

# PAYMENT INTEGRITY

## 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 seriously. As good stewards of our resources and taxpayer funds, we remain focused on the integrity of our programs, including minimizing improper payments. “Ensure Stewardship” is a Strategic Goal in our [Agency Strategic Plan for Fiscal Years \(FY\) 2018–2022 \(www.socialsecurity.gov/agency/asp\)](#). 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. Terminating disability benefits after a CDR does not necessarily 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, we consider the benefits he or she received before improvement to be proper.

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 resulted 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.

As outlined in OMB’s IPERIA guidance, effective FY 2018, any program with \$2 billion in improper payments qualifies as a high-priority program, and agencies must report improper payments in those programs. For FYs 2016–2017, the annual threshold was \$750 million. Two of our programs meet OMB’s definition of high-priority programs: OASDI and SSI. More information about the improper payments in our high-priority programs for FY 2019 and previous years can be found on [OMB’s improper payment website \(www.paymentaccuracy.gov\)](#).

The information presented in this report complies with the guidance provided in IPIA, OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, and OMB Circular No. A-136, *Financial Reporting Requirements*. This report provides general information that demonstrates our commitment to reducing improper payments; it also describes our efforts to reduce, recover, and prevent improper payments for our OASDI and SSI benefit programs and our administrative payments.

The President’s Management Agenda, released by the White House in March 2018, identifies Cross-Agency Priority (CAP) Goals to target those areas where multiple agencies must collaborate to effect change and report progress in a manner the public can easily track. The CAP Goal entitled, Getting Payments Right, will reduce the amount of monetary loss to the taxpayer through incorrect payments; clarify and streamline reporting and compliance requirements to focus on actions that make a difference; and facilitate our partnership with the States to address

improper payments in programs they administer using Federal funds. The information in this report supports the CAP Goal.

We also fulfill the requirements of Executive Order 13520, *Reducing Improper Payments*, by providing additional information about our efforts to curb improper payments in our OASDI and SSI programs on [our public improper payments website \(www.socialsecurity.gov/improperpayments\)](http://www.socialsecurity.gov/improperpayments).

---

## PAYMENT REPORTING

---

### IMPROPER PAYMENTS STRATEGY

In FY 2019, we continued aligning our enterprise investments with our improper payments prevention strategies and developed protocols to look at key workloads in more depth to understand better the underlying root causes of error. We collaborated with Federal partners, stakeholders, and beneficiaries to realize our agency Strategic Goal to “Ensure Stewardship,” and we continue to focus our efforts on improving program integrity.

We identified the following strategies to accomplish our Strategic Objective, “Improve Program Integrity”:

- Collaborate with partners to address improper payments;
- Address the root causes of improper payments to prevent their recurrence; and
- Modernize our debt management and debt collection business processes.

We continually investigate and assess root causes to ensure we focus our improper payment prevention strategies on actions that make a difference and facilitate our partnership with the States to address improper payments.

Based upon our stewardship reviews and other analyses, we identified the leading causes of improper payments and identified workloads on which we plan to focus our resources and improve performance by the end of FY 2020.

We identified the following initiatives to achieve our Strategic Objective:

- Promote timely wage reporting;
- Improve the death reporting system process; and
- Modernize our Debt Management System.

We discuss these initiatives and their relation to reducing improper payments in our OASDI and SSI programs in the Improper Payment Root Cause Categories and the Improper Payment Corrective Actions sections of this report. We also discuss initiatives that affect improper payments in both programs in the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section of this *Payment Integrity* report.

We identified the following four performance measures to help evaluate progress in accomplishing this Strategic Objective:

- Improve the integrity of the SSI program by focusing our efforts on reducing overpayments;
- Maintain a high payment accuracy rate by reducing overpayments in the OASDI program;
- Ensure the quality of our decisions by achieving the State disability determination services (DDS) decisional accuracy rate for initial disability decisions; and
- Modernize our Debt Management System.

In addition, improving the integrity of the SSI program is an Agency Priority Goal for FYs 2019–2020. We provide more information about our performance measures in our [Annual Performance Plan for FYs 2019–2020 \(www.socialsecurity.gov/agency/performance\)](http://www.socialsecurity.gov/agency/performance).

## EXPERIENCE 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 FY 2018. 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 rate by adding overpayment and underpayment dollars and dividing by total dollars paid.

Please see Table 1.1 for more details about our improper payment rates for the OASI and DI programs for FYs 2016, 2017, and 2018. Please see Table 1.2 for more details about our improper payment rates for the SSI program for FYs 2016, 2017, and 2018.

**Table 1: Improper Payments Experience  
FY 2018  
(Dollars in Millions)**

	OASI	DI	OASDI	SSI	Total
<b>FY 2018 Outlays</b>	\$808,695.11	\$139,486.69	\$948,181.79	\$56,976.30	\$1,005,158.09
<b>FY 2018 Proper Payment \$</b>	\$808,033.15	\$137,497.38	\$945,530.53	\$51,447.54	\$996,978.06
<b>FY 2018 Proper Payment %</b>	99.92%	98.57%	99.72%	90.30%	99.19%
<b>FY 2018 Improper Payment \$</b>	\$661.96	\$1,989.31	\$2,651.27	\$5,528.77	\$8,180.03
FY 2018 Monetary Loss \$	\$536.82	\$1,679.64	\$2,216.45	\$4,686.31	\$6,902.77
FY 2018 Non-Monetary Loss \$	\$125.14	\$309.67	\$434.81	\$842.45	\$1,277.26
FY 2018 Unknown \$	\$0	\$0	\$0	\$0	\$0
<b>FY 2018 Improper Payment %</b>	0.08%	1.43%	0.28%	9.70%	0.81%
FY 2018 Monetary Loss %	0.07%	1.20%	0.23%	8.23%	0.69%
FY 2018 Non-Monetary Loss %	0.02%	0.22%	0.05%	1.48%	0.13%
FY 2018 Unknown %	0%	0%	0%	0%	0%
<b>FY 2018 Overpayment \$</b>	\$536.82	\$1,679.64	\$2,216.45	\$4,686.31	\$6,902.77
<b>FY 2018 Overpayment %</b>	0.07%	1.20%	0.23%	8.23%	0.69%
<b>FY 2018 Underpayment \$</b>	\$125.14	\$309.67	\$434.81	\$842.45	\$1,277.26
<b>FY 2018 Underpayment %</b>	0.02%	0.22%	0.05%	1.48%	0.13%

Notes:

1. Total OASDI and SSI outlays for FY 2018 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. OASDI outlays are estimates based on limited sample sizes.
3. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. We derive percentages from unrounded source data.
4. OASDI and SSI payments come directly from the Federal Government and do not involve third party payers.

### OASDI EXPERIENCE

Over the last 5 years (FYs 2014–2018), based on our stewardship reviews, we estimate that we paid approximately \$3.8 trillion to OASI beneficiaries. Of that total, we estimate \$8.7 billion were overpayments, representing approximately 0.23 percent of outlays. We estimate that underpayments during this same period were \$1.5 billion, the equivalent of approximately 0.04 percent of outlays.

In the DI program, we estimate that we paid \$692.8 billion to DI beneficiaries over the last 5 years (FYs 2014–2018). Of that total, we estimate \$8.9 billion were overpayments, representing approximately 1.29 percent of outlays. We estimate underpayments during this same period totaled \$0.9 billion, the equivalent of approximately 0.13 percent of outlays.

