss these initiatives and how they relate to reducing improper payments in our OASDI and SSI programs in the Improper Payments Root Causes and Corrective Actions section of this improper payments report. We discuss initiatives that affect improper payments in both programs in the Efforts to Reduce Fraud, Waste, and Abuse in the OASDI and SSI Programs section of this improper payments report.

In our *Annual Performance Report for FYs 2014-2016*, one of our strategic objectives to achieve our Strategic Goal is: Increase Payment Accuracy. To reach this strategic objective, we identified the following five performance measures:

- Reduce the percentage of improper payments made under the SSI program;

- Maintain the low percentage of improper payments made under the OASDI program;

- Maintain a high accuracy rate of payments made through the OASDI program to minimize improper payments;

- Complete the budgeted number of full medical CDRs; and

- Complete the budgeted number of SSI non-medical redeterminations.

We discuss our strategies to achieve these performance measures in our *Annual Performance Report for FYs 2014 - 2016* (www.ssa.gov/agency/performance/2016/FINAL_2014_2016_APR_508_compliant.pdf).

Experience and Outlook in the OASI, DI, OASDI, and SSI Programs

OMB requires agencies that have programs or activities that are susceptible to significant improper payments to list the programs and related improper payment rates in one table. Table 1 shows the improper payment rates for the OASI, DI, OASDI, and SSI programs for FYs 2013 and 2014. In Table 1, we also include our improper payment rates for funds we spent to support Hurricane Sandy recovery activity, since they are also considered susceptible to significant improper payments by the *Disaster Relief Appropriations Act of 2013* (DRAA). We calculate the overpayment rate by dividing overpayment dollars by total dollars paid, and the underpayment rate by dividing underpayment dollars by total dollars paid. We calculate the improper payment (IP) rate by adding overpayment and underpayment dollars and dividing the sum total dollars paid. This table also presents our accuracy targets for FYs 2015, 2016, and 2017 for the OASDI and SSI programs.

Please see Table 1a for more details about our improper payment rates for the OASI and DI programs for FYs 2012, 2013, and 2014, and see Table 1b for more details about our combined OASDI Improper Payments Reduction Outlook for FYs 2015, 2016, and 2017. For our SSI program, please see Table 1c for more details about our improper payment rates for the SSI program for FYs 2012, 2013, and 2014, and see Table 1d for more details about our SSI Improper Payments Reduction Outlook for FYs 2015, 2016, and 2017.

Table 1: Improper Payment Reduction Outlook[1,2,3,4,5,6]
FY 2013 – FY 2017
(dollars in millions)

	OASI	DI	OASDI	SSI	DRAA[7,8,9]	Total
FY 2013 Outlays	$692,672.98	$131,518.38	$824,191.36	$55,349.89	$0.90	$879,542.15
2013 IP %	0.26%	0.88%	0.36%	9.23%	0.00%	0.92%
2013 IP $	$1,790.84	$1,160.94	$2,951.77	$5,107.31	$0.00	$8,059.08
FY 2014 Outlays	$720,351.38	$142,368.41	$862,719.79	$56,457.56	$0.081	$919,177.43
2014 IP %	0.45%	1.25%	0.58%	8.44%	0.00%	1.07%
2014 IP $	$3,253.32	$1,784.87	$5,038.19	$4,764.74	$0.00	$9,802.93
2014 Overpayment $	$2,962.06	$1,603.68	$4,565.74	$3,924.48	$0.00	$8,490.22
2014 Underpayment $	$291.26	$181.19	$472.45	$840.26	$0.00	$1,312.71
2015 Est. Outlays			$878,710.29	$57,454.00	$0.00	$936,164.29
2015 Est. IP %[6]			0.40%	6.20%	0.00%	0.76%
2015 Est. IP $			$3,514.84	$3,562.15	$0.00	$7,076.99
2016 Est. Outlays			$919,281.25	$58,237.62	$0.00	$977,518.87
2016 Est. IP %[6]			0.40%	6.20%	0.00%	0.75%
2016 Est. IP $			$3,677.13	$3,610.73	$0.00	$7,287.86
2017 Est. Outlays			$966,749.10	$59,155.05	$0.00	$1,025,904.15
2017 Est. IP %[6]			0.40%	6.20%	0.00%	0.73%
2017 Est. IP $			$3,867.00	$3,667.61	$0.00	$7,534.61

Notes:

1. Total OASDI and SSI outlays for FYs 2013 and 2014 represent estimated cash outlays while conducting the annual stewardship reviews and may vary from actual cash outlays. OASDI totals may not equal the sum of OASI and DI amounts due to rounding.

2. FY 2015 data will not be available until late April 2016; therefore, the rates shown for FY 2015 are targets.

3. Total OASDI estimated outlays for FYs 2015-2017 are estimates consistent with projections for the Mid-Session Review of the President's FY 2016 Budget. We do not have separate OASI and DI targets; therefore, we present a combined OASI and DI target.

4. Total SSI estimated outlays for FYs 2015-2017 are estimates consistent with projections for the Mid-Session Review of the President's FY 2016 Budget, adjusted to be presented on a constant 12 month per year payment basis.

5. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. Percentages are derived from unrounded source data.

6. OMB Circular No. A-136 Part II.5.8, section III.vii states, "If an agency establishes a reduction target that does not decrease (e.g., a target that is constant or increasing), the reason(s) for establishing such a target must be clearly explained in a footnote to the table." We strive to reduce improper payments within the constraints of statutory and regulatory requirements and limited resources. We also work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. In addition, in this report, we discuss the major causes of our OASDI and SSI error rates and our corrective action plans to reduce them. While we strive to improve our efforts to address improper payments, outcomes must be significant to affect our error rate. For FY 2014, each tenth of a percentage point in payment accuracy represents about $862 million in program outlays for the OASDI program and about $56.5 million in program outlays for the SSI program. Given our improper payment results, we will work with OMB over the coming year to agree to more realistic targets.

7. Total FY 2013 DRAA payments represent the total outlays against the obligations. The FY 2013 DRAA obligations were for $1,021,379. The current unpaid obligation balance is $29,519. We realized recoveries of $6,257 on previously recorded unpaid obligations.

8. Total FY 2014 DRAA payments represent the total outlays in FY 2014 against the FY 2013 obligations.

9. We had no DRAA payments in FY 2015. In addition, there is no additional funding or obligations for DRAA.

OASDI Experience and Reduction Outlook

Over the last 5 years (FYs 2010-2014), our stewardship reviews estimate that we paid approximately $3.2 trillion to OASI beneficiaries. Of that total, we estimate $7.1 billion were overpayments, representing approximately 0.22 percent of outlays. We estimate that underpayments during this same period were $2.5 billion, the equivalent of approximately 0.08 percent of outlays.

Applying the same analysis to the DI program, we estimate that we paid $652 billion to DI beneficiaries over the last 5 years (FYs 2010-2014). Of that total, we estimate $6 billion were overpayments, representing approximately 0.92 percent of outlays. We estimate underpayments during this same period totaled $2.6 billion, the equivalent of approximately 0.4 percent of outlays.

Table 1a shows the improper payment rates for the OASI and DI programs for FYs 2012, 2013, and 2014.

Table 1a: OASDI Improper Payments Experience
FY 2012 – FY 2014
(dollars in millions)

	FY 2012		FY 2013		FY 2014	
	Dollars	Rate	Dollars	Rate	Dollars	Rate
OASI						
Total Benefit Payments	$643,136.49		$692,672.98		$720,351.38	
Underpayment Error	$517.14	0.08%	$682.09	0.10%	$291.26	0.04%
Overpayment Error	$469.17	0.07%	$1,108.75	0.16%	$2,962.06	0.41%
DI						
Total Benefit Payments	$127,151.11		$131,518.38		$142,368.41	
Underpayment Error	$223.23	0.18%	$417.25	0.32%	$181.19	0.13%
Overpayment Error	$1,239.19	0.97%	$743.69	0.57%	$1,603.68	1.13%
Combined OASDI						
Total Benefit Payments	$770,287.60		$824,191.36		$862,719.79	
Underpayment Error	$740.37	0.10%	$1,099.33	0.13%	$472.45	0.05%
Underpayment Target		≤0.20%		≤0.20%		≤0.20%
Overpayment Error	$1,708.36	0.22%	$1,852.44	0.22%	$4,565.74	0.53%
Overpayment Target		≤0.20%		≤0.20%		≤0.20%

Notes:

1. Total benefit payments for FYs 2012, 2013, and 2014 represent estimated cash outlays while conducting the annual stewardship reviews and may vary from actual cash outlays. OASDI totals may not equal the sum of OASI and DI amounts due to rounding.

2. FY 2015 data will not be available until April 2016.

3. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data.

4. OASI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: for FY 2012, +0.05 percent and -0.06 percent for underpayments and ±0.04 percent for overpayments; for FY 2013, +0.10 percent and -0.13 percent for underpayments and +0.16 percent and -0.17 percent for overpayments; and for FY 2014, +0.03 percent and -0.05 percent for underpayments and ±0.40 percent for overpayments.

5. DI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: for FY 2012, +0.17 percent and -0.26 percent for underpayments and +0.86 percent and -0.87 percent for overpayments; for FY 2013, +0.32 percent and -0.33 percent for underpayments and +0.57 percent and -0.61 percent for overpayments; and for FY 2014, +0.12 percent and -0.23 percent for underpayments and +0.12 percent and -1.76 percent for overpayments.

6. Changes in the OASDI error rates from FY 2012 to FY 2013 and from FY 2013 to FY 2014 are not statistically significant.

The graphs below show our estimated OASDI underpayment and overpayment rates for the last three years. For our FY 2014 stewardship review, the decrease in underpayment error rate is due to a reduction in annual earnings test errors and multi-entitlement computation errors. The increase in the FY 2014 overpayment error rate was caused by an increase in Substantial Gainful Activity (SGA) (a definition of SGA is available at: www.socialsecurity.gov/oact/cola/sga.html), Windfall Elimination Provision (WEP) (a definition of WEP is available at: www.socialsecurity.gov/pubs/10045.html), and Government Pension Offset (GPO) errors. However, the respective changes in the rates are not statistically significant.

We are pursuing an internal systems initiative that will enhance our current process by generating alerts when a beneficiary is entitled on multiple records and WEP or GPO applies.
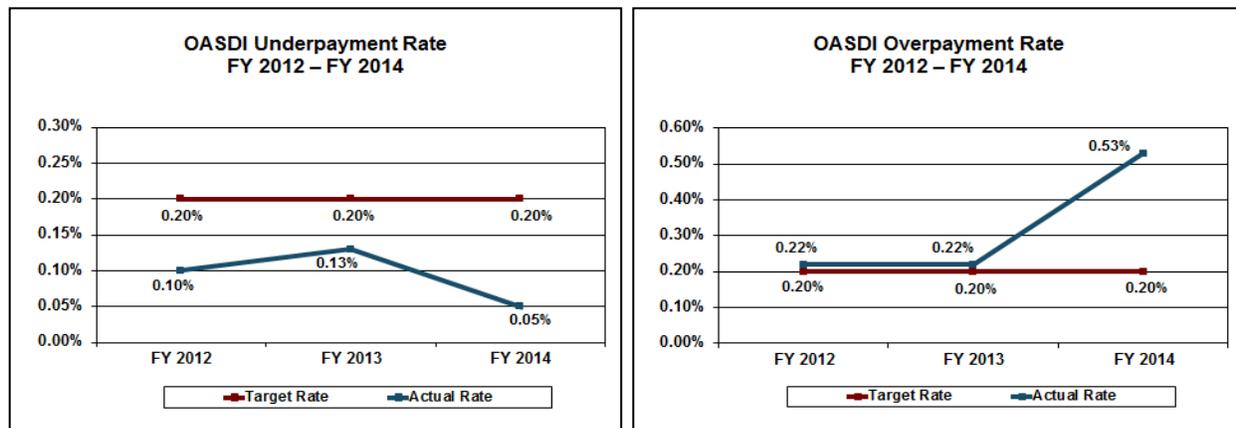

Table 1b presents our accuracy targets for FYs 2015, 2016, and 2017 for the OASDI program. In the OASDI program, our goal is to maintain a 99.8 percent accuracy rate for program payments.

Table 1b: OASDI Improper Payments Reduction Outlook[1,2,3]
FY 2015 – FY 2017
(dollars in millions)

	FY 2015 Target		FY 2016 Target		FY 2017 Target	
	Dollars	Rate	Dollars	Rate	Dollars	Rate
OASDI						
Total Benefit Payments	$878,710.29		$919,281.25		$966,749.10	
Underpayments	$1,757.42	≤0.20%[4]	$1,838.56	≤0.20%[4]	$1,933.50	≤0.20%[4]
Overpayments	$1,757.42	≤0.20%[4]	$1,838.56	≤0.20%[4]	$1,933.50	≤0.20%[4]

Notes:

1. Total OASDI benefit payments for FYs 2015-2017 are estimates consistent with projections for the Mid-Session Review of the President's FY 2016 Budget.

2. FY 2015 data will not be available until late April 2016; therefore, the rates shown for FY 2015 are targets.

3. We do not have separate OASI and DI targets; therefore, we present a combined OASI and DI target.

4. OMB Circular No. A-136 Part II.5.8, section III.vii states, "If an agency establishes a reduction target that does not decrease (e.g., a target that is constant or increasing), the reason(s) for establishing such a target must be clearly explained in a footnote to the table." We strive to reduce improper payments within the constraints of statutory and regulatory requirements and limited resources. We also work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. In addition, in this report, we discuss the major causes of our OASDI and SSI error rates and our corrective action plans to reduce them. While we strive to improve our efforts to address improper payments, outcomes must be significant to affect our error rate. For FY 2014, each tenth of a percentage point in payment accuracy represents about $862 million in program outlays for the OASDI program.