Table 1.1 shows the estimated improper payment rates for the OASI and DI programs for FYs 2016, 2017, and 2018.

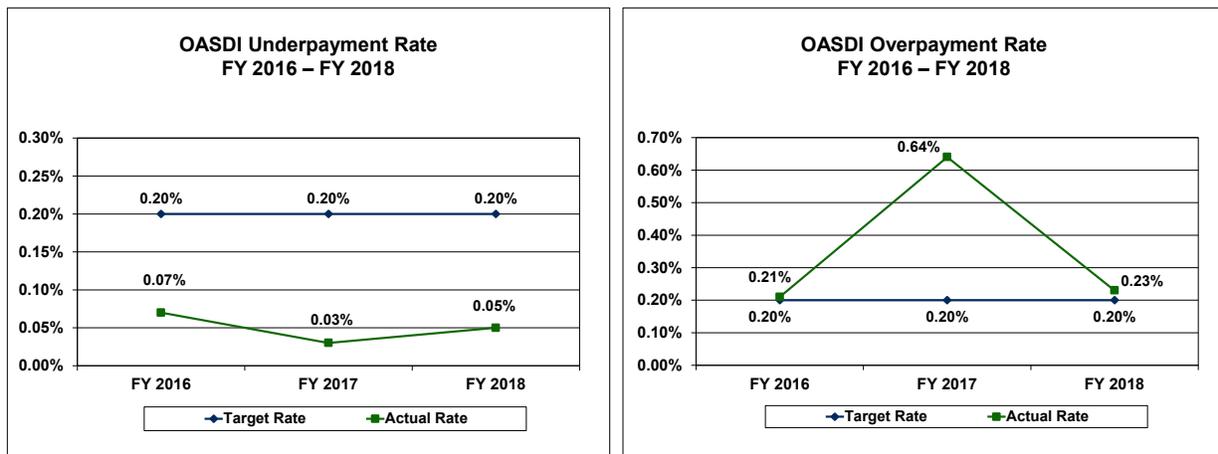
**Table 1.1: OASDI Improper Payments Experience  
FY 2016 – FY 2018  
(Dollars in Millions)**

	FY 2016		FY 2017		FY 2018	
	Dollars	Rate	Dollars	Rate	Dollars	Rate
<b>OASI</b>						
<b>Total Benefit Payments</b>	\$770,538.77		\$780,787.23		\$808,695.11	
<b>Underpayment Error</b>	\$628.44	0.08%	\$98.71	0.01%	\$125.14	0.02%
<b>Overpayment Error</b>	\$1,210.73	0.16%	\$2,458.54	0.31%	\$536.82	0.07%
<b>DI</b>						
<b>Total Benefit Payments</b>	\$140,661.52		\$129,222.32		\$139,486.69	
<b>Underpayment Error</b>	\$41.62	0.03%	\$195.08	0.15%	\$309.67	0.22%
<b>Overpayment Error</b>	\$697.60	0.50%	\$3,405.49	2.64%	\$1,679.64	1.20%
<b>Combined OASDI</b>						
<b>Total Benefit Payments</b>	\$911,200.29		\$910,009.54		\$948,181.79	
<b>Underpayment Error</b>	\$670.06	0.07%	\$293.79	0.03%	\$434.81	0.05%
<b>Underpayment Target</b>		≤0.20%		≤0.20%		≤0.20%
<b>Overpayment Error</b>	\$1,908.33	0.21%	\$5,864.03	0.64%	\$2,216.45	0.23%
<b>Overpayment Target</b>		≤0.20%		≤0.20%		≤0.20%

## Notes:

- Total benefit payments for FYs 2016–2018 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.
- Total benefit payments for OASDI are estimates based on limited sample sizes, which may cause them to vary from year to year.
- FY 2019 data will be available in the summer of FY 2020.
- There may be slight variances in the dollar amounts and percentages reported due to rounding of source data.
- OASI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2016, +0.07 percent and –0.10 percent for underpayments and +0.13 percent and –0.12 percent for overpayments; for FY 2017, +0.01 percent and –0.01 percent for underpayments and +0.30 percent and –0.33 percent for overpayments; and for FY 2018, +0.01 percent and –0.02 percent for underpayments and +0.06 percent and –0.07 percent for overpayments.
- DI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2016, +0.02 percent and –0.06 percent for underpayments and +0.49 percent and –0.53 percent for overpayments; for FY 2017, +0.14 percent and –0.27 percent for underpayments and +2.6 percent and –2.6 percent for overpayments; and for FY 2018, +0.21 percent and –0.33 percent for underpayments and +1.19 percent and –1.92 percent for overpayments.
- OASDI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2016, +0.06 percent and –0.09 percent for underpayments and +0.12 percent and –0.12 percent for overpayments; for FY 2017, +0.02 percent and –0.06 percent for underpayments and +0.36 percent and –0.37 percent for overpayments; and for FY 2018, +0.05 percent and –0.05 percent for underpayments and +0.13 percent and –0.35 percent for overpayments.
- The change in the OASDI underpayment error rate from FY 2016 to FY 2017 is not statistically significant. The change in the OASDI overpayment error rate from FY 2016 to FY 2017 is statistically significant. Changes in the OASDI error rates from FY 2017 to FY 2018 are not statistically significant.
- We strive to reduce improper payments within the constraints of statutory and regulatory requirements and available 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 error rates and our corrective action plans to reduce them. While we strive to improve our efforts to reduce improper payments, outcomes must be significant to affect our error rate. To have an effect on improper payments, for FY 2018 each tenth of a percentage point in payment accuracy represents about \$948 million in program outlays for the OASDI program.
- Our OASDI improper payment target rate of 0.40 percent is a combination of 0.20 percent for OASDI overpayments and 0.20 percent for OASDI underpayments. In FY 2019, we reported an actual OASDI overpayment rate of 0.23 percent (compared to a 0.20 percent target - a variance of 0.03 percent) and an actual OASDI underpayment rate of 0.05 percent (compared to a 0.20 percent target - a variance of 0.15 percent). We use a fixed, aggressive OASDI improper payment target rate of 0.40 percent to better monitor and account for historical fluctuations above and below 0.40 percent because of normal variability when performing statistical analysis to determine the yearly rate. Overall, our OASDI program has very high payment accuracy. The OASDI overpayment and underpayment accuracy rate, both separately and combined, has exceeded 99 percent for a number of years.

The following graphs show our estimated OASDI underpayment and overpayment rates for the last three years.



Substantial Gainful Activity (SGA),<sup>1</sup> Windfall Elimination Provision (WEP),<sup>2</sup> and Government Pension Offset (GPO)<sup>3</sup> errors continue to impact the overall error rates as the leading causes of error. SGA errors primarily occur due to beneficiaries’ failure to report work activity. WEP and GPO errors occur due to beneficiaries’ failure to report the receipt of or changes in pensions. WEP and GPO errors also occur when we do not take proper action to impose the offset.

## SSI EXPERIENCE

Over the last 5 years (FYs 2014–2018), based on our stewardship reviews, we estimate that we paid approximately \$283.3 billion to SSI recipients. Of that total, we estimate \$23 billion were overpayments, representing about 8 percent of outlays. We estimate that underpayments during this same period were \$4.5 billion, the equivalent of approximately 1.6 percent of outlays.

Table 1.2 shows the estimated improper payment rates for the SSI program for FYs 2016, 2017, and 2018.

<sup>1</sup> A definition of SGA is available at: [www.socialsecurity.gov/oact/cola/sga.html](http://www.socialsecurity.gov/oact/cola/sga.html).

<sup>2</sup> A definition of WEP is available at: [www.socialsecurity.gov/pubs/EN-05-10045.pdf](http://www.socialsecurity.gov/pubs/EN-05-10045.pdf).

<sup>3</sup> A definition of GPO is available at: [www.socialsecurity.gov/pubs/EN-05-10007.pdf](http://www.socialsecurity.gov/pubs/EN-05-10007.pdf).



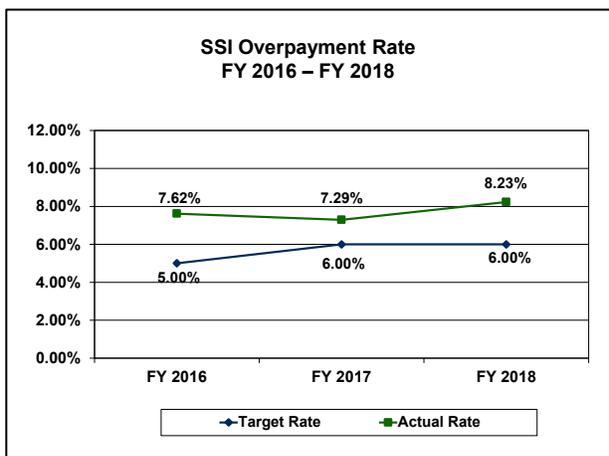
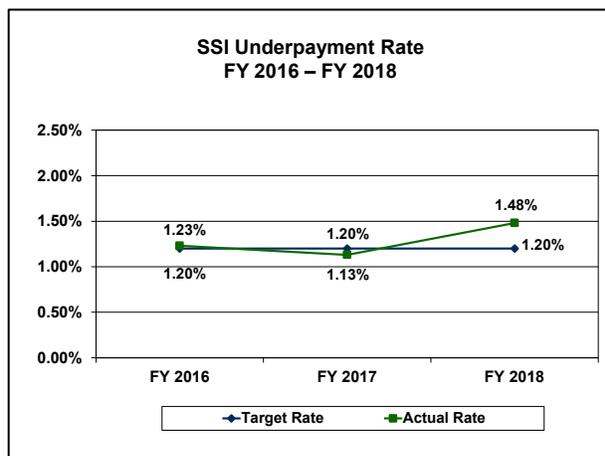
**Table 1.2: SSI Improper Payments Experience  
FY 2016 – FY 2018  
(Dollars in Millions)**

	FY 2016	FY 2017	FY 2018
<b>Total Federally Administered Payments</b>			
<b>Dollars</b>	\$56,754.07	\$56,495.45	\$56,976.30
<b>Underpayments</b>			
<b>Dollars</b>	\$696.01	\$636.42	\$842.45
<b>Target Rate</b>	≤1.20%	≤1.20%	≤1.20%
<b>Actual Rate</b>	1.23%	1.13%	1.48%
<b>Overpayments</b>			
<b>Dollars</b>	\$4,323.93	\$4,121.02	\$4,686.31
<b>Target Rate</b>	≤5.00%	≤6.00%	≤6.00%
<b>Actual Rate</b>	7.62%	7.29%	8.23%

Notes:

- Total federally administered payments represent estimated program outlays while conducting the annual stewardship reviews and may vary from actual outlays.
- FY 2019 data will be available in the summer of FY 2020.
- We base the percentages and dollar amounts presented in Table 1.2 on actual numbers used from the source data. However, there may be differences in the calculated overpayment and underpayment rates due to rounding.
- SSI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2016, ±0.31 percent for underpayments and ±1.07 percent for overpayments; for FY 2017, ±0.30 percent for underpayments and ±1.04 percent for overpayments; and for FY 2018, ±0.35 percent for underpayments and ±0.93 percent for overpayments.
- Please note that year-to-year differences from changes in the SSI overpayment error rates from FY 2016 to FY 2017 are not statistically significant. The changes in the SSI overpayment and underpayment error rates from FY 2017 to FY 2018 are not statistically significant.
- We strive to reduce improper payments within the constraints of statutory and regulatory requirements and available 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 SSI error rates and our corrective action plans to reduce them. While we strive to improve our efforts to reduce improper payments, outcomes must be significant to affect our error rate. To have an effect on improper payments, for FY 2018, each tenth of a percentage point in payment accuracy represents about \$56.9 million in program outlays for the SSI program.

The graphs below show our estimated SSI underpayment and overpayment rates for the last three years.



## IMPROPER PAYMENT ROOT CAUSE CATEGORIES

Table 2 lists the major causes of improper payments (overpayments and underpayments) in the OASDI and SSI programs using OMB's seven categories of error.

**Table 2: Improper Payment Root Cause Category Matrix  
FY 2018  
(Dollars in Millions)**

Reason for Improper Payment	OASDI Program			SSI Program		
	Overpayment		Underpayment	Overpayment		Underpayment
	Monetary Loss Within Agency Control	Monetary Loss Outside Agency Control		Monetary Loss Within Agency Control	Monetary Loss Outside Agency Control	
<b>Program Design or Structural Issue</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Inability to Authenticate Eligibility:</b>						
Inability to Access Data	\$3.94	\$0	\$0	\$0	\$3,972.85	\$440.11
Data Needed Does Not Exist	\$0	\$0	\$0	\$0	\$273.79	\$176.16
<b>Failure to Verify:</b>						
Death Data	\$0.00	\$677.29	\$0	\$0	\$53.03	\$0
Financial Data	\$0	\$0	\$0	\$49.73	\$0	\$64.57
Excluded Party Data	\$0	\$0	\$0	\$0	\$0	\$0
Prisoner Data	\$47.40	\$76.04	\$0	\$0	\$0	\$0
Other Eligibility Data	\$487.08	\$572.81	\$283.79	\$92.78	\$0	\$32.66
<b>Administrative or Process Error Made by:</b>						
Federal Agency	\$272.33	\$79.57	\$151.02	\$244.13	\$0	\$128.95
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
<b>Medical Necessity</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Insufficient Documentation to Determine</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Reason (explain)</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	\$810.74	\$1,405.71	\$434.81	\$386.64	\$4,299.67	\$842.45

## Notes:

1. Data Source: FY 2018 OASDI and SSI stewardship reviews. FY 2019 data will not be available until summer 2020.
2. There may be slight variances in the dollar amounts reported due to rounding of source data.
3. Because the number of death overpayments are small, the estimated amount of error found in our samples varies from year to year.
4. 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.
    - **Inability to Access Data** – The data needed to authenticate eligibility exists but the agency is unable to access the data prior to making the payment. For our OASDI corrective action related to this improper payment category, refer to the Major Causes and Corrective Actions for OASDI Improper Payments section; Potential Entitlements (Table 2.5). For our SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; Financial Accounts (Table 2.7), Wages (Table 2.9), Other Real Property (Table 2.13), and Residency (Table 2.15).
    - **Data Needed Does Not Exist** – No database or dataset currently exists that the agency can use to check eligibility prior to making the payment. For our SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; In-kind Support and Maintenance (ISM) (Table 2.11).
  - **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.
    - **Death Data** – Failure to verify that an individual is deceased and the agency pays that individual. For more information, see the Additional Comments section.
    - **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. For our corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; Financial Accounts (Table 2.7) and Other Real Property (Table 2.13).
    - **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.
    - **Prisoner Data** – Failure to verify that an individual is incarcerated and ineligible for receiving a payment and the agency pays that individual. For our corrective actions related to this improper payment category, refer to the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section; Prisoner Information.
    - **Other Eligibility Data** – Any other failure to verify data not already listed above, causing the agency to make an improper payment as a result. For OASDI, the leading root causes are SGA, WEP, and GPO. For SSI, the leading root causes are Living Arrangement and ISM. For OASDI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for OASDI Improper Payments section; SGA (Table 2.2) and to the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section; WEP and GPO (Table 2.14). For SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; ISM (Table 2.11).
  - **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. For OASDI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for OASDI Improper Payments section; Increase Post-Entitlement Accuracy (Table 2.4) and Potential Entitlements (Table 2.5). For SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; ISM (Table 2.11).
  - **Medical Necessity**– 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.