SSI Experience and Reduction Outlook

Over the last 5 years (FYs 2010-2014), our stewardship reviews estimate that we paid approximately $267.2 billion to SSI recipients. Of that total, we estimate $18.6 billion were overpayments, representing about 7 percent of outlays. We estimate that underpayments during this same period were $4.9 billion, the equivalent of approximately 1.8 percent of outlays.

Table 1c shows the improper payment rates for the SSI program for FYs 2012, 2013, and 2014.

Table 1c: SSI Improper Payments Experience
FY 2012 – FY 2014
(dollars in millions)

	FY 2012	FY 2013	FY 2014
Total Federally Administered Payments			
Dollars	$53,410.57	$55,349.89	$56,457.56
Underpayments			
Dollars	$948.41	$917.82	$840.26
Target Rate	≤1.20%	≤1.20%	≤1.20%
Actual Rate	1.78%	1.66%	1.48%
Overpayments			
Dollars	$3,386.67	$4,189.49	$3,924.48
Target Rate	≤5.00%	≤5.00%	≤5.00%
Actual Rate	6.34%	7.57%	6.95%

Notes:

1. Total federally administered payments represent estimated program outlays while conducting the annual stewardship reviews and may vary from actual outlays.
2. FY 2015 data will not be available until April 2016.
3. The percentages and dollar amounts presented in Table 1c are correct based on actual numbers used from the source data. However, there may be differences in the calculated overpayment and underpayment rates due to rounding.
4. SSI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: for FY 2012, ±0.53 percent for underpayments and ±1.78 percent for overpayments; for FY 2013, ±0.45 percent for underpayments and ±1.83 percent for overpayments; and for FY 2014, ±0.27 percent for underpayments and ±0.95 percent for overpayments.
5. The decrease in SSI overpayment accuracy from FY 2012 to FY 2013, though not statistically significant, was due primarily to increases in financial account and in-kind support and maintenance overpayment deficiency dollars in FY 2013.

The graphs below show our estimated SSI underpayment and overpayment rates for the last three years.
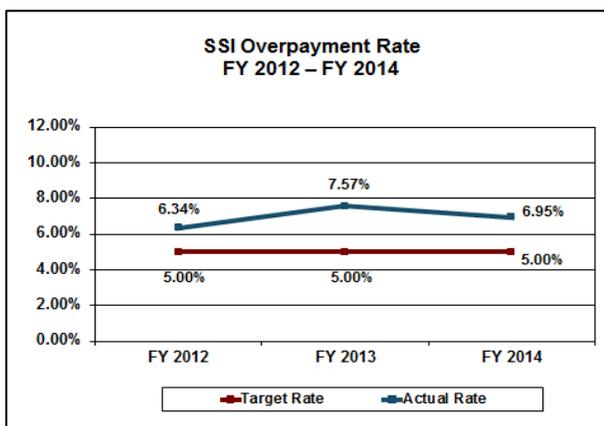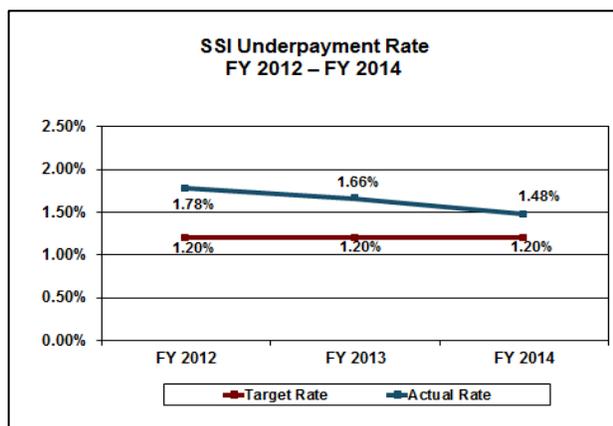
Table 1d shows our target accuracy goals for FYs 2015, 2016, and 2017 for the SSI program.

Table 1d: SSI Improper Payments Reduction Outlook[1,2]
FY 2015 – FY 2017
(dollars in millions)

	FY 2015 Target		FY 2016 Target		FY 2017 Target	
	Dollars	Rate	Dollars	Rate	Dollars	Rate
Total Federally Administered Payments	$57,454.00		$58,237.62		$59,155.05	
Underpayments	$689.45	≤1.20%[3]	$698.85	≤1.20%[3]	$709.86	≤1.20%[3]
Overpayments	$2,872.70	≤5.00%[3]	$2,911.88	≤5.00%[3]	$2,957.75	≤5.00%[3]

Note:

1. Total federally administered SSI payments for FYs 2015-2017 are estimates consistent with projections for the Mid-Session Review of the President's FY 2016 Budget, adjusted to be presented on a constant 12 month per year payment basis.

2. FY 2015 data will not be available until late April 2016; therefore, the rates shown for FY 2015 are targets.

3. OMB Circular No. A-136 Part II.5.8, section III.vii states, "If an agency establishes a reduction target that does not decrease (e.g., a target that is constant or increasing), the reason(s) for establishing such a target must be clearly explained in a footnote to the table." We strive to reduce improper payments within the constraints of statutory and regulatory requirements and limited resources. We also work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. In addition, in this report, we discuss the major causes of our OASDI and SSI error rates and our corrective action plans to reduce them. While we strive to improve our efforts to address improper payments, outcomes must be significant to affect our error rate. For FY 2014, each tenth of a percentage point in payment accuracy represents about $56.5 million in program outlays for the SSI program.

High-Priority Programs - SSI Supplemental Measures and Targets

To comply with Executive Order 13520, as amended by IPERIA, we developed two 3-year SSI supplemental measures and targets for FYs 2015-2017:

1. Complete the number of budgeted non-medical redeterminations.

   The total number of SSI redeterminations we complete varies from year to year based on available resources and field office (FO) workload considerations. We completed approximately 2.267 million SSI redeterminations in FY 2015. The FY 2015 President's Budget, as appropriated, includes resources to complete 2.225 million SSI redeterminations. We anticipate the target will remain 2.622 million, subject to our funding in both FY 2016 and FY 2017.

2. Increase the number of successful wage reports received using SSI Telephone Wage Reporting (SSITWR) and SSI Mobile Wage Reporting (SSIMWR) by 6 percent from September of the previous fiscal year.

   The SSITWR system contains a dedicated telephone number to allow SSI beneficiaries and their representative payees to report the beneficiary's monthly wages by calling and using a combination of touch-tone entry and voice-recognition software. For FYs 2015-2017, our goal was and still is to increase the September combined SSITWR and SSIMWR successful wage reports by 6 percent from the prior September combined SSITWR and SSIMWR total.

These measures also support our Agency Priority Goal to improve the integrity of the SSI program by ensuring that 95 percent of our payments are free of improper payments. Our goal is to increase our SSI overpayment accuracy to 95 percent and our SSI underpayment accuracy to 98.8 percent by the end of FYs 2016 and 2017.

We discuss the SSI redeterminations workload in more detail in the Improper Payments Root Causes and Corrective Actions section.

The following tables reflect our supplemental targets and measures for FY 2015-2017.

Table 1e: SSI – Supplemental Measures and Targets
FY 2015

Type of Error	Targets	Actuals
Overpayment/Underpayment Due to a Change That Affects Payment Amount of Eligibility		
Cause: Beneficiaries fail to report a change that affects payment amount or eligibility. **Program Savings:** Refer to the Accountability, Information Systems, and Other Infrastructure section of this improper payments report for information on our program savings.	By September 30, 2015, complete the budgeted amount of 2.225 million SSI non-medical redeterminations.	In FY 2015, we completed approximately 2.267 million SSI redeterminations.
Overpayment Due to Unreported Wages		
Cause: Beneficiaries and deemors fail to report their new or increased wages. **Error Amount:** $526 million (91 percent of all wage overpayment deficiency dollars and 12 percent of all overpayment deficiency dollars) in FY 2014.	In the month of September 2015, increase the number of wage reports we process using SSITWR and SSIMWR by 6 percent over the number in the month of September 2014.	In September 2015, we received 78,970 monthly wage reports, a 22 percent increase over September 2014.

Table 1f: SSI – Supplemental Measures and Targets
FY 2016

Type of Error	Targets	Actuals
Overpayment/Underpayment Due to a Change That Affects Payment Amount of Eligibility		
Cause: Beneficiaries fail to report a change that affects payment amount or eligibility. **Program Savings:** Refer to the Accountability, Information Systems, and Other Infrastructure section of this improper payments report for information on our program savings.	By September 30, 2016, complete the budgeted amount of 2.622 million SSI non-medical redeterminations.	FY 2016 actual information not yet available.
Overpayment Due to Unreported Wages		
Cause: Beneficiaries and deemors fail to report their new or increased wages. **Error Amount:** $526 million (91 percent of all wage overpayment deficiency dollars and 12 percent of all overpayment deficiency dollars) in FY 2014.	By September 30, 2016, increase the number of monthly wage reports processed in time to prevent an improper payment by 6 percent over September 30, 2015.	FY 2016 actual information not yet available.

Table 1g: SSI – Supplemental Measures and Targets
FY 2017

Type of Error	Targets	Actuals
Overpayment/Underpayment Due to a Change That Affects Payment Amount of Eligibility		
Cause: Beneficiaries fail to report a change that affects payment amount or eligibility. **Program Savings:** Refer to the Accountability, Information Systems, and Other Infrastructure section of this improper payments report for information on our program savings.	By September 30, 2017, complete the budgeted amount of SSI non-medical redeterminations.	FY 2017 actual information not yet available.
Overpayment Due to Unreported Wages		
Cause: Beneficiaries and deemors fail to report their new or increased wages. **Error Amount:** $526 million (91 percent of all wage overpayment deficiency dollars and 12 percent of all overpayment deficiency dollars) in FY 2014.	By September 30, 2017, increase the number of monthly wage reports processed in time to prevent an improper payment by 6 percent over September 30, 2016.	FY 2017 actual information not yet available.

Improper Payments Root Causes and Corrective Actions

Table 2 lists the major causes of improper payment (overpayments and underpayments) in the OASDI and SSI programs using OMB's seven categories of error. In addition, to be consistent with with our reporting in Table 1, we included DRAA payments.

Table 2: Improper Payment Root Cause Category Matrix for FY 2014
(dollars in millions)

Reason for Improper Payment	OASDI Program		SSI Program		DRAA	
	Overpayments	Underpayments	Overpayments	Underpayments	Overpayments	Underpayments
Program Design or Structural Issue	$0	$0	$0	$0	$0	$0
Inability to Authenticate Eligibility	$0	$95	$3,518	$614	$0	$0
Failure to Verify:						
Death Data	$1	$2	$5	$0	$0	$0
Financial Data	$0	$0	$63	$51	$0	$0
Excluded Party List	$0	$0	$0	$0	$0	$0
Prisoner Data	$214	$0	$0	$0	$0	$0
Other Eligibility Data	$2,702	$152	$127	$32	$0	$0
Administrative or Process Error Made by:						
Federal Agency	$1,649	$224	$212	$143	$0	$0
State or Local Agency	$0	$0	$0	$0	$0	$0
Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	$0	$0	$0	$0	$0	$0
Medical Necessity	$0	$0	$0	$0	$0	$0
Insufficient Documentation to Determine	$0	$0	$0	$0	$0	$0
Other Reason (a) (explain)	$0	$0	$0	$0	$0	$0
Other Reason (b) (explain)	$0	$0	$0	$0	$0	$0
TOTAL	$4,566	$472	$3,924	$840	$0	$0

Notes:

1. Data Source: FY 2014 OASDI and SSI Stewardship reviews.
2. There may be slight variances in the dollar amounts reported due to rounding of source data.
3. Beginning in 2015, OMB required us to categorize improper payments in our programs into seven categories as defined below:
   - **Program Design or Structural Issue** – Improper payments resulting from the design of the program or a structural issue.
   - **Inability to Authenticate Eligibility** – Improper payments issued because the agency is unable to authenticate eligibility criteria.
   - **Failure to Verify Data** – Improper payments issued because the agency or another party administering Federal dollars fails to verify appropriate data to determine whether or not a recipient should be receiving a payment, even though such data exists in government or third-party databases.
     o **Death Data** – Failure to verify that an individual is deceased, and the agency pays that individual.
     o **Financial Data** – Failure to verify that an individual's or household's financial resources (e.g., current income or assets) do not meet the threshold to qualify him or her for a benefit, and the agency makes a benefit payment to that individual or household.
     o **Excluded Party Data** – Failure to verify that an individual or entity has been excluded from receiving Federal payments, and the agency pays that individual or entity.
     o **Prisoner Data** – Failure to verify that an individual is incarcerated and ineligible for receiving a payment, and the agency pays that individual.
     o **Other Eligibility Data** – Any other failure to verify data not already listed above, causing the agency to make an improper payment as a result.
   - **Administrative or Process Errors Made** – Improper payments caused by incorrect data entry, classifying, or processing of applications or payments made by Federal, State, local agencies, or other organizations that administer Federal dollars.
   - **Medical Necessity Errors** – Improper payments issued to a medical provider who delivers a service or item that does not meet coverage requirements for medical necessity.
   - **Insufficient Documentation to Determine** – Improper payments issued when there is a lack of supporting documentation necessary to verify accuracy of a payment identified in the improper payment testing sample.
   - **Other Reason** – Improper payments caused by payment errors that do not fit in the above categories.