## IMPROPER PAYMENT CORRECTIVE ACTIONS

### MAJOR CAUSES AND CORRECTIVE ACTIONS FOR OASDI IMPROPER PAYMENTS

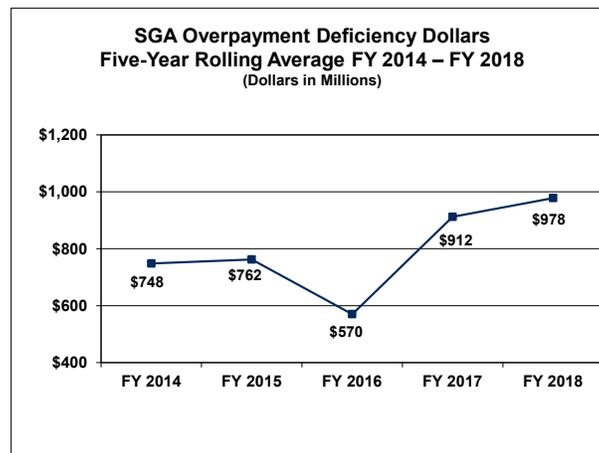
Our stewardship review findings over the last five years show that the major causes of overpayments in the OASDI program are SGA and errors in computations. The major cause of underpayments is errors in computations.

#### SUBSTANTIAL GAINFUL ACTIVITY

##### Description:

When disability beneficiaries work, several 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. Please note that year-to-year differences are not statistically significant.

##### Historical Figures:



**Table 2.1: SGA Overpayment Deficiency Dollars  
FY 2014 – FY 2018  
(Dollars in Millions)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Overpayments</b>	\$748	\$762	\$570	\$912	\$978

##### Corrective Actions:

Table 2.2 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 2.2: SGA – Corrective Actions**

Description	Target Completion	Status
<b><u>Audit Recommendation</u></b>		
To help minimize improper payments, we agreed with an audit recommendation to prioritize identifying cases where we failed to terminate the disability payments following medical cessation determinations.	Ongoing	Since November 2015, we released approximately 33,500 cases to our front-line personnel for corrective action and cessation using manual and automated processes. Additionally, we received funding to create automated solutions for preventing errors from occurring in the future. In January 2019, we released 2,821 cases for corrective action and cessation. In September 2019, we released the final phase of the project, which allows technicians to not only track and control medical CDRs at the appeal level, but also verify that the cases have ceased timely. We continue to monitor the previously released cases for completion. This disability cessation workload continues to be a priority for the agency and once fully automated, we expect a significant reduction in improper payments.

Description	Target Completion	Status
<b><u>Predictive Model</u></b>		
<p>Improper payments due to work activity result from beneficiaries failing to report earnings timely or our failure to identify/take action on earnings. We can reduce and prevent improper payments and complete work CDRs more efficiently by:</p> <ul style="list-style-type: none"> <li>• Identifying earnings earlier to reduce the amount of time a beneficiary is overpaid;</li> <li>• Identifying cases that have earnings above SGA and are still in current pay; and</li> <li>• Prioritizing cases that are most likely to end in an SGA cessation.</li> </ul> <p>We are targeting work CDRs to address improper payments via the WorkSmart project to increase the efficiency of agency processing, with the goal of reducing average processing times and average overpayments.</p> <p>WorkSmart consists of three parts: Continuing Disability Review Enforcement Operation (CDREO) Predictive Model (annual earnings), Quarterly Earnings Project (quarterly earnings), and Monthly Earnings Pilot (monthly earnings). WorkSmart is data driven and focuses on our three Strategic Goals: 1) Deliver Services Effectively; 2) Improve the Way We Do Business; and 3) Ensure Stewardship. WorkSmart will allow us to address key backlogs, support our frontline staff, and reduce improper payments.</p>	Ongoing	<p>In FY 2019, we identified 60,000 cases in need of a work CDR using the quarterly earnings from the Office of Child Support Enforcement (OCSE) data. We estimate that 80 percent of the completed cases will result in a cessation.</p> <p>In FY 2019, we identified work CDR cases using monthly earnings data from the myWageReport (myWR) and Ticket to Work reports. We identified approximately 20,000 cases in need of a Trial Work Period (TWP) or SGA determination. Of the cases identified, about 4,000 resulted in a SGA cessation.</p> <p>In FY 2019, we engaged in contract negotiations and awarded a contract to build an information exchange for monthly earnings data from third-party payroll data providers under Section 824 of the <i>Bipartisan Budget Act of 2015</i>. We will work with systems staff to identify a business process that would enable us to use the monthly earnings obtained from the payroll provider(s) to identify work CDRs.</p>



Description	Target Completion	Status
<b><u>Legislation and Legislative Proposals</u></b>		
<p>Section 826 of the <i>Bipartisan Budget Act of 2015</i> requires the Commissioner to establish and implement a system permitting DI beneficiaries to report their earnings electronically.</p>	Completed FY 2017	<p>In September 2017, we released the myWR online application, which allows DI beneficiaries and representative payees to report wages to us and provides a receipt for the report that the wage reporter can view, print, and save. DI self-reporters and their representative payees can report wages that occurred within two years of the reporting date.</p>
	Completed FY 2018	<p>In June 2018, we added functionality to myWR that allows SSI and concurrent (SSI and DI) wage reporting. Wage receipts generated by myWR are stored in our online retrieval system. In an effort to increase use of the myWR application, we will continue to promote the online service to beneficiaries, representative payees, and advocacy groups.</p> <p>In September 2018, we updated our eWork system to send a priority alert to field offices for cases that have SGA earnings and require a work CDR. This alert allows management to quickly assign and monitor these cases and allows us to respond to earnings at the earliest possible point to improve CDR processing times and reduce improper payments.</p> <p>In FY 2019, we updated the management information systems to track the effectiveness of the new priority alert.</p>

Description	Target Completion	Status
<p>Section 824 of the <i>Bipartisan Budget Act of 2015</i> authorizes the Commissioner to establish information exchanges with payroll data providers to obtain wage data to administer the DI and SSI programs and to prevent improper payments. DI and SSI applicants and beneficiaries who give us their authorization to obtain wage information through such an exchange will be exempt from certain statutory penalties for any omission or error in the wages provided by the payroll data provider.</p>	<p>To be determined (TBD)</p>	<p>To implement the <i>Bipartisan Budget Act of 2015</i> authority, we obtained executive approval on the business process document and began systems planning and analysis in November 2016. We convened a cross-agency project team to collaborate on implementing Section 824 of the <i>Bipartisan Budget Act of 2015</i> and other wage-related provisions.</p> <p>In September 2017, we implemented the first phase of Section 824 of the <i>Bipartisan Budget Act of 2015</i>, which allows the agency to collect and store authorization from DI and SSI applicants and beneficiaries to obtain their payroll data via the information exchange. Additionally, we made enhancements to the application we use to process wage determinations for DI. The systems enhancements were made originally in support of Section 826 of the <i>Bipartisan Budget Act of 2015</i>. However, we made sure those system releases would also support the <i>Bipartisan Budget Act of 2015</i>, Section 824 business process. For example, we added help pages and created notifications of earnings discrepancies.</p> <p>In September 2018, we implemented additional enhancements, such as creating alerts to notify employees that wage data indicates the need for a review.</p> <p>For the information exchange under Section 824 of the <i>Bipartisan Budget Act of 2015</i>, in FY 2019, we engaged in contract negotiations and awarded a contract to build an information exchange for monthly earnings data from third-party payroll data providers. We will work with systems staff to identify a business process that would enable us to use the monthly earnings obtained from the payroll provider(s) to identify work CDRs.</p> <p>In October 2019, we developed a timeline, and in FY 2020, we will begin planning and integration of the information exchange within our systems.</p>

## 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.

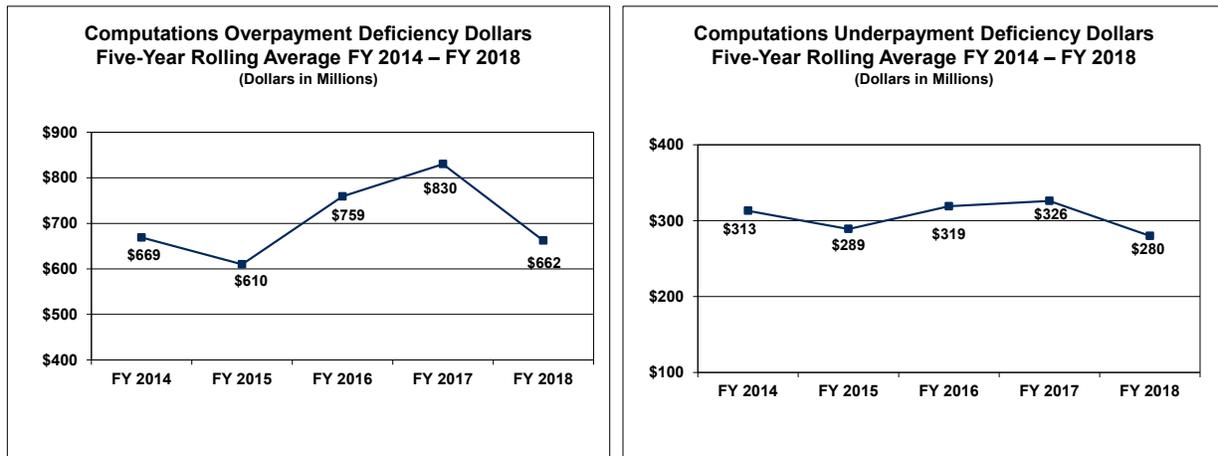
We determine a person's benefit amount based on several factors, including age, earnings history, and the type of benefit awarded.



Inaccurate information or administrative mistakes can cause errors in calculating benefits. For FYs 2014–2018, approximately 70 percent of computation error dollars 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 family maximum or FMAX.<sup>4</sup> RIB-LIM applies when a deceased beneficiary would have received a reduced retirement benefit. Under RIB-LIM, the maximum benefit for a surviving spouse or surviving divorced spouse is limited to the larger of 82.5 percent of the deceased beneficiary’s death Primary Insurance Amount or the benefit amount that the deceased beneficiary would receive if he or she were still alive. WEP accounted for 60 percent of computation error dollars for the 5-year period, while RIB-LIM and FMAX, respectively, accounted for 11 percent and 10 percent of these error dollars.

**Historical Figures:**

Please note that year-to-year differences are not statistically significant.



**Table 2.3: Computations Deficiency Dollars  
FY 2014 – FY 2018  
(Dollars in Millions)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Overpayments</b>	\$669	\$610	\$759	\$830	\$662
<b>Underpayments</b>	\$313	\$289	\$319	\$326	\$280

**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. To address this issue, we developed WorkSmart. The WorkSmart process identifies DI beneficiaries whose earnings put them at risk of being overpaid. The process builds on the current CDREO by integrating quarterly work CDR alerts based on quarterly earnings from OCSE into the CDREO process. We receive quarterly alerts up to one year earlier than the current CDREO alerts, meaning we learn of unreported work more quickly and can take action earlier to reduce work-related overpayments. WorkSmart will also include a national screening program that removes unproductive work CDRs from the CDREO process so technicians can evaluate cases where a beneficiary is working over SGA.

<sup>4</sup> An explanation of FMAX is available at: [www.socialsecurity.gov/OACT/COLA/familymax.html](http://www.socialsecurity.gov/OACT/COLA/familymax.html).

Our CDR enforcement process alerts records of OASDI and concurrent DI/SSI beneficiaries who may have substantial earnings after disability onset. In FY 2018, we alerted 36,000 cases using quarterly wages, and 86 percent of the completed cases resulted in a cessation of benefits. In FY 2019, we identified 60,000 cases using quarterly wages. We estimate that approximately 80 percent of the completed cases will result in a cessation.

In FY 2019, we identified work CDR cases using monthly earnings data from the myWR and Ticket to Work reports. We identified approximately 20,000 cases in need of a TWP or SGA determination. Of the cases identified, about 4,000 resulted in an SGA cessation.

Continued training to accurately process post-entitlement work is crucial; during FY 2019, we created national processing center (PC) quality refresher training packages for our technicians.

By addressing post-entitlement accuracy and identifying potential entitlements, we will reduce improper overpayments and underpayments.



Table 2.4 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 2.4: Increase Post-Entitlement Accuracy – Corrective Actions**

Description	Target Completion	Status
Provide better descriptive definitions of the OASDI systems alert, exception, and processing limitation codes to give technicians more precise information on actions needed.	Ongoing	We completed planning and analysis in September 2016. We began updating problematic OASDI system alerts, exceptions, and processing limitation codes with better descriptive definitions in FY 2017. We release updates on an ongoing basis. We meet monthly to discuss and approve the language of the updates.
Review the most problematic overpayment cases completed in our Office of Disability Operations. Our objective is to determine the root causes of overpayment errors and provide recommendations to address improved processing.	Ongoing	This project is ongoing. We began a national PC overpayment study in April 2016. In FY 2016, we focused on overpayments due to disability cessation or extended period of eligibility. We published the report in November 2017. Based on our review, we recommended national use of an automated worksheet that minimizes manual keying and the potential for errors. In FY 2017, we focused on overpayments due to annual retirement test permanent deductions and published the report in November 2018. Based on our review, we recommended issuing reminders to technicians to improve processing. We completed the FY 2018 review of disability overpayments in September 2018 and published the report April 2019. We completed the 2019 review of disability overpayments in August 2019. We will identify findings and recommendations in FY 2020.