# Major Causes and Corrective Actions for OASDI Improper Payments

Our stewardship review findings over the last five years show that the major causes of overpayments in the OASDI program are SGA and errors in computations. The major cause of underpayments is errors in computations.

Substantial Gainful Activity

Description:

When disability beneficiaries work, a number of factors determine whether they can continue to receive monthly benefits. Improper payments occur when beneficiaries fail to report earnings timely, or we do not take the proper actions to process work reports. The following graph shows the five-year rolling average of SGA overpayment deficiency dollars.

Historical Figures:

SGA Overpayment Deficiency Dollars
Five-Year Rolling Average FY 2010 – FY 2014
(in millions)
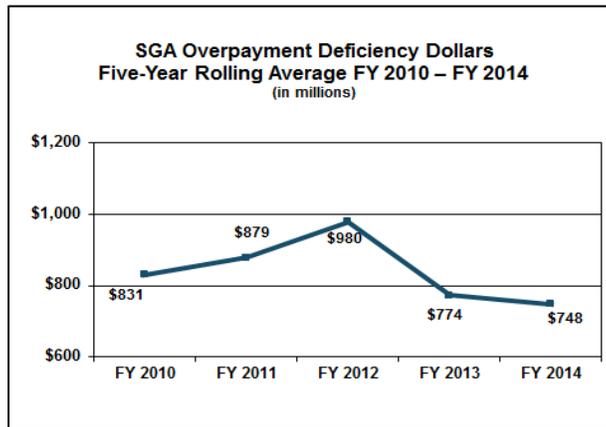
Corrective Actions:

Table 2a shows our actions to ensure timely processing of beneficiaries' earnings. Payment errors based on SGA correspond to the "Failure to Verify: Other Eligibility Data" category in Table 2.

Table 2a: SGA – Corrective Actions

Description	Target Completion	Status
Audit Recommendation		
To minimize improper payments, we agreed with an audit recommendation to make it a priority to identify cases where we failed to terminate the disability payments following medical cessation determinations.	Ongoing	In April 2014, we initiated a new computerized selection process to identify cases with medical cessations where benefits are continuing. We are working on corrective actions on the cases identified and enhancing our automated solutions to prevent such errors in the future.
Predictive Model		
We developed a statistical predictive model that helps us prioritize our resources by identifying the earnings of beneficiaries who are at greatest risk of receiving an overpayment due to work activity. In FY 2014, we evaluated all FY 2013 work CDRs, including those selected by the predictive model.	Completed July 2014	The following results compare all work CDRs selected in FY 2013 before and after national implementation of the predictive model: • Average number of months a beneficiary was overpaid decreased from 18 months to 14 months. • Average overpayment amount per overpaid working DI beneficiary decreased from approximately $20,000 to $16,000. • Total overpayments due to work decreased from approximately $1.5 billion to $1 billion.

Description	Target Completion	Status
We are conducting a pilot to delay the Automated Earnings Reappraisal Operation (AERO) for cases with a pending work CDR. We are testing a new process to delay the benefit increase, which we may later determine to be an overpayment, resulting from an AERO, for a sample of disability beneficiaries with a pending work CDR. Our goal is to prioritize and review cases with unreported earnings before we compute and issue any benefit increase.	FY 2016	We used our predictive model to identify approximately 12,000 cases eligible for a benefit increase and delayed the AERO increase for 6 months. The first test of the pilot in October 2012 was a success with a smaller sample. We continued the pilot by drawing a larger sample in October 2013. The June 2014 evaluation found promising results from the processing that ended April 2014. We continued to pilot in October 2014 where we selected a new sample and delayed the AERO increase for approximately 12,000 cases pending a work CDR. The pilot ended in April 2015, and we completed an initial evaluation of the pilot in August 2015. We found that we completed a work CDR on nearly half of the cases; approximately 32 percent of the cases did not require a work CDR, and 20 percent were still pending. We estimate that as a result of the AERO delay, we prevented an increase in monthly benefits for approximately 4,300 beneficiaries where an overpayment would have occurred. We will continue evaluating the effectiveness of the pilot in FY 2016.
We are conducting a pilot to test our ability to release quarterly earnings enforcement work CDRs in conjunction with our existing Continuing Disability Review Enforcement Operation (CDREO) process. We currently target the earnings of ticket to work participants. If the pilot expands further, we may obtain authority to include beneficiaries who are not involved with ticket to work.	Ongoing	We began Phase 1 of the Quarterly Earnings Pilot in March 2014. Phase 2 of the pilot began with the March 2015 enforcement run, when we assigned approximately 1,800 cases for action to our processing centers. This phase of the pilot includes refined requirements that will better select CDRs that are more likely to generate a suspension or cessation.
We are piloting a new national screening process that removes unnecessary work CDREO alerts prior to assigning them for processing. The processing centers currently screen cases based on certain criteria using local programs. We are using a phased-in approach to remove unnecessary work CDREO alerts prior to assigning them for processing. The long-term goal is to eliminate the local screening programs run after the CDREO process.	Ongoing	As a result of the first phase of the pilot in May 2015, we removed approximately 100,109 unnecessary CDR alerts from the current CDREO process. In Phase 2, planned for June 2016, we will remove further unnecessary CDR alerts.

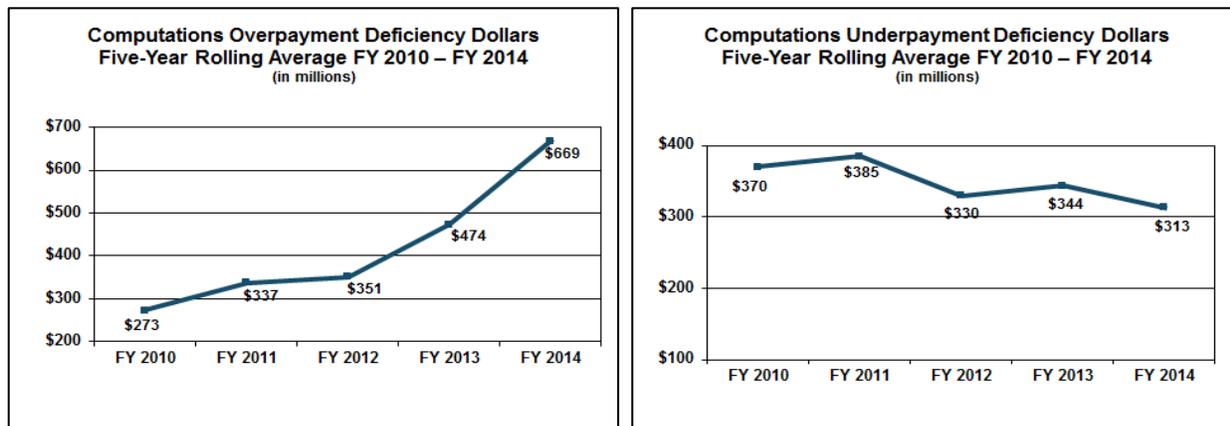| Description	Target Completion	Status
Legislative Proposal		
The *Bipartisan Budget Act of 2015* gives authority to the Commissioner to extend, under Section 234(d)(2), disability related demonstration projects that have expired and initiate new ones. This authority expires December 31, 2022 and the Commissioner has until December 31, 2022 to complete these projects. Other related provisions of the Budget Act require the Commissioner to ensure that the projects are voluntary and to conduct a 5-year demonstration project to test a benefit offset of $1 for each $2 of earnings.	Effective November 2, 2015	Enacted in the *Bipartisan Budget Act of 2015.* The annual report is due at the end of FY 2016.
The President's FY 2016 Budget includes a proposal that would restructure the wage-reporting process by requiring employers to report wages quarterly instead of annually. The proposal would not affect reporting on self-employment. Increasing the frequency of wage reporting could enhance tax administration and improve program integrity for our OASDI and SSI programs by permitting us to leverage the wage data in a timelier manner.	Pending	No Congressional action to date.

Computations

Description:

Errors in computations are a major cause of both OASDI overpayments and underpayments. Our goal is to correct and prevent instances where a recipient or beneficiary has potential entitlement to, but is not receiving, a new or higher benefit.

We base a person's benefit amount on a number of factors, including age, earnings history, and the type of benefit awarded.

Inaccurate information or administrative mistakes can cause errors in calculating benefits. For FYs 2010-2014, approximately 68 percent of the computation errors resulted in overpayments, with the leading causes being WEP, failure to apply the Retirement Insurance Benefit Limitation (RIB-LIM) when applicable, and adjustment of the reduction factor computation. RIB-LIM applies when a deceased beneficiary received a reduced retirement benefit. Under RIB-LIM, the maximum benefit for a surviving spouse or surviving divorced spouse is limited to what the deceased beneficiary would receive if he or she were still alive.

Approximately 32 percent of computation errors from FYs 2010-2014 resulted in underpayments. The leading causes of underpayments are the miscalculation of the initial benefit amount and errors in recalculating benefits due to updated or new information received after our initial calculation of an individual's benefit amount.

Historical Figures:

Computations Overpayment Deficiency Dollars Five-Year Rolling Average FY 2010 – FY 2014 (in millions)	Computations Underpayment Deficiency Dollars Five-Year Rolling Average FY 2010 – FY 2014 (in millions)
FY 2010: $273, FY 2011: $337, FY 2012: $351, FY 2013: $474, FY 2014: $669	FY 2010: $370, FY 2011: $385, FY 2012: $330, FY 2013: $344, FY 2014: $313

Corrective Actions - Increase Post-Entitlement Accuracy

Recent studies indicate that we can improve accuracy in the areas of processing OASDI work CDRs and other changes to a beneficiary's record after they are already entitled to benefits. An internal workgroup is identifying workflow adjustments, policy changes, training, and automation solutions to improve post-entitlement accuracy. We are currently conducting the Title II Quarterly Earnings Pilot in the Northeastern Processing Center. Under this pilot, we are testing whether it makes sense to initiate work CDRs on a quarterly basis rather than waiting and doing so annually.

We are also enhancing the predictive model we use to determine the priority order of work CDRs. Additionally, we evaluated the current business process for work CDRs in our processing centers, FOs, and teleservice centers, and we developed simulation process models. This effort documented the current or "as is" business process and will allow us to identify and determine solutions to policy gaps and bottlenecks in the process. The outcome of these efforts will be to develop a desired or "to be" business process that is more efficient. We anticipate identifying an improved process in FY 2016.

Our studies also show that we sometimes overlook potential entitlements (i.e., entitlement to benefits other than the one an individual is applying for or receiving). In FY 2013, we began to address four potential entitlement workloads. By addressing post-entitlement accuracy and identifying potential entitlements, we will reduce improper overpayments and underpayments.

Table 2b shows our actions to increase our post-entitlement accuracy. Post-entitlement accuracy errors correspond to the "Administrative or Process Error Made by: Federal Agency" category in Table 2.

Table 2b: Increase Post-Entitlement Accuracy

Description	Target Completion	Status
Better define the OASDI systems alert, exception, and processing limitation codes to give technicians more precise information on actions needed.	To be determined by results of planning.	We expect to begin planning and analysis for the system correction in FY 2016.
We implemented an inline quality review process in our processing centers aimed at improving the accuracy of manual post-entitlement transactions.	Completed July 2015	Through the end of FY 2014, we implemented an inline quality review process in four of our processing centers. We reviewed over 6,300 inline transactions, preventing over $1.6 million in improper payments. In July 2015, we completed implementation of the inline review process in the three remaining processing centers. Through September 2015, we have reviewed over 11,100 cases preventing over $2.5 million in improper payments. We plan to continue the inline quality review process.

Description	Target Completion	Status
Pursue potential entitlement workloads.	Completed September 2014 Completed March 2014 FY 2016	In FYs 2014 and 2015, we evaluated the following initiatives: • Outstanding Potential Entitlement Referral Account Cases: We identified SSI recipients who are potentially entitled to OASDI benefits. 　○ Through September 2014, we reviewed 184 cases and entitled 57 individuals to OASDI benefits. • We identified individuals potentially entitled to higher benefits on the record of a former spouse, who is now deceased. 　○ In March 2014, we sent letters to over 2,800 individuals, informing them of their higher potential benefits. Through December 2014, over 1,000 individuals have filed for benefits and are currently receiving an average monthly increase of $607. • Veteran's Pension Referral: We identified SSI recipients who had a scheduled redetermination in FY 2014, and were possibly eligible for a veteran's pension. 　○ Through FY 2014, we reviewed over 5,400 cases out of 5,748 identified. Of those, we referred over 4,200 to the VA. 　○ In FY 2015, we notified approximately 30,000 SSI recipients that they may be entitled to a veteran's pension. 　○ In FY 2016, we plan to evaluate the population to determine why those SSI recipients who were eligible for a veteran's pension were not currently receiving one.