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 established a dedicated workgroup and process for evaluating and addressing potential entitlement workloads. To date, we have:

- Initiated four outreach efforts dealing with vulnerable populations such as widows, veterans, the aged, and disabled children.
- Implemented systems changes for three projects dealing with widows, children, and the aged.
- Developed a community outreach plan to promote OASDI surviving parent’s benefits.
- Completed analysis on projects involving potential entitlement situations for minor children, Medicare only beneficiaries, military service retirees, and disabled children.
- Selected projects to address in FY 2019. Please see the Corrective Actions in Table 2.5 for a complete list.

Table 2.5 shows our further actions to pursue potential entitlement workloads. Some corrective actions in the table will be implemented over more than one fiscal year. We will identify cases and develop a strategy to prevent recurrences. Payment errors related to potential entitlements correspond to the “Administrative or Process Error Made by: Federal Agency” category in Table 2.

**Table 2.5: Potential Entitlements – Corrective Actions**

Description	Target Completion	Status
Pursue potential entitlement workloads.	FY 2019	<p>In FY 2019, key potential entitlement efforts included:</p> <ul style="list-style-type: none"> <li>Resuming benefits to 6,365 spouses and children due underpayments because we resumed benefits to the numberholder, but did not resume benefits to the auxiliaries following a termination. We completed these cases in October 2018. We will be evaluating the results of the mailing in FY 2020.</li> <li>Releasing 10,396 updated outreach notices to Medicare-only beneficiaries who are eligible for retirement benefits, but have not filed an application. We mailed these notices in January 2019.</li> <li>Processing 27,565 cases involving SSI recipients with possible OASDI eligibility as an auxiliary or survivor on their parents' record. We completed these cases in August 2019.</li> </ul>
	FY 2020	<p>In FY 2020, key potential entitlement efforts will include:</p> <ul style="list-style-type: none"> <li>Preparing to conduct outreach to notify approximately 20,000 disabled beneficiaries who listed children on their benefit applications, but no application or closeout is present for them, that the children may be due benefits.</li> <li>Conducting outreach to approximately 9,000 workers who were previously denied retirement benefits due to lack of insured status, but are now insured.</li> <li>Conducting outreach to approximately 17,000 workers with Medicare Qualified Government Earnings that are eligible for retirement benefits or Medicare coverage that they are not receiving.</li> <li>Conducting initial analysis on SSI recipients with a potential month of eligibility that does not match the application effective date.</li> <li>Conducting initial analysis on disabled beneficiaries who converted to retirement benefits at full retirement age and may be eligible for a higher primary insurance amount.</li> <li>Conducting initial analysis on individuals previously denied childhood disability benefits potentially entitled to benefits as minor children.</li> <li>Evaluating the June 2018 results of 13,934 cases involving SSI recipients previously established or entitled on a parent's record who may be entitled to child disability benefits.</li> </ul>

## MAJOR CAUSES AND CORRECTIVE ACTIONS FOR SSI IMPROPER PAYMENTS

Our greatest payment accuracy challenges occur within the SSI program. SSI is a means-tested program for individuals with limited income and resources who are blind, disabled, or aged. The program is complex to administer because the law requires us to determine SSI eligibility and calculate SSI payments on a monthly basis. 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 a payment was correct when paid, subsequent changes in that month can affect the payment due, resulting in either an overpayment or underpayment. Thus, the program requirements themselves sometimes cause improper payments. Improper payments often occur if recipients (or their representative payees on their behalf) fail to timely report changes in any of their eligibility 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. We remain committed to simplifying the SSI program, and we are exploring ways to do this in a fair and equitable manner.

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 the following:

- ISM;
- Living arrangements; and
- Wages.

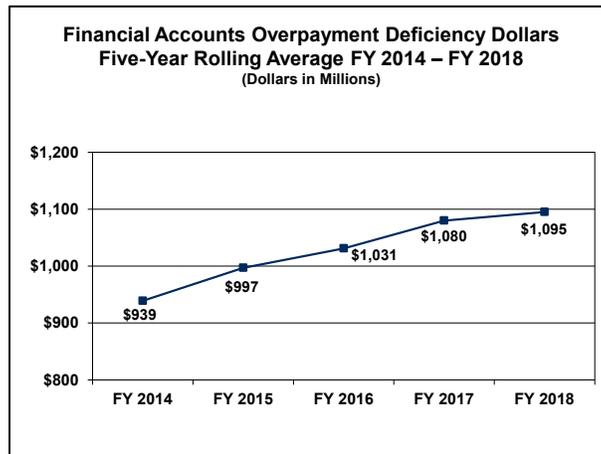
Later in this section, we provide information on our corrective actions for living arrangements under the corrective action for ISM.

### FINANCIAL ACCOUNTS

#### Description:

The leading cause of SSI overpayment errors is financial accounts with countable resources in excess of the allowable resource limits. 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:



**Table 2.6: Financial Accounts Overpayment Deficiency Dollars**  
**FY 2014 – FY 2018**  
 (Dollars in Millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Overpayments</b>	\$939	\$997	\$1,031	\$1,080	\$1,095

## Corrective Actions:

By law, a claimant, recipient, or deemor must give us permission to request his or her financial records from any financial institution as an eligibility requirement for SSI. We developed the Access to Financial Institutions (AFI) program to address overpayment errors related to resources in financial accounts. 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 called geographic searches. We conduct up to 10 geographic searches per individual for each review. We use AFI to verify financial accounts during the SSI application process and during periodic redeterminations of continued eligibility, thereby detecting excess resources and deterring improper payment reoccurrence. The AFI initiative is also critical in detecting undisclosed financial accounts; however, we must continue to rely on SSI recipients to timely report when balances fluctuate and exceed the SSI resource limit, either as a single resource or in combination with other resources.

In a future release of our Debt Management System modernization, we plan to implement three AFI systems enhancements that will improve our current process for initiating AFI and reducing improper payments.

Table 2.7 shows our actions to reduce errors related to financial accounts. Payment errors related to financial accounts correspond to the “Inability to Authenticate Eligibility: Inability to Access Data” and “Failure to Verify: Financial Data” categories in Table 2.