Description	Target Completion	Status

Pursue potential entitlement workloads (continued).	FY 2016
	
	FY 2016
		• In December 2014, we issued notices to over 25,000 individuals entitled as spouses who may be eligible for higher benefits on their own records. Through August 2015, approximately 11,730 of those that received notices filed for or are receiving benefits on their own account. The average monthly increase to those beneficiaries is approximately $333.
		    o In FY 2016, we plan to implement changes that will notify these individuals earlier.
		• We have developed a process for addressing all items on the original Potential Entitlement workload list and have defined deliverables for each stage of that process. We effectuated FY 2015 workloads and, where possible, identified possible root causes of the missed entitlements to prevent recurrence.
		    o We developed a detailed work plan for FY 2016 that will continue to work through the situations identified as potential or missing entitlements.

The President's FY 2016 Budget includes a proposal to establish workers' compensation and public disability benefits information reporting. Since we currently rely on beneficiaries to report when they receive benefits, this proposal would improve program integrity by requiring States, local governments, and private insurers that administer workers' compensation and public disability benefits to provide this information to us. The proposal would provide for the development and implementation of a system to collect such information from States, local governments, and insurers.	Pending	No Congressional action to date.

Major Causes and Corrective Actions for SSI Improper Payments

Our greatest payment accuracy challenge is the SSI program. The program's complexities stem from the way the law requires us to calculate SSI payments. We generally make SSI payments on the first day of the month for eligibility in that month. Many factors influence SSI payment accuracy. Even if the payment is correct when paid, any changes that may occur during the month can affect the payment due, which can result in an overpayment or underpayment. Thus, the program requirements themselves sometimes cause improper payments. We remain committed to simplifying the SSI program, and we are exploring ways to do this in a fair and equitable manner.

SSI is a means-tested program for individuals with limited income and resources that are blind, disabled, or aged. This program is complex because fluctuations in monthly income, resources, and living arrangements may affect eligibility and monthly payment amounts. Improper payments often occur if recipients (or their representative payees on their behalf) or deemors (i.e., individuals such as a parent or spouse whose income and resources are considered in determining an applicant's or recipient's eligibility and payment) fail to report changes on time in any of these factors (e.g., an increase of their resources or a change in their wages). Failure to report such changes is the primary cause of both overpayment and underpayment errors.

Our stewardship findings over the last five years show that the major causes of overpayments in the SSI program have been errors or omissions in the following:

- Financial accounts (e.g., bank savings or checking accounts, or credit union accounts);
- Wages;
- In-kind Support and Maintenance (ISM); and
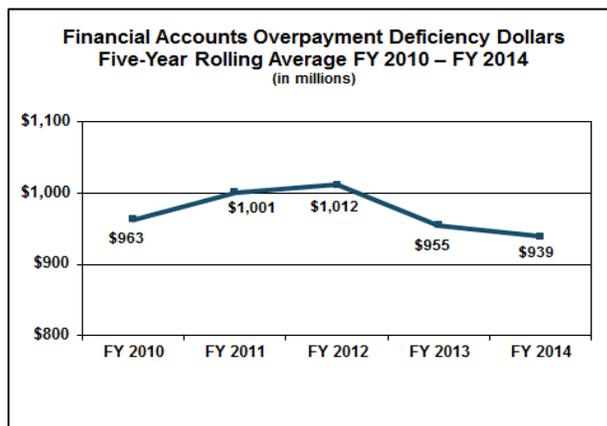- Other real property (i.e., ownership of non-home real property).

Over the last five years, the major causes of underpayments in the SSI program have been errors or omissions in ISM, living arrangements, and wages. Information for the corrective action for living arrangements is discussed later in this section.

Financial Accounts

Description:

Financial accounts with countable resources in excess of the allowable resource limits are the leading cause of SSI overpayment errors. When an applicant, recipient, or deemor has financial accounts with values exceeding the allowable resource limits, these accounts may result in periods of SSI ineligibility.

Historical Figures:

Financial Accounts Overpayment Deficiency Dollars
Five-Year Rolling Average FY 2010 – FY 2014
(in millions)

FY 2010: $963, FY 2011: $1,001, FY 2012: $1,012, FY 2013: $955, FY 2014: $939

Corrective Actions:

To address overpayment errors related to financial accounts, we developed the AFI program. AFI is an automated process that verifies alleged bank account balances with financial institutions to identify potential excess resources in financial accounts held by SSI applicants, recipients, and deemors. In addition to verifying alleged bank accounts, AFI detects undisclosed accounts using unique search criteria. We use AFI to verify financial accounts during the SSI application process and when we conduct periodic redeterminations of continued eligibility.

We reduce SSI improper payments resulting from excess resources held in financial institutions by using the AFI electronic process on initial claims and redeterminations (i.e., a review of a recipient's non-medical eligibility factors such as income and resources to determine continued eligibility and payment amount) and conducting up to 10 searches per individual for undisclosed bank accounts.

Table 2c shows our actions to reduce errors related to financial accounts. Payment errors related to financial accounts correspond to the "Failure to Verify: Financial Data" and "Inability to Authenticate Eligibility" categories in Table 2.

Table 2c: Financial Accounts – Corrective Actions

Description	Target Completion	Status
Evaluate the effect of increased undisclosed bank account searches and a lowered tolerance we implemented in October 2013.	FY 2016	We began planning and analysis to evaluate the effect of expanded AFI use in June 2014. We expect to complete the evaluation in FY 2016.
Begin the next five-year AFI contract.	Completed January 2015	We competitively awarded a five-year contract to a vendor to support AFI. The award was effective June 2015.
Conduct study to evaluate benefits of automatically initiating AFI requests during the period of time in-between redeterminations of SSI eligibility. This proposal would enable us to prevent improper payments earlier and limit the amount of any overpayments.	December 2015	Our Improper Payment Oversight Board (IPOB) approved the proposal, and the evaluation began in FY 2015.
Implement two AFI systems enhancements that will improve our current process for initiating AFI.	January 2016	We have begun systems planning and analysis. The enhancements are scheduled for implementation in early FY 2016.

Wages

Description:

For more than a decade, wage discrepancies have been one of the leading causes of SSI overpayment and underpayment errors. Wage discrepancies occur when the recipient or his or her deemor has actual wages that differ from the wage amount used to calculate the SSI payment.

Historical Figures:
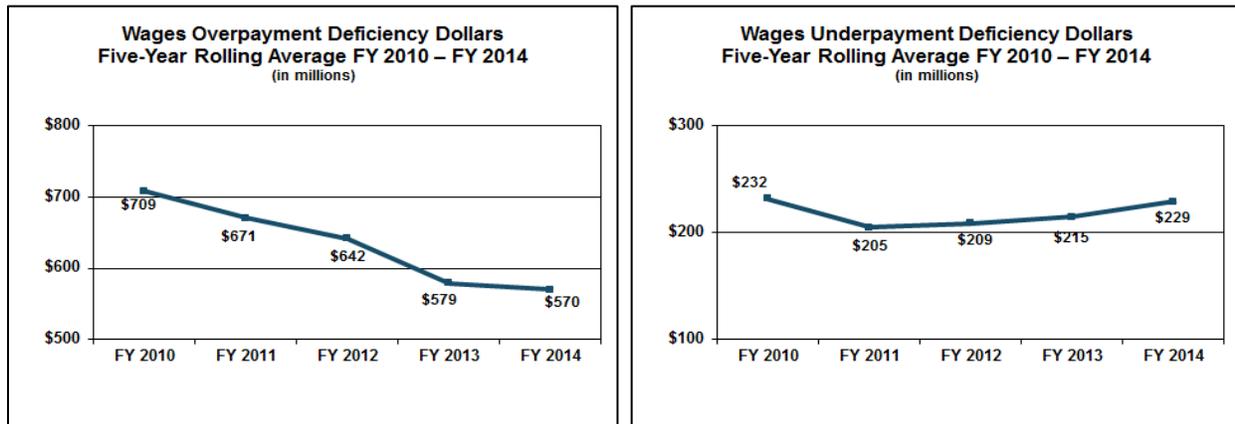
Corrective Actions:

We rely on individuals to self-report wages to us on time, but from experience, we know that they may fail to report or fail to report soon enough to prevent an improper payment. Instead of relying solely on self-reporting, we are exploring using wage information we receive from other sources for timely and accurate wage reports. As part of the SSI application and redetermination processes, we will request that applicants and recipients provide their consent for us to obtain their personal information, such as wage information, from other sources. We will modify our policy and processes to allow us to use the wage information we obtain from these sources more efficiently.

We developed several communication initiatives to help encourage recipients not only to remember to report events that can affect eligibility or payment amounts, such as changes in living arrangements, but also to make it easier for them to comply with reporting requirements. For example, we created two educational resources that FOs give recipients during claims and redeterminations:

- A two-pocket folder – The folder includes panels that list the SSI reporting requirements and pockets to store key documents such as wage stubs or other materials to help people report accurately.

- A business card – This small card contains information on the reporting requirements to be kept in a wallet or with other important papers.

Other examples of our corrective actions to address the root causes of wage-related errors include options for recipients (or representative payees on their behalf) or their deemors to self-report wages via telephone or a smartphone application. Since October 2013, recipients, representative payees, and deemors could use those automated reporting tools to report the preceding month's wages at any time in the current month.

- SSITWR

    In FY 2008, we implemented SSITWR, which allows recipients, representative payees, and deemors to report prior monthly gross wages via an automated telephone system. SSITWR ensures we post the wage amounts to the individual's record in a timely manner.

- SSIMWR Smartphone Application

    Beginning in December 2012, 50 FOs across all 10 regions began a pilot project for mobile wage reporting. This initiative allowed certain SSI recipients, representative payees, and deemors to use their smartphones to report a prior month's gross wages, using an application they can download at no cost from the Google Play and Apple App stores. The initial pilot was successful, and we expanded it to nearly 270 participating FOs in March 2013. The expanded phase of the pilot was successful as well, with more than 9,000 wage reports submitted using the smartphone application during the entire pilot. We rolled out the initiative

nationally on August 1, 2013, following the release of some minor system improvements made as the result of feedback received during the pilot.

- Automated Reminder

    In September 2013, we implemented an automated SSI wage reporting reminder using GovDelivery. Individuals can voluntarily sign up to receive a monthly email or text message reminder to report wages for the prior month.

We continue to successfully increase the number of wage reports SSI recipients submit using our automated SSI wage reporting systems. In September 2015, we processed 78,970 successful automated wage reports in time to prevent improper payments.

Table 2d shows our actions to reduce errors related to wages. Payment errors related to wages correspond to the "Inability to Authenticate Eligibility" category in Table 2.

Table 2d: Wages – Corrective Actions

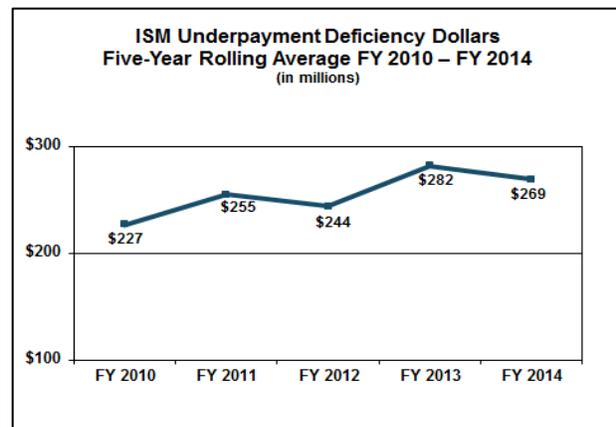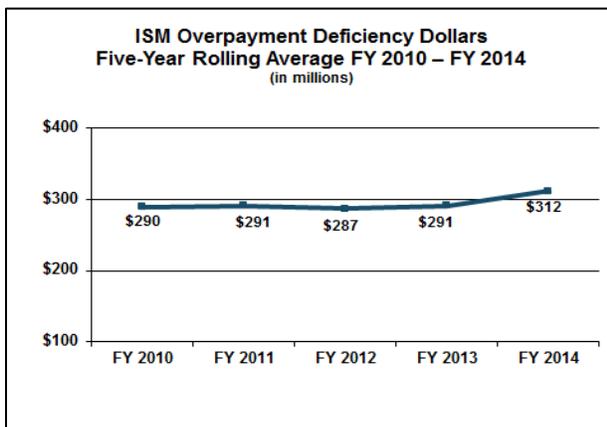| Description	Target Completion	Status
Explore using wage information we receive from other sources for timely and accurate wage reports. Request that SSI applicants and recipients provide their consent for us to obtain information from other sources. Modify our policy and supporting operating process to allow the use of wage information we obtain from those sources. Automate the process of obtaining wage information and adding wage information to our systems, thereby conserving administrative resources and reducing improper payments. Develop the capability to record in the SSI claims system an individual's permission for third parties to release personal information to us, such as wages.	FY 2016	We have allocated resources to integrate into our systems an SSI recipient's authorization for us to contact commercial entities, including payroll providers, for evidence related to SSI eligibility and payment amount. We developed the requirements to make these changes to our systems. These changes are currently in development with implementation planned for FY 2016.
Perform a "proof of concept" (POC) to test whether automated posting of income information available through commercial wage databases offered by private payroll providers would allow us to reduce wage-related improper payments and save administrative resources.	Completed July 2015	We gathered data through the POC. The findings revealed that there is value in monthly matching with a payroll provider as wage information is available for the majority of the sample. We conducted a second POC in April 2015 to assess the same population to determine the value of monthly matching with a payroll provider after a period of time. The findings of the second POC support the first POC in that there is value in monthly matching with a payroll provider as wage information is available for the majority of the sample.

Description	Target Completion	Status
The *Bipartisan Budget Act of 2015* authorizes the Commissioner to: 1) enter into information exchanges with payroll data providers to obtain wage data to administer and prevent improper payments under the SSI and DI programs; and 2) require applicants and recipients to provide authorization to obtain payroll data. Individuals who provide such authorization will be afforded protection from certain sanctions and penalties.	Effective November 2, 2016	Enacted in the *Bipartisan Budget Act of 2015*.
The *Bipartisan Budget Act of 2015* also requires us to promulgate new regulations regarding modified wage reporting requirements for recipients and beneficiaries who provide authorization.	Effective no later than November 2, 2016	Enacted in the *Bipartisan Budget Act of 2015*.
Pursue an SSI RoboCalling pilot to encourage SSI recipients and deemors to use our automated wage reporting tools.	TBD	We began our SSI RoboCalling pilot on July 1, 2015. The pilot will run for 60 days, with a subsequent evaluation period.

In-Kind Support and Maintenance

Description:

ISM is unearned income a recipient receives in the form of food, shelter, or both. Overpayments can occur when the recipient fails to report ISM. Underpayments can occur when the recipient's ISM amount is less than the amount used to calculate his or her monthly payment. Studies show that many of the errors attributed to ISM are due to the complexity of the statute and our regulations and policies concerning ISM. These policies are difficult for SSI recipients to understand, making it problematic for them to report changes in a timely manner.

Historical Figures:

ISM Overpayment Deficiency Dollars
Five-Year Rolling Average FY 2010 – FY 2014
(in millions)

ISM Underpayment Deficiency Dollars
Five-Year Rolling Average FY 2010 – FY 2014
(in millions)

Corrective Actions:

Table 2e shows our actions to reduce errors stemming from ISM. Payment errors stemming from ISM correspond to the "Failure to Verify: Other Eligibility Data" category in Table 2.
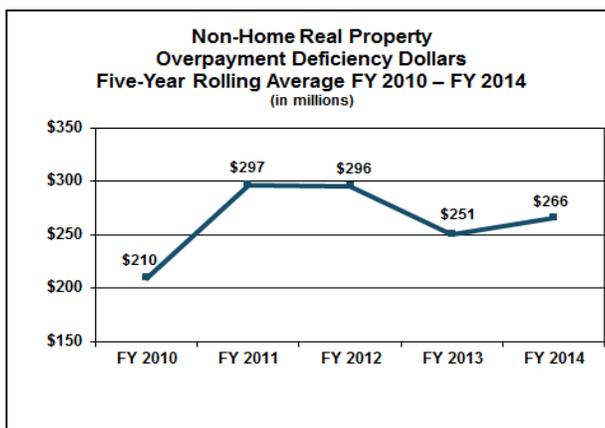
Table 2e: ISM – Corrective Actions

Description	Target Completion	Status
Statutory, Regulatory, Policy and Procedure Review		
We frequently review our ISM-related operating instructions and related statutes and regulations to try to simplify our processes.	Ongoing	Because of our reviews, we issue periodic reminders and policy clarifications, as needed. We will continue to work with Congress and other stakeholders to identify possible statutory/regulatory changes.

Other Real Property

Description:

SSI ineligibility may result if a recipient owns real property (generally land and the building, such as a house, on land) other than his or her principal place of residence (referred to as "non-home real property"), and the current equity value exceeds the resource limit. Undisclosed non-home real property is a leading cause of improper overpayments in the SSI program. For the five-year period from FY 2010 through FY 2014, our FY 2014 stewardship reviews identified real property as the fourth leading cause of SSI overpayments, with average projected improper payments of $266 million in SSI overpayments. We currently rely on the applicant or recipient to report ownership of non-home real property. Our corrective actions, discussed on the following page, will provide our technicians with an electronic process to identify undisclosed property owned by the applicant, recipient, or deemor.

Historical Figures:

Corrective Actions:

Real property ownership information is available publicly for all 50 States through commercial data providers (e.g., *LexisNexis/Accurint*). To test the value of using a commercial provider to identify undisclosed real property, we studied the use of *LexisNexis/Accurint* in SSI claims and redeterminations.

Table 2f shows our actions to reduce errors related to non-home real property. Payment errors related to non-home real property correspond to the "Failure to Verify: Financial Data" and "Inability to Authenticate Eligibility" categories in Table 2.

Table 2f: Other Real Property – Corrective Actions

Description	Target Completion	Status
Test in 100 FOs to determine the cost benefit of using *LexisNexis/Accurint* during initial claims interviews to identify real property owned by applicants or deemors that result in ineligibility for SSI.	Completed September 2013	FOs screened over 23,000 initial SSI claims against real property data in *LexisNexis/Accurint*. We analyzed the data to determine the cost benefit of using *LexisNexis/Accurint*, including improper payments prevented and time our FOs spent to query and review the real property data. We released our findings in December 2013. The findings indicate using this tool would be cost effective.
Test during high-error redetermination interviews (in the same 100 FOs) the use of *LexisNexis/Accurint* data to identify improper payments due to non-home real property ownership.	Completed September 2014	We began this study in December 2013, and it concluded in June 2014. We analyzed the data from over 19,000 redeterminations and delivered our findings and recommendations, along with the initial claims findings, in September 2014. The study found that using this process would be a cost effective method to reduce and prevent SSI overpayments.
Based on test findings, integrate third-party non-home real property data with SSI systems for use during initial claims and high error redetermination interviews.	FY 2016 through FY 2017	We are currently in planning and analysis to design the systems integration that will support this process. We are pursuing a request for funding to begin development in FY 2016. We have expanded our planning for real property management information to include management information on AFI requests and results.

Major Causes of Improper Administrative Payments

The major causes of improper administrative payments (overpayments and underpayments) include:

- Incorrect amounts paid (including duplicate payments);
- Health benefit debts due to insufficient employee pay (e.g., in a non-pay status);
- Retroactive timesheet corrections; and
- Retroactive personnel actions.

Corrective actions include:

- The majority of the incorrect amounts paid in FY 2014 (for vendor and travel payments) related back to one instance where we transmitted a single day's payment schedules twice in error to the Department of the Treasury (Treasury), after a day the office had been closed due to inclement weather. These schedules, which we certify and send to Treasury each business day for payment on our behalf, include all administrative payment records created in the accounting system the previous day. To prevent a future occurrence, we established an additional internal control to our procedures where, in unusual circumstances such as an office closure, management must approve any actions affecting the Treasury payment schedules.

- A major cause of payroll and benefits improper payments is health benefit debts that are created automatically when an employee, who has health benefits coverage, is in a nonpay status for the entire pay period or if there are insufficient funds to make the current pay period deduction. We pay both the employee and agency share; therefore, the employee is indebted to the agency. Salary overpayments are another major cause of payroll and benefits improper payments. They occur when we process a retroactive personnel and/or timesheet correction. We recalculate the employee's record for the earliest pay period affected forward for actions that occurred within the last 26 pay periods. If the results are negative, this indicates the employee was overpaid and the system creates a debt automatically. Retroactive corrections is another major cause, and it occurs when a retroactive personnel action that is past 26 pay periods cannot be processed through the electronic system; therefore, the debt must be entered manually. We are planning to perform a risk assessment in FY 2016 to determine how to address the major causes and create a corrective action plan. We plan to implement the corrective action plan in FY 2017.

Internal Control Over Payments

We have a strong internal control environment that has always included controls over our benefit payment and debt management processes. As a result, we are directly leveraging our existing internal control environment and assurance processes to provide reasonable assurance that our internal controls over improper payments are in place and operating effectively.

As part of our internal control environment, we have a well-established, agency-wide management control program as required by FMFIA. We accomplish the objectives of the program by:

- Integrating management controls into our business processes and financial management systems at all organizational levels;

- Reviewing our management controls and financial management systems controls on a regular basis; and

- Developing corrective action plans for control weaknesses and monitoring those plans until we correct the weaknesses.

We established the IPOB to ensure that we are focusing on improper payment prevention, formulating clear and innovative strategies, and driving timely results agency-wide. The IPOB's role is to serve as the corporate team to: oversee all improper payment-related activities for the agency, collaborate and shape strategy, resolve cross-component differences, address challenges encountered by staff, and drive timely results.

For additional information about our internal control environment, please refer to the *Systems and Controls* section of this FY 2015 *Agency Financial Report* and to the section of this improper payments report titled Risk Assessment and Statistical Sampling.

Table 3: Internal Control Standards
FY 2015

Internal Control Standards	OASDI	SSI
Control Environment	3	3
Risk Assessment	3	3
Control Activities	3	3
Information and communication	3	3
Monitoring	3	3

Legend:
1. Controls are not in place to prevent improper payments.
2. Minimal controls are in place to prevent improper payments.
3. Controls are in place to prevent improper payments but there is room for improvement.
4. Sufficient controls are in place to prevent improper payments.

The effective internal controls we incorporate into our business processes and financial management systems, as well as the program integrity efforts mentioned throughout this report, support the Acting Commissioner's annual statement to the President and Congress on whether our:

- Internal controls over the effectiveness and efficiency of programs and compliance with applicable laws and regulations are operating effectively;

- Financial management systems are in conformance with government-wide requirements; and

- Internal controls over financial reporting are operating effectively.

We include the Acting Commissioner's annual statement of assurance, additional information on our review program, and our financial statement audit, in the *Systems and Controls* section of this FY 2015 *Agency Financial Report*. In addition, we include the auditor's report in the *Auditor's Reports* section of this FY 2015 *Agency Financial Report*.

Our strong overall internal control program contributes significantly to our efforts to reduce improper payments.

Accountability, Information Systems, and Other Infrastructure

Human Capital to Support Improper Payment Workloads

For our program integrity reviews, we completed increasing numbers of CDRs and SSI redeterminations between FY 2008 and FY 2012. However, due to budget constraints, we were unable to continue increasing this cost-effective work in FY 2013, and we actually experienced a decline in the number of full medical CDRs completed. In FY 2013, we completed a total of over 428,500 full medical CDRs and over 2.634 million SSI redeterminations. In FY 2014 and FY 2015, our budgets increased and, as a result, we were once again able to increase the number of full medical CDRs that we process. In FY 2014, we completed over 525,800 full medical CDRs and approximately 2.628 million SSI redeterminations. In addition, we completed approximately 247,200 work CDRs in FY 2014. In FY 2015, we completed over 799,000 full medical CDRs and approximately 2.267 million SSI redeterminations. In addition, we completed approximately 248,000 work CDRs in FY 2015.

Our program integrity work is labor-intensive and dependent on having the necessary trained staff to do the work. The same employees who handle our program integrity work also handle applications for benefits and other mission-critical work.

The *Budget Control Act* (Public Law 112-25) includes program integrity initiatives to reduce improper benefit payments under the DI and SSI programs. It allows adjustments to the government-wide discretionary caps to permit additional appropriations for purposes of conducting CDRs and SSI redeterminations to the extent that such appropriations for program integrity purposes exceed $273 million a year. For FY 2016, the funding adjustment authorized is $1.166 billion above the discretionary cap. If appropriated, the program integrity funding will enable us to complete 908,000 periodic medical CDRs and 2.622 million SSI redeterminations, an increase of nearly 118,000 CDRs and 367,000 SSI redeterminations from our FY 2015 Operating Plan (www.socialsecurity.gov/legislation/Agency Operating Plan FY2015.pdf) targets, resulting in significant savings of taxpayer dollars. Current estimates indicate that CDRs conducted in FY 2016 will yield a return on investment of about $9 on average in net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid program effects. Similarly, our estimates indicate that non-medical redeterminations conducted in 2016 will yield a return on investment of about $4 on average of net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

The President's FY 2016 Budget includes a special legislative proposal that will provide a dependable source of mandatory program integrity funding starting in FY 2017. The funding will enable us to eliminate the backlog of around 900,000 CDRs by the end of FY 2019 and prevent a new backlog from developing, which will help ensure that only those eligible for OASDI and SSI disability benefits continue to receive them. Assessments of the return on investment from CDRs completed in FY 2012 and earlier, establish that we achieve significant program savings with this workload. Though our budget situation is improving, we need adequate, sustained funding to continue to increase our program integrity efforts. The *Bipartisan Budget Act of 2015* authorized a net increase in new cap adjustment levels through 2021, including authorizing the cap adjustment level needed to accomplish the goals of the President's proposal.

Effective FY 2012, as required by IPERA, we are holding managers, program officials, and senior executives accountable for reducing improper payments. For these employees, their annual performance plans reflect their responsibility to support efforts to maintain sufficient internal controls to prevent, detect, and recover improper payments and meet targets to reduce improper payments.

Information Systems

The Comprehensive Integrity Review Process (CIRP) supports our stewardship responsibility to ensure the accuracy of benefit payments and to protect personal information maintained in our programmatic systems. This process enables us to fulfill our obligation to comply with Federal laws, such as FMFIA, which requires that we establish and maintain effective internal controls. CIRP automatically selects potentially suspicious transactions for management investigation based on predefined criteria. The selection criteria focus on suspicious activity rather than improper payments. However, if the transaction involves an issued payment, the reviewer looks at the accuracy of the payment to ensure that we complied with proper procedures.

In September 2013, we implemented the Public Facing Integrity Review system to monitor potentially fraudulent online transactions. We use this tool to investigate suspicious direct deposit transactions made through *my* Social Security online accounts and to take steps to mitigate any losses to our agency and customers.