**Table 2.7: Financial Accounts – Corrective Actions**

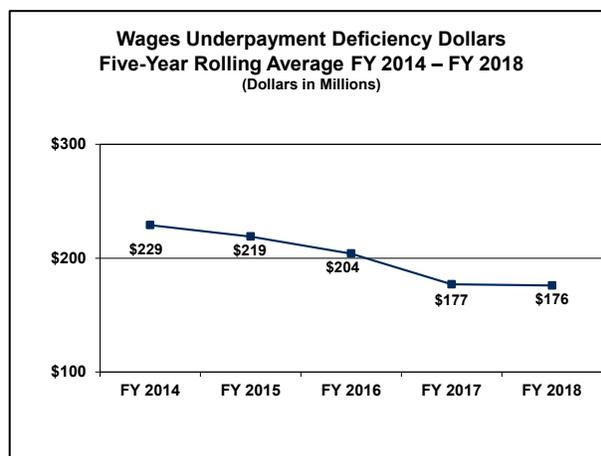
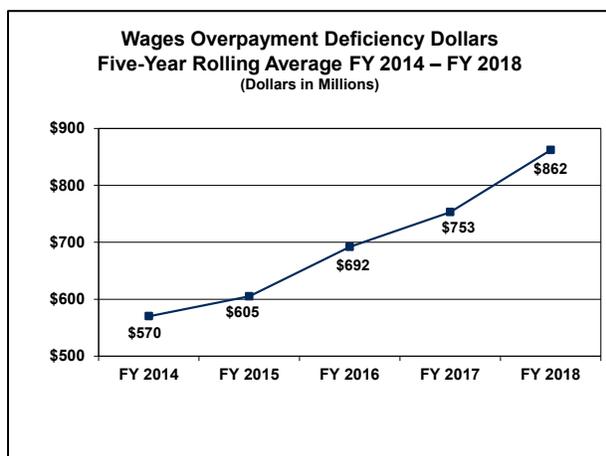
Description	Target Completion	Status
Implement three AFI systems enhancements that will improve our current process for initiating AFI and reducing improper payments.	FY 2022 through FY 2023	We will implement the following key AFI systems enhancements: <ul style="list-style-type: none"> <li>Enhance ability to view attachments from financial institutions; scheduled for development in FYs 2022–2023.</li> <li>Automate splitting of co-owned bank account balances; scheduled for development in FYs 2022–2023.</li> <li>Automate AFI for waivers.</li> </ul>
Electronically collect an individual's AFI authorization through the Debt Management Product (DMP).  Automate the AFI process for waivers, specifically in the waiver application.	FY 2021 through FY 2023	As part of the DMP, we are in the process of developing the intranet waiver application for release by the end of FY 2021. We will electronically capture the overpaid individual's AFI authorization.  Before 2023, we plan to electronically send an individual's authorization to the financial institution and display the financial information on the appropriate screen so that the system can calculate the data.

**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:**



**Table 2.8: Wages Deficiency Dollars  
FY 2014 – FY 2018  
(Dollars in Millions)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Overpayments</b>	\$570	\$605	\$692	\$753	\$862
<b>Underpayments</b>	\$229	\$219	\$204	\$177	\$176

**Corrective Actions:**

We rely on individuals to self-report wages to us on time. However, we know that they may fail to report or not report wages in time to prevent an improper payment. Section 824 of the *Bipartisan Budget Act of 2015* gives the agency authority to conduct information exchanges with payroll providers to obtain accurate, up-to-date, and relevant wage information to help determine SSI eligibility and to help prevent improper payments. Please see Table 2.9 for more information about the implementation of Section 824 of the *Bipartisan Budget Act of 2015*.

We developed several communication initiatives to help encourage recipients to remember to report events that can affect eligibility or payment amounts, such as changes in living arrangements, and to make it easier for them to comply with reporting requirements. For example, we created a business card that contains information on reporting requirements that field office staff give recipients during claim and redetermination interviews. Recipients can keep this card for future use when reporting wages to us. We will enhance our notices to include more consistent and clear language on reporting responsibilities and penalties for OASDI beneficiaries and SSI recipients. We currently inform OASDI beneficiaries, SSI recipients, and representative payees about reporting responsibilities by various methods. We apprise them during interviews, with application and redetermination forms and some award and post-eligibility notices, in benefit check envelope enclosures, and in a booklet that accompanies award notices. Our annual Cost of Living Adjustment notices include reminders about reporting changes that could affect benefit payments and eligibility.

By the end of FY 2020, we will work to create an online training video, available for public use, as well as display the video on the SSA digital signage in field office reception areas to inform the public about reporting resources and wages timely. Additionally, the video will remind the public about the consequences of failing to report wages and our Administrative Sanctions policy.

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

- Supplemental Security Income Telephone Wage Reporting (SSITWR)

SSITWR allows recipients, representative payees, and deemors to report the prior month's gross wages via an automated telephone system. SSITWR ensures we post the wage amounts to the individual's record timely from the date we received the reported wages.

- Supplemental Security Income Mobile Wage Reporting Application

Beginning in December 2012, 50 field offices across all 10 regions began a pilot for mobile wage reporting. This initiative allowed certain SSI recipients, representative payees, and deemors to use their smart devices (e.g., smartphone) to report the 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 field offices in March 2013. The expanded phase of the pilot was successful as well, with more than 9,000 wage reports submitted using the mobile 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 a result of feedback received during the pilot.

- Automated Reminder

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

- myWageReport

In September 2017, we released the myWR online application, which allows DI beneficiaries and representative payees to report wages to us and provides a receipt for the report that the reporter can view, print, and save. DI self-reporters and their representative payees can report wages that occurred within a two-year timeframe from the reporting date. In June 2018, we added functionality to myWR that allows SSI and concurrent (SSI and DI) wage reporting. SSI recipients, their representative payees, and deemors have a convenient option to report the preceding month's wages electronically. Wage receipts generated by myWR are stored in the Online Retrieval System, which provides online retrieval of our notices and other documents. In an effort to increase use of the myWR application, we will continue to promote the online service to beneficiaries, representative payees, and advocacy groups.

In FY 2020, we plan to expand on our management information capabilities by gathering more data for accurate and timely insight to measure the efficacy and future business needs of myWR.

We continue to increase the number of successful wage reports received using our automated SSI wage reporting systems. In FY 2019, we processed approximately 308,500 Telephone Wage reports, which is a decrease of 11 percent compared to the number in FY 2018. Additionally, in FY 2019, we processed over 948,000 successful SSI Mobile Wage reports, which is an increase of 10 percent over the number in FY 2018.

Table 2.9 shows our actions to reduce errors related to wages. Payment errors related to wages correspond to the "Inability to Authenticate Eligibility: Inability to Access Data" category in Table 2.

Table 2.9: Wages – Corrective Actions

Description	Target Completion	Status
Provide an additional option for reporting earnings using authority from Section 826 of the <i>Bipartisan Budget Act of 2015</i> .	Completed June 2018	In June 2018, we gave SSI recipients, representative payees, and deemors the option of reporting their wages electronically to encourage timely reporting. Receiving timely wage reports will help reduce wage-related improper payments.
We completed the following enhancements to the myWR online application: Overlapping pay period messaging; wage table sorting; ability to save and print receipts from the Message Center; and implementation of Dynamic Help.	Completed December 2018	We implemented the following features in December 2018: <ul style="list-style-type: none"> <li>• Overlapping pay period messaging: When the user enters two or more paystubs with overlapping pay periods, the user is asked to verify if the paystubs are correct.</li> <li>• Wage table sorting: Sorts paystubs and displays them in chronological order.</li> <li>• Ability to save receipt to the Message Center: Users now have the ability to save, print, or delete receipts in the Message Center.</li> <li>• Dynamic Help: <i>my Social Security</i> account holders who have access to myWR, have the ability to request assistance from a help widget.</li> </ul>
We completed the following enhancements to the myWR online application: Implementation of Social Security number (SSN) to Beneficiary Notice Control (BNC) number conversion for myWR receipts and the paystub confirmation feature.	Completed March 2019	We implemented the following features in March 2019: <ul style="list-style-type: none"> <li>• Displaying a BNC number in place of an SSN on myWR receipts.</li> <li>• Paystub confirmation feature: The user receives an alert message when the frequency of pay and the number of paystubs entered do not match. The alert message asks the user to verify the number of paystubs submitted.</li> </ul>
Implementation of navigation path changes in support of Internet Representative Payee Portal (IRPP).	Completed September 2019	We implemented the following enhancements in September 2019: <ul style="list-style-type: none"> <li>• Enabled myWR to be accessible to users via the new IRPP.</li> <li>• Separated the Self-Reporter and Representative Payee reporting path within <i>my Social Security</i>.</li> <li>• Provided screens with specific language for Representative Payees reporting wages to display in the application's path.</li> </ul>