We are also collaborating with Treasury on fraud detection activities. Together, we are developing a reclamation process to recover funds from financial institutions processing fraudulent automated enrollments for direct deposit of benefit payments. In addition, effective February 2015, we developed a specific alleged fraud indicator when individuals report that they did not receive their direct deposit payment. This new indicator will provide supporting evidence with which to pursue recovery of misdirected payments.

Other Infrastructure

As required by law, we conduct preeffectuation reviews (PER) on at least 50 percent of adult initial and reconsideration disability determination allowances made by the State disability determination services (DDS). We have performed PER reviews on DI cases for many years, and since the enactment of Public Law 109-171 amending Section 1633(e)(1) of the *Social Security Act* in February 2006, we have performed PER reviews on 50 percent of the allowances involving SSI adults. We use a predictive statistical model to identify error-prone disability determinations, and we return deficient cases to the State DDSs for corrective action. We estimate that the prevention of incorrect allowances and continuances of FY 2013 cases will result in lifetime savings (after all appeals) of:

- $424 million in OASDI benefit payments;
- $57 million in SSI Federal payments;
- $183 million in Medicare benefits; and
- $4 million in the Federal share of Medicaid payments.

Statutory and Regulatory Barriers

Our processes, policies, and regulatory and statutory requirements are complicated, which poses challenges in our administration of our programs. To meet the challenges of our growing workloads and provide the best service possible, we continue to streamline our policies and procedures and automate more of our business processes. We work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. The President's FY 2016 Budget includes several legislative proposals that can help simplify our programs and better identify and prevent improper payments. We discuss some of these proposals in the following paragraphs.

Establish Workers' Compensation Information Reporting

Under this proposal, we would require States, local governments, private insurers, and other entities that administer workers' compensation and public disability benefits to report payment information to us. We would create a standardized reporting format, and develop and implement a system to collect and use the information to offset DI benefits and reduce SSI payments, as necessary. This proposal includes funding for developing and implementing the system. We currently rely on the disabled worker to report receipt of, and any changes to, workers' compensation and public disability benefits. The proposed required reporting and a system to receive the information timely are crucial to avoid improper payments that occur when we do not have information about the receipt or amount of workers' compensation and public disability benefit payments. Under the proposal, we would also provide pertinent collected information for child support enforcement purposes to the Secretary of HHS.

Move from Annual to Quarterly Wage Reporting

This proposal would restructure the Federal wage-reporting process by requiring employers to report wages quarterly instead of annually. The proposal would facilitate the implementation of automated enrollment of employees in existing workplace pensions. It could also improve program integrity and help reduce improper payments because more frequent reporting could provide more timely information we can use to administer our programs. Finally, increasing the frequency of wage reporting could enhance tax administration.

Government-Wide Use of Customs and Border Patrol Entry and Exit Data to Prevent Improper Payments

U.S. Customs and Border Protection (CBP) maintains data on when individuals enter and exit the United States. This entry and exit information may be useful in preventing improper payments in Federal programs that require U.S. residency to receive benefits, including the SSI program. This proposal would provide for the use of CBP entry/exit data to prevent improper payments.

Recapture of Improper Payments Reporting

Information on Payment Recapture Audit Program

In this section, we discuss how we meet the payment recapture audit requirements of IPERA for our OASDI and SSI programs and for our administrative payments. Table 4 shows our results from our payment accuracy reviews for our OASDI and SSI programs and for our administrative payments.

Table 4: Improper Payment Recaptures with and without Audit Programs
(dollars in millions)

Overpayments Recaptured through Payment Recapture Audits					
	Benefits		Other		Total
Program or Activity	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
Amount Identified (FY 2015)	$11,309.05	$11,192.28	$3.17	$2.67	$22,507.17
Amount Recaptured (FY 2015)	$2,128.00	$1,235.93	$1.89	$1.95	$3,367.77
FY 2015 Recapture Rate	19%	11%	60%	73%	15%
FY 2016 Recapture Rate Target	19%	11%	100%	100%	15%
FY 2017 Recapture Rate Target	19%	11%	100%	100%	15%

Overpayments Recaptured outside of Payment Recapture Audits					
	Benefits		Other		Total
Program or Activity	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
Amounts Identified (FY 2015)	$0.00	$0.00	We do not have separated totals for payroll and benefits or vendor and travel. See Total column.	We do not have separated totals for payroll and benefits or vendor and travel. See Total column.	$7.17
Amounts Recaptured (FY 2015)	$0.00	$0.00	We do not have separated totals for payroll and benefits or vendor and travel. See Total column.	We do not have separated totals for payroll and benefits or vendor and travel. See Total column.	$6.87

Notes:

1. This table comprises all identified and recovered benefit program overpayments from our benefit payment recapture audit program for the specified fiscal year. Overpayments identified or recovered in a specified year include debt established in prior years. We do not recapture benefit overpayments outside of our payment recapture audits for benefit payments.

2. The Amounts Identified for benefit payments are debt available for recovery in FY 2015. These amounts include debts identified in previous fiscal years that were not recovered or were determined to be uncollectible.

3. The Amounts Recaptured for benefit payments are FY 2015 recoveries from debt we had available for recovery in FY 2015, which include debts identified in prior years.

4. We do not consider every overpayment improper according to the definition contained in IPIA.

5. The recapture rate target for benefit payments is based on FY 2015 and prior years' experience and the anticipated growth of our benefit payments in FYs 2016-2017.

6. This table comprises all identified and recovered administrative overpayments from our internal payment recapture audit program for administrative payments. These administrative payments are stated under the table heading titled "Other."

7. Totals for Amount Identified (FY 2015) and Amount Recaptured (FY 2015) for administrative payments are from our internal payment recapture audit in FY 2014. Overpayments identified or recaptured in FY 2014 include debt established in prior years.

8. For the overpayments recaptured outside of payment recapture audits, the totals are derived from multiple sources and mainly include identified and recovered administrative overpayments from sources other than our in-house recovery audit program for vendor and employee travel payments and our payment accuracy reviews for payroll and benefits payments, which we discuss in the Recapture of Improper Payments Reporting section of this improper payments report. We do not have separated totals for payroll and benefits or vendor and travel.

9. The payroll and benefits amounts include overpayments from current and separated employees. The amounts for current employees include overpayments that we identified in FY 2015 but could have occurred in a prior year.

10. There may be slight variances in the dollar amounts and percentages due to rounding of the source data.

11. We return all amounts recaptured to the original appropriation from which the payment was made.

Benefit Payments

Payment Recapture Audit Program

For our OASDI and SSI benefit payments, we meet the payment recapture audit requirements of IPERA through existing program integrity efforts. We have a multi-pronged approach to conducting payment recapture audits for our OASDI and SSI programs. Our employees follow an internal review process to determine OASDI and SSI payment accuracy. We perform stewardship reviews, which measure the accuracy of payments to beneficiaries and recipients. Each month, specialists with extensive expertise in our surveys, benefit programs, business processes, applied statistics and statistical models, and business analytics, conduct our stewardship reviews. These employees review a sample of OASDI and SSI cases to determine payment accuracy rates. For each sample case, we interview the beneficiary or representative payee, make collateral contacts as needed, and redevelop all non-medical factors of eligibility and payment amount for the review period. We use these data to identify payment accuracy as well as our strengths and weaknesses, which allows us to target our resources to take corrective actions that yield the highest return on investment.

In our FOs, processing centers, and State DDSs, employees conduct reviews for ongoing eligibility. Medical CDRs are periodic reevaluations to determine if beneficiaries still meet our definition of disability. A work CDR is a review of the eligibility requirements regarding a DI beneficiary's ability to perform SGA. SSI redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources. Our statistical predictive models help us prioritize the CDRs and redeterminations we work annually. We first work those CDRs and redeterminations that will likely result in the greatest savings. Please see the section of this improper payments report titled, Accountability, Information Systems, and Other Infrastructure, Human Capital to Support Improper Payment Workloads, for information on savings.

CDRs and SSI redeterminations are our most effective payment recapture program integrity activities; both identify cases where we should discontinue benefit payments. To support CDRs and redeterminations, we specifically request funding through the normal budget process, and the number of CDRs and redeterminations we can conduct each year depends on the level of resources appropriated to the agency.

Payment Recapture Audit Reporting

OMB Circular No. A-136, *Financial Reporting Requirements*, requires agencies that have programs or activities that are susceptible to significant improper payments to report on their payment recapture audit activities. For our OASDI and SSI benefit payments, we are unable to segregate our improper payments from our total overpayment universe. Not all overpayments are improper. Certain overpayments are unavoidable and not improper if the payment is required by statute, regulation, or court order, such as continued payments required by due process procedures. Table 4 shows our OASDI and SSI overpayment experience, inclusive of improper payments.

In addition, not all overpayments are collectable. We may compromise, suspend, or terminate collection activity in accordance with the authority granted by the U. S. Code and the Federal Claims Collection Standards based on the following criteria:

- The cost of collection does not justify the enforced collection of the full amount;

- The debtor is unable to repay the debt considering age and health, present and potential income, and availability of assets realized;

- The debt has been discharged in bankruptcy; or

- The debtor has requested a waiver or review of the debt, and the agency determines that such request is credible.

Program Recovery Targets

IPERA guidance requires that agencies establish annual targets for their payment recapture audit programs that will drive their annual performance. The targets represent the rate of recovery (i.e., amount of improper overpayments recovered divided by the amount of improper overpayments identified). We base our payment recapture recovery targets for benefit payments for FYs 2016-2017 on our FY 2015 experience, and they are shown in Table 4. Factors beyond our control affect our payment recapture recovery targets. For example, the state of the economy affects the availability of employment. When jobs are plentiful and former OASDI beneficiaries and SSI recipients are working, we generally experience greater collections from our external debt collection tools.

Administrative Payments

Internal Payment Recapture Audit Program

We segment administrative payments into several categories, as shown in Table 4a to analyze and determine the vulnerability of these outlays to improper payments.

Table 4a: FY 2014 Administrative Expenses
(dollars in millions)

Payroll and Benefits	$6,337
State DDS	$1,872
***American Recovery and Reinvestment Act* (ARRA)**[1]	$141
Other Administrative Expenses[2]	$3,210
Total Administrative Expenses	$11,560

Notes:

1. ARRA expenses consist of National Support Center building costs only.

2. Other Administrative Expenses includes vendor, travel, transportation, rents, communications and utilities, printing and reproduction, other services, supplies and materials, equipment, land and structure, grants, subsidies and contributions, information technology systems, OASI and DI Trust Fund operations, other dedicated accounts, other reimbursable, interest and dividends, and insurance claims and indemnities.

We conduct annual payment accuracy reviews as part of our payment recapture audit program. Results from the audit program and quality review process continue to confirm that our administrative payments are well below the OMB threshold for reporting improper payments.

In the paragraphs below, we indicate what categories from Table 4a or payment types within a category we did not review because it was not cost effective. As required by OMB Circular No. A-136, we notified OMB in September 2015 that certain categories and payment types within a category are not cost effective to review, and therefore, are excluded from our payment recapture audit program.

For FY 2014, the internal recovery audit program included a review of the following payment categories from Table 4a Payroll and Benefits and Other Administrative Expenses.

Payroll and benefits account for a majority of our total administrative expenses. For FY 2014, we found approximately $2.457 million in improper payroll overpayments out of $6,337 million payroll payments, which yielded a 0.039 percent improper overpayment rate. We return all amounts recovered to the original appropriation from which the overpayment was made.

From the Other Administrative Expenses category, we review vendor and employee travel payments using an existing internal recovery audit program that contains a number of tools to aid in the detection and recovery of improper overpayments, including:

- An automated query system to identify duplicate payments made to the same vendor, with the same invoice date, and for the same amount;

- A report to identify duplicate payments made through the third-party draft payment system and the accounts payable system; and

- A risk assessment of administrative payment systems and recovery of any overpayments identified in this process.

In FY 2014, we reviewed $1.382 billion in vendor and travel payments out of $1.742 billion subject to review. We elected to exclude the following classes of vendor contracts from the scope of the recovery audit:

- Incomplete cost-type contracts where payments are interim, provisional, or otherwise subject to further adjustment by the Government in accordance with the terms and conditions of the contract; and

- Cost-type contracts subjected to final contract audit and completed prior to payment of the contractor's final invoice.

We identified total vendor and travel improper overpayments of $2.665 million, approximately 0.15 percent of total payments subject to review. As of the end of FY 2014, $719,603 remained uncollected, which included amounts identified for recovery in prior years. The remaining receivable balance reflected the timing of when we issued the request for overpayment refund. Our recovery goal for all vendor and travel overpayments is 100 percent. We return all amounts recovered to the original appropriation from which the overpayment was made.

Within the Other Administrative Expenses category, we exclude, from our payment recapture audit program, payments made via electronic payment systems because they are not cost-effective to review for the following reasons:

- The excluded payments are not very susceptible to improper payments because they utilize interfaced systems that require little manual intervention and include strong system controls to prevent improper payments.

- In November 2011, we awarded a contract to a vendor to perform a payment recapture audit of all our administrative payments, including the Other Administrative Payments category. Of $23,282 million payments reviewed (spanning 3 fiscal years), the auditors identified, and we confirmed and recovered,

improper payments totaling $29,191, approximately 0.00013 percent of the payments reviewed. The few improper payments identified were either vendor or DDS payments.

For State DDS payments, our 10 regional offices review amounts drawn against pre-approved DDS spending plans. For payment accuracy, our Office of the Inspector General (OIG) reviews the DDS payments on a rotational basis. We use our OIG's findings, if any, to enhance our payment controls.