Description	Target Completion	Status
<p>Section 824 of the <i>Bipartisan Budget Act of 2015</i> authorizes the Commissioner to establish information exchanges with payroll data providers to obtain wage data to administer the DI and SSI programs and to prevent improper payments. DI and SSI applicants and beneficiaries who give us their authorization to obtain wage information through such an exchange will be exempt from certain statutory penalties for any omission or error in the wages provided by the payroll data provider.</p>	<p>TBD</p>	<p>To implement the <i>Bipartisan Budget Act of 2015</i> authority, we obtained executive approval on the business process document and began systems planning and analysis in November 2016. We convened a cross-agency project team to collaborate on implementing Section 824 of the <i>Bipartisan Budget Act of 2015</i> and other wage-related provisions.</p> <p>In September 2017, we implemented the first phase of Section 824 of the <i>Bipartisan Budget Act of 2015</i>, which allows the agency to collect and store authorization from DI and SSI applicants and beneficiaries to obtain their payroll data via the information exchange. Additionally, we made enhancements to the application we use to process wage determinations for DI. The systems enhancements were made originally in support of Section 826 of the <i>Bipartisan Budget Act of 2015</i>. However, we made sure those system releases would also support the <i>Bipartisan Budget Act of 2015</i>, Section 824 business process. For example, we added help pages and created notifications of earnings discrepancies.</p> <p>In September 2018, we implemented additional enhancements, such as creating alerts to notify employees that wage data indicates the need for a review.</p> <p>For the information exchange under Section 824 of the <i>Bipartisan Budget Act of 2015</i>, in FY 2019, we engaged in contract negotiations and awarded a contract to build an information exchange for monthly earnings data from third-party payroll data providers. We will work with systems staff to identify a business process that would enable us to use the monthly earnings obtained from the payroll provider(s) to identify work CDRs.</p> <p>In October 2019, we developed a timeline, and in FY 2020, we will begin planning and integration of the information exchange within our systems.</p>

## IN-KIND SUPPORT AND MAINTENANCE

### Description:

The basis for charging ISM is found in Section 1612(a)(2)(A) of the *Social Security Act*.<sup>5</sup> It requires us to count any ISM received when determining eligibility for SSI and the amount of monthly benefits. ISM can be in the form of food, shelter, or both from family, friends, or other third-party sources. Further, the law requires us to reduce an individual's benefit amount by one-third when he or she is living in another person's household and receiving support and maintenance, which for our purposes is food and shelter.

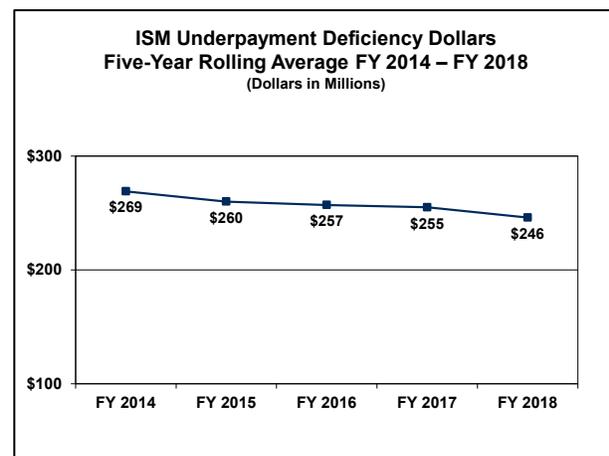
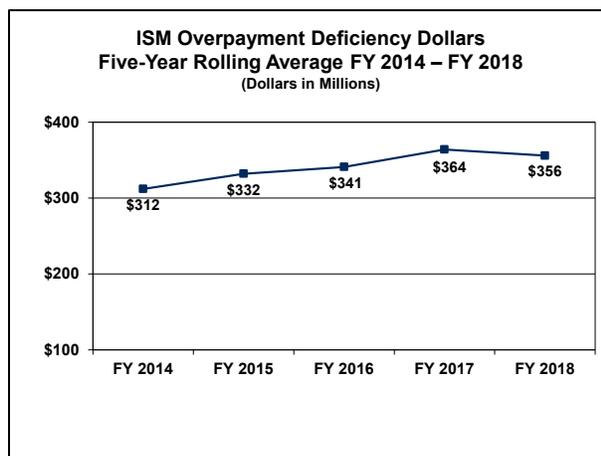
Determining whether an individual receives ISM requires that claimants and recipients report changes in their living arrangements in a timely manner and answer detailed questions about whom they live with, what their household expenses are, how they divide those expenses among household members, and what help they receive from outside of the household.

Every time we process an application for SSI benefits, develop a redetermination of eligibility for SSI benefits, or receive a change of address report, and the recipient alleges a living arrangement change that is not documented in our claims system, we need to develop for and possibly recalculate ISM.

In certain situations, our development may be retroactive up to a period of two years depending on the redetermination review period. We must develop for the possibility of ISM from the first change in living arrangement reported by the recipient to the present living arrangement. In addition, if a recipient reports a change in living arrangement and we discover that a prior living arrangement change was not reported, we must develop and possibly recalculate ISM from the first change in living arrangement reported by the recipient to the present living arrangement. These situations, along with the lack of reports of livings arrangements by claimants and recipients, may create overpayments and underpayments.

We ask questions to help us determine if claimants or recipients are paying their share of the household expenses. If they are not paying their fair share, we generally count the difference between the fair share amount and the actual contribution as income to the claimant in the form of ISM.

### Historical Figures:



<sup>5</sup> Section 1612(a)(2)(A) of the *Social Security Act* is available at: [www.socialsecurity.gov/OP\\_Home/ssact/title16b/1612.htm](http://www.socialsecurity.gov/OP_Home/ssact/title16b/1612.htm).



**Table 2.10: ISM Deficiency Dollars  
FY 2014 – FY 2018  
(Dollars in Millions)**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Overpayments</b>	\$312	\$332	\$341	\$364	\$356
<b>Underpayments</b>	\$269	\$260	\$257	\$255	\$246

**Corrective Actions:**

Table 2.11 shows our actions to reduce errors stemming from ISM. Payment errors stemming from ISM correspond to the “Inability to Authenticate Eligibility: Data Need Does Not Exist,” “Failure to Verify: Other Eligibility Data,” and the “Administrative or Process Error Made By: Federal Agency” categories in Table 2.

**Table 2.11: ISM – Corrective Actions**

Description	Target Completion	Status
<b><u>Statutory, Regulatory, Policy and Procedure Review</u></b>		
We frequently review our ISM-related operating instructions and related statutes and regulations to try to simplify our processes.	Ongoing	Based on 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/policy changes.
<b><u>Legislative Proposal</u></b>		
<p>Currently, SSI recipients can receive lower benefits if they are earning, or otherwise receiving, income. This includes non-cash income, such as assistance by a roommate or family member in paying the recipient's share of the household expenses such as food and shelter. This type of income is called ISM and is difficult to accurately value, because it can fluctuate each month as household expenses and composition and the type of assistance provided may change. The FY 2020 President's Budget includes a proposal that would replace ISM with a flat-rate benefit reduction for adults living with other adults (but will not affect a married couple where both individuals are eligible for SSI).</p> <p>This proposal