For ARRA payments, we rely on our OIG's audits of the ARRA funds as part of our payment recapture audit program for administrative payments. ARRA payments made up only 1.2 percent of our total administrative expenses in FY 2014.

Not all administrative overpayments are collectable. We may compromise, suspend, or terminate collection activity in accordance with the authority granted by the U.S. Code and the Federal Claims Collection Standards based on the following criteria:

- The cost of collection does not justify the enforced collection of the full amount;

- The debtor is unable to repay the debt considering age and health, present and potential income, and availability of assets realized;

- The debt has been discharged in bankruptcy; or

- The debtor has requested a waiver or review of the debt, and the agency determines that such request is credible.

Administrative Payments Recovery Targets

Similar to the OASDI and SSI programs, IPERA guidance requires that agencies establish annual targets for administrative payment recapture audit programs. Table 4 shows our targets for our administrative payment recapture audit program. We strive to recover all administrative overpayments, and established a 100 percent target. We selected this recovery rate based on our in-house recovery experience for the past three fiscal years. We incur a small amount of administrative overpayments, mainly from former employees and duplicate payments to vendors. We use various tools for collection, including offset of subsequent vendor payments, the Treasury Offset Program (TOP), and Administrative Wage Garnishment (AWG).

Disposition of Payment Recapture Funds

Table 5: Disposition of Funds Recaptured Through Payment Recapture Audits
(dollars in millions)

Program or Activity	Amount Recovered	Type of Payment	Agency Expenses to Administer the Program	Payment Recapture Auditor Fees	Other[1]	Original Purpose	Office of the Inspector General	Returned to Treasury
Benefit	$3,363.93	Benefit	Not Applicable	Not Applicable	$3,363.93	Not Applicable	Not Applicable	Not Applicable
Other	$3.84	Administrative	Not Applicable	Not Applicable	$3.84	Not Applicable	Not Applicable	Not Applicable

Note:

1. We return all amounts recaptured to the original appropriation from which the payment was made for both our benefit and administrative payments.

Aging of Outstanding Overpayments

OMB Circular No. A-136, *Financial Reporting Requirements*, requires agencies to have an aging schedule of the amount of overpayments identified through their payment recapture audit program that are outstanding (i.e., overpayments that have been identified but not recaptured). Table 6 shows our aging schedule for our OASDI and SSI programs and our administrative payments.

Table 6: Aging of Outstanding Overpayments Identified in the Payment Recapture Audits
(dollars in millions)

Program or Activity	Type of Payment	FY 2015 Amount Outstanding (0 to 6 Months)	FY 2015 Amount Outstanding (6 Months to 1 Year)	FY 2015 Amount Outstanding (Over 1 Year)	FY 2015 Amount Determined to not be Collectable
OASDI	Benefit	$792.82	$395.51	$1,760.81	$311.44
SSI	Benefit	$644.39	$433.73	$3,122.90	$299.19
Payroll and Benefits	Administrative	$1.14	$1.03	$1.67	$0.20
Vendor and Travel	Administrative	$0.71	$0.00	$0.01	$0.00
TOTAL		$1,439.06	$830.27	$4,885.39	$610.83

Notes:

1. The aging of outstanding overpayments begins when the overpayment is delinquent, which is generally when no voluntary payment has been made 30 days after the latest of the following dates:

   - The debt was established on our system for OASDI;
   - The initial overpayment notice for a debt established on the SSI system;
   - The last voluntary payment;
   - An installment arrangement;
   - A decision on an individual's request to reconsider the existence of the overpayment; or
   - A waiver denial.

2. Totals for administrative payments are from our internal payment recapture audit in FY 2014.

Do Not Pay Initiative

Section 5(a)(2) of IPERIA states that Federal agencies should review, prior to any payment and award, as appropriate, the databases within the Do Not Pay (DNP) Initiative. IPERIA Section 5(d)(3) also states that, by June 1, 2013, agencies must match their payments against DNP databases.

The Treasury DNP system data sources available during FY 2015 that are applicable to our OASDI and SSI benefit payments include the General Services Administration's Excluded Parties List System (EPLS) and our public version of the Death Master File (DMF). Below we describe our use of EPLS and our production of the DMF and Prisoner Update Processing System (PUPS), therefore, precluding our use of the Treasury DNP system at this time.

Excluded Parties List System: Prior to making an award to a contractor, we use the General Services Administration's System for Award Management to determine a contractor's eligibility. We do not award contracts to contractors who are debarred or suspended. We check the EPLS listing prior to award to make this determination.

List of Excluded Individuals/Entities (LEIE): We currently comply with regulations to use the HHS's LEIE, which accomplishes the same purpose as EPLS. As prescribed in our policy, the State DDSs are required to check LEIE at least annually. LEIE includes the names of providers excluded from federally funded health care programs. The DDSs also verify medical licenses, credentials, and certifications with State medical boards. In addition, because the DDSs are State agencies, they do not have direct access to DNP.

Death Master File: We provide the public DMF to the National Technical Information Service who in turn provides the file to DNP. The DMF is an extract of death information created from our own internal records (i.e., the Numident). These records contain basic information, such as name, Social Security number (SSN), date of birth, and date of death. We update death information on the Numident daily based on information from acceptable reporters (e.g., States, funeral homes, and family members). We distribute reported death information to our related records using a complex systems interface.

We produce both the public DMF and a full file of death information. The full file of death information contains State-reported death data, and as mandated by Section 205(r) of the *Social Security Act*, we share it with a limited number of Federal agencies. The public DMF, used for the Treasury DNP system, does not currently contain State death information.

Prisoner Information: To comply with the *Bipartisan Budget Act of 2013*, we collaborated with Treasury to provide current prisoner information starting in FY 2014 for purposes of DNP. We planned to share our prisoner information with Treasury in two phases. In Phase 1, we shared our current prisoner information, and in Phase 2, we plan to provide our current and additional data elements. In FY 2015, we sent DNP prisoner files as baseline data for testing purposes. We also began integration testing with Treasury for sending them our daily recurring prisoner data for DNP. The Memorandum of Understanding with Treasury currently allows us to send approximately 1.1 million prisoner records to Treasury, and for Treasury to send that data to IRS for the upcoming tax season.

Our Actions and their Frequency to Prevent Improper Payments

We have pre- and post-payment internal controls for our benefit payment records including:

Pre-payment Internal Controls: Benefit Payment Intercept Process

We continuously screen beneficiary payment records for any adverse information that prohibits issuing benefit payments (e.g., reliable reports of death, incarceration, and overpayments). When we identify these situations, we systematically intercept and hold the monthly benefit payments.

Historically, we have performed payment intercepts for each monthly payment cycle; however, we did not capture management information until FY 2014. The table below contains payment intercept information reported in October 2014 through September 2015.

Table 7: Results of the Do Not Pay Initiative in Preventing Improper Payments
OASDI Payment Intercepts
(dollars in millions)

Type of Payment	Number of Payments Intercepted	Amount of Payments Intercepted	Number of Payments Disbursed	Amount of Payments Disbursed	Percent of Intercepted Payments	Percent of Intercepted Dollars
Death	504,569	$632.94			0.071%	0.080%
Incarceration	7,999	$7.87			0.001%	0.001%
Total	512,568	$640.81	709,582,471	$791,418.87	0.072%	0.081%

Notes:

1.   This table represents OASDI payment intercepts for benefits payable September 2014 through August 2015.

2. The Percent of Intercepted Payments and the Percent of Intercepted Dollars represents the percentage of total payments **before** we apply our intercept process, not the percentage of total payments after we intercept payments.

3. Monthly reports are generated the month after the benefits are payable. For example, any payments intercepted from the August 2015 benefits are shown in the September 2015 intercept report.

4. If we discover a suspension or termination event after the creation of our payment files, our intercept process prevents issuance of that payment.

Similar to OASDI, prior to creating our payments files, we continuously check the SSI records for any adverse information that would prohibit issuing benefit payments.

Post-payment Internal Controls: We have several post-payment internal controls to track and resolve discrepancies related to allegations of death, including:

- The Numident Death Match – This match identifies discrepancies between the Numident and our payment records, which results in monthly alerts that feed into the Death Alerts Tracking System (DATS). We use DATS to resolve these alerts and stop paying benefits, if appropriate.

- The Death Alert Control Update System – This system captures death data, which updates the Numident via batch processing.

- The Electronic Death Registration process – This system verifies recorded death data to check the deceased person's SSN and other information against the Numident. Our system performs this check in real-time.

Recovery of Overpayments Due to Death

The Federal Government uses the reclamation process to recover benefit payments paid via direct deposit to the financial account of a beneficiary who died, became legally incapacitated, or a beneficiary who died before the date of the payment(s). To recover OASDI and SSI payments funds from U.S. financial institutions, we must send reclamation requests within 120 days of the date we learned of a beneficiary's death. A financial institution may protest any reclamation if it believes we did not initiate reclamations timely.

For overpayments due to death that we paid the beneficiary by paper check, we have procedures for recovering both OASDI and SSI improper payments. Below are examples of our actions:

If the overpaid OASDI beneficiary is deceased, we attempt to recover the overpayment by:

- Withholding any underpaid benefits due the deceased beneficiary;

- Withholding any lump-sum death payment payable to individuals on the same earnings record;

- Proposing adjustment against any person who was living in the same household and receiving benefits on the overpaid individual's earnings record at the time the overpaid individual died; or

- Sending a letter to the endorser or the deceased's estate requesting repayment.

If the overpaid SSI recipient is deceased, we will notify the estate of the overpayment and seek recovery from:

- A liable representative payee;

- A liable spouse;

- A sponsor of an alien recipient (under certain circumstances); or

- Any individual who committed fraud to cause the overpayment.

Efforts to Reduce Fraud, Waste, and Abuse in the OASDI and SSI Programs

The following key initiatives enhance our program integrity efforts. We revised our administrative sanctions policy to ensure that we consistently apply sanctions throughout our programs, which will enable us to better address fraud.

Death Reports

Description

Our current systems do not always process death data effectively, resulting in discrepancies between our Numident database and programmatic systems. The Numident, created in 1972, is our electronic database of our records of SSNs assigned since 1936. We have three projects to address these problems:

- Identify beneficiaries age 115 and over who have been in continuous suspense for 7 years or more and terminate their benefits;

- Conduct an ongoing monthly comparison to ensure deaths recorded on the Numident are also recorded in our programmatic systems; and

- Perform a large-scale redesign of our death processing system to eliminate the causes of incorrect death reporting and improve the sharing of information between our programmatic systems.

The following key initiatives enhance our program integrity efforts. By improving our death data processing, we will ensure that our records are in agreement, reflect death information accurately, and thereby prevent erroneous payments.

Table 8 shows our actions to reduce errors related to death reporting.

Table 8: Death Reports

Description	Target Completion	Status
Terminate records of beneficiaries over 115 years old who are in long-term suspense status.	Ongoing	In FY 2013, we established a new code in our OASDI programmatic system to terminate records for aged individuals in long-term suspense where we did not receive notification of death. In FYs 2013-2015, we terminated approximately 16,129 records using the new code. In September 2015, we automated the selection and processing and terminated 981 selected cases in the first run. We will continue to maintain this effort as a monthly cyclical initiative.
Medicare Non-Utilization Project	Ongoing	FO employees contacted beneficiaries age 90 and above who have not used their Medicare benefits for 3 or more years. Through early September 2015, we have completed 3,845 of 4,869 (79 percent) of the cases, while 948 were marked "unable to locate" (UTL). For those UTL cases, we will attempt to contact the beneficiary next year.
Conduct Numident death match reviews.	Ongoing	We released alerts to our FOs to resolve cases where we have death information for an individual on our Numident, but the individual continues to receive benefits or will soon receive a payment. From June 2013 through the end of FY 2014, our FOs have resolved over 89,000 alerts generated from the Numident death match. In FY 2015, our FOs have resolved over 20,900 alerts.
Death Alert, Control, and Update System redesign.	FY 2017	The Death Processing Redesign is a multi-year project to improve our death report processing. The redesign will make improvements affecting multiple systems to reduce improper payments. In FY 2014, we created new intelligent, web-based death entry screens known as the Death Information Processing System (DIPS). These screens enforce death policy, enhance security, and reduce keying errors. In FY 2015, we expanded the use of these screens to include individuals receiving payments and those that were not. In FY 2016, we plan to make the Numident our official repository for death information, prospectively, improve the availability of death information to all of our systems, and develop and collect management information. In FY 2017, we plan to: • Redesign the DIPS screens and integrate them into the person centered path; • Provide additional management information reporting.

In addition to our efforts listed above, while performing our study on centenarians (i.e., individuals who are at or over 100 years of age) in 2012, we found several deceased widows still receiving OASDI payments many years after their date of death. In these cases, the beneficiary's own account number (BOAN) was missing from the Master Beneficiary Record (MBR) on the SSN under which benefits were paid. When this condition exists, we face an increased likelihood that we may make improper payments after death because the SSN on the auxiliary or survivor death record has no direct link to the MBR. We searched the entire MBR and identified 5,125 aged spouses or widows receiving benefits who did not have a BOAN established on the SSN on which they are receiving benefits. Our field sites have completed the initial analysis of the cases.

Our June 2014 report, *Entitled Aged Spouses or Widows Without Their Own Social Security Numbers on the Master Beneficiary Record*, details our efforts to resolve the cases identified in our MBR search. In summary, almost all of the beneficiaries still alive and receiving monthly benefits now have their BOAN posted to the MBR. Ongoing incorrect monthly benefits paid to deceased beneficiaries have stopped. This cleanup lessened the likelihood of improper payments occurring in the future due to a reported death that cannot match an SSN on the MBR. This was a one-time cleanup operation since a BOAN should now be present on the MBR. Beneficiaries are now required to have, or have applied for, an SSN when filing for OASDI benefits.

Data Exchanges

We developed a strategic initiative focused on making better use of data exchanges to further use data from outside sources to improve program administration and prevent improper payments.

Description

Our objective is to continue current computer matching agreements (CMA) that yield a positive cost benefit analysis, expand effective CMAs to meet additional program needs, research current programs, work with internal stakeholders to identify data exchange needs, and pursue new data exchanges with potential partners.

Currently, we conduct 25 CMAs with various Federal partners to obtain benefit payment data, wage data, unemployment data, fugitive felon identification, savings securities, workers' compensation, residency information, and nursing facility admission data that we use to determine eligibility and offset benefits for our programs. The total annual savings attributed to these CMAs is over $4.5 billion, with an annual cost of approximately $193 million yielding a positive cost benefit ratio of 23.5 to 1.

Table 9 shows our efforts to pursue additional data exchanges to improve our OASDI and SSI improper payment identification and prevention efforts.

Table 9: Data Exchanges

Description	Target Completion	Status
Identify SSI recipients out of the country for longer than 30 days. This effort is to obtain a data exchange agreement with the Department of Homeland Security (DHS) that provides the necessary information from DHS' systems to make SSI improper payment determinations.	FY 2018	We are planning to perform a study of an initial set of data before implementing a full data exchange. We anticipate completion of all required documents by January 2016 and plan to complete the exchange and the study analysis in FY 2016. If the study findings support an ongoing data exchange, we will enter into a CMA with DHS. Full CMAs take approximately 12 months to develop; therefore, the earliest implementation date for a full data exchange to begin is FY 2018.

Description	Target Completion	Status
Obtain Federal payroll data via the Office of Child Support Enforcement's (OCSE) quarterly wage data, to compare to current DI recipients in order to reduce improper payments by timely suspending monthly payments if data suggests the income meets certain thresholds at which the benefit should be reduced or suspended. This data exchange is limited to Federal employees.	January 2016	The Office of the General Counsel (OGC) is currently developing the new CMA with the OCSE to obtain new hire, quarterly wage, and unemployment insurance (UI) data for DI recipients. The scheduled completion date is November 13, 2015 for a FY 2016 1st quarter exchange.
Expand the use of UI data for the DI program to reduce improper payments where the benefit should be suspended due to SGA.	January 2016	OGC is currently developing the new CMA with OCSE to obtain new hire, quarterly wage, and UI data for DI recipients. The scheduled completion date is November 13, 2015 for a FY 2016 1st quarter exchange.

Administrative Sanctions

To further target fraud in our programs, we developed a strategic initiative focused on imposing administrative sanctions.

Description

Current OASDI beneficiaries or SSI recipients who intentionally misrepresent facts to receive their benefits are subject to administrative sanctions punishable by suspension of their benefits for 6, 12, or 24 months. We implemented a new process to ensure that FO staff consistently apply administrative sanctions in a manner that curbs fraudulent behavior, helps to reduce improper payments, and preserves the public's trust in our programs. We provided refresher administrative sanctions interactive video training in January 2015 and produced a video on demand later that month.

Table 10 shows our actions to reduce errors by imposing administrative sanctions.

Table 10: Administrative Sanctions

Description	Target Completion	Status
Implement the new administrative sanctions business process nationally.	Completed September 2013	We published instructions and conducted an interactive video training session for all FO staff.
Evaluate the effectiveness of the new process we implemented nationally.	Completed June 2015	In April 2014, we completed a preliminary evaluation report covering implementation through January 2014. We issued a final evaluation report of the new process in June 2015. The extended evaluation period provides a more comprehensive measure of the effectiveness of the new procedure.

National Anti-Fraud Committee

For many years, our regional offices have successfully collaborated with regional OIG agents and local law enforcement on regional anti-fraud committees (RAFC). In FY 2014, we reinstated the National Anti-Fraud Committee (NAFC), co-chaired by the Inspector General and our Deputy Commissioner for Budget, Finance, Quality, and Management. The NAFC leads and supports national and regional strategies to combat fraud, waste, and abuse. Support includes, but is not limited to, the following:

- Providing an open forum for agency senior executives to collaborate and develop agency-level strategies to address fraud challenges;

- Considering best practices, benchmarking, and new or evolving technology and analytical techniques to help prevent and detect fraud;

- Ensuring that the agency addresses the most critical vulnerabilities related to fraud;

- Serving as an advisory board for the newly established Office of Anti-Fraud Programs (OAFP);

- Evaluating potential anti-fraud initiatives introduced by the RAFCs, workgroups, and employee suggestions; and

- Visibly demonstrating the agency's commitment to combating fraud and fostering public confidence in the stewardship of our programs.

On November 24, 2014, the Acting Commissioner approved the establishment of OAFP. An Associate Commissioner-level office, OAFP's mission is to more efficiently and effectively detect, deter, and mitigate fraud, waste, and abuse of our programs. OAFP provides oversight and accountability for the agency's anti-fraud activities, working closely with the NAFC.

The NAFC co-chairs and OAFP meet periodically to ensure sustained attention on anti-fraud efforts. With the support of OAFP, the NAFC co-chairs convene regular meetings of the full NAFC membership. At any time, members may ask the co-chairs to call a meeting to discuss issues that require agency-level attention. On September 16, 2015, OAFP and the NAFC co-chairs hosted a National Anti-Fraud Conference to share best practices and discuss FY 2016 priorities and initiatives. We provide additional information on this activity in our *Systems and Controls* section of this FY 2015 *Agency Financial Report*.

Agency Efforts to Collect Overpayments in the OASI, DI, and SSI Programs

In addition to our efforts to prevent and detect improper payments, we also have a comprehensive debt collection program. We collected $3.363 billion in OASDI and SSI benefit overpayments in FY 2015 at an administrative cost of $0.07 for every dollar collected. We collected $16.60 billion over a 5-year period (FYs 2011-2015). Since 2004, our cumulative recoveries are $34.34 billion for OASDI and SSI benefit overpayments. To recover overpayments, we use internal debt collection techniques (i.e., payment withholding, billing, and follow-up), as well as the external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts. From 1992 through September 2015 our external collection techniques have yielded $5.591 billion in benefit overpayment recovery. Table 12 provides a description of each of our external collection techniques and a summary of the results.

We suspend or terminate collection activity in accordance with the authority granted by the U.S. Code and the Federal Claims Collection Standards. Generally, we terminate or suspend collection action when the debtor cannot repay, we are unable to locate the debtor, or the cost of collection is likely to be more than the amount recovered. Terminating collection action is a temporary or conditional write-off in that the debt remains on the debtor's record.

If the debtor becomes entitled to benefits in the future, we will collect the debt by appropriate and available methods.

We developed a system to handle TOP, credit bureau reporting, and AWG. Because the system includes more than TOP and is the basis for any future collection interfaces with agencies or entities outside our agency, we call it the External Collection Operation (ECO) system.

In September 2013, we enhanced ECO to collect delinquent debts through Treasury's State Reciprocal Program. The State Reciprocal Program allows States to enter into reciprocal agreements with Treasury to collect unpaid State debt by offset of Federal non-tax payments. In return, the agreements allow the Federal Government to collect delinquent non-tax debt by offset of State payments.

As authorized by Public Law 110-246, in May 2012, we enhanced ECO to collect delinquent debts through TOP beyond the previous 10-year statute of limitations. In April 2014, some members of the public alleged that they received no prior notice that Treasury would offset their eligible payments to recover their delinquent overpayments. In response to the allegations, effective April 14, 2014, our Acting Commissioner ordered a halt of TOP referrals for debts 10 years or more delinquent, pending a thorough review of our responsibility and discretion under the law. We concluded our preliminary review in July 2014. Through our preliminary review, we determined that we correctly applied our regulations, policies, and procedures when we referred delinquent debts to TOP. We are exploring policy options to address using TOP for childhood beneficiaries.

Continued improvement in other aspects of our debt collection program is underway. In FY 2016, we will begin planning and analysis for the Overpayment Redesign Initiative. Through this initiative, we will build a new comprehensive overpayment system that will enable us to record, track, collect, and report our overpayments more efficiently. We expect development of the Overpayment Redesign Initiative to be a multi-year effort. As resources permit, we will also expand the Non-Entitled Debtors (NED) program to collect additional debts from debtors who have never been entitled to OASDI benefits or SSI payments. The NED initiative will be developed in a series of releases. Currently, NED captures payments made to representative payees after the death of a title II beneficiary, and overpayments to representative payees prior to the death of the title II beneficiary for which the payee is responsible.

In the future, we will also implement the remaining debt collection tools authorized by the *Debt Collection Improvement Act of 1996*. These tools include charging administrative fees, penalties, and interest, or indexing of debt to reflect its current value. In addition, we will assess the use of private collection agencies in debt collection. Prior to implementing these additional debt recovery tools, we will need to address many factors. For example, assess which of these tools to pursue; e.g., penalties and fees or indexing debt balances, the impact on our current collection policies and procedures, our post-entitlement notices as well as the need for new notices, and feasibility of resources to address development, implementation, and oversight from an information technology and operations impact perspective. Due to higher priorities to address other mandatory debt collection initiatives, we currently do not have a schedule of when we will explore these additional debt collection authorities.

Collecting Debt

Our improper payments strategy includes focusing on enhancements to improve our OASDI and SSI debt recovery efforts.

Description

In October 2013, we began notifying debtors of our ability to offset eligible State payments to collect their debt. In addition, to continue to expand our use of TOP, we intend to notify debtors of our ability to offset eligible State payments to collect their delinquent debt. These changes also support debt management compliance and performance as required by OMB.

Table 11 shows enhancements to improve our OASDI and SSI debt recovery efforts.

Table 11: Collecting Debt

Description	Target Completion	Status
Collect delinquent OASDI and SSI debts through TOP/State Reciprocal Program.	TBD	We implemented the required systems enhancements in 2013. We began sending mandatory notification to delinquent debtors in October 2013, additional notifications are on hold pending the resumption of TOP notices to debtors with debts 10 or more years delinquent.
Complete initial notification to debtors for debts 10 years or more delinquent for possible use of TOP to recover the debts.	TBD	We are exploring policy options to address use of TOP for childhood beneficiaries.
Pursue TOP business process improvements.	Completed February 2015	In February 2015, we implemented the Address Verification Project, which will improve our current TOP notification process. We now obtain mailing addresses for individuals before we attempt to mail our pre-offset notices by using a contracted address provider who makes every effort to obtain current address information. This change allows us to reach more debtors in our initial attempt to notify them of a potential offset of a Federal or State payment.
Conduct a Year 2049 (partial withholding) risk assessment.	Completed June 2015	We contracted with an independent firm to document and assess the impact of our current process to record, monitor, and report partial withholding of programmatic debt that extends beyond the year 2049 due to a system limitation. The contractor issued a final report on June 30, 2015, containing the results of its evaluation, including identified process weaknesses, risks, their potential impact, and recommendations for mitigating the weaknesses and risks. We will address the findings of the final report in 2016.

Table 12 shows the external collection techniques we use to recover OASDI and SSI overpayments.

Table 12: Cumulative Programmatic Debt Recovery Methods Through FY 2015
(dollars in billions)

Recovery Method	Inception	Description	OASDI	SSI	TOTAL
TOP	1992	TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset. We collected $346.9 million in FY 2015 through this initiative.	$1.669	$1.063	$2.732
Credit Bureau Reporting[1]	1998	We report delinquent debts owed by former OASDI beneficiaries and SSI recipients to credit bureaus. Credit bureau reporting contributed to the recovery of $79.8 million in FY 2015.	$0.551	$0.385	$0.937
Cross-Program Recovery	2002	Cross-program recovery collects OASDI overpayments from monthly SSI payments and underpayments, and SSI overpayments from monthly OASDI benefit payments and underpayments. We collected $148.5 million[2] through cross-program recovery in FY 2015.	$0.227	$0.985	$1.212
NED[3]	2005	NED is an automated system used to control recovery activity for debtors who are not entitled to benefits (e.g., representative payees who receive payments after the death of a beneficiary). We used NED to recover $3.5 million in FY 2015.	$0.036	Not Applicable	$0.036[3]
AWG	2005	AWG allows us to recover delinquent OASDI and SSI overpayments by ordering a debtor's employer to garnish up to 15 percent of the debtor's private-sector disposable (i.e., that part of a worker's total compensation after deduction of health insurance premiums and required deductions) pay. We collected $15.1 million through this process in FY 2015.	$0.137	$0.027	$0.164
Automatic Netting SSI	2002	This program automatically nets SSI overpayments against SSI underpayments. Using this program, we "netted" $123.4 million in FY 2015.	Not Applicable	$1.483	$1.483
Total			$2.033	$3.558	$5.591

Notes:

1. The credit bureau reporting totals are a subset of TOP collections.

2. The cross-program recovery total for FY 2015 includes all cross-program recoveries; however, the cumulative cross-program recovery totals include only those totals we can track since inception.

3. NED is a subset of TOP and AWG collections.

Refer to the Debt Management section of this FY 2015 *Agency Financial Report* for information on our programmatic and administrative debt activity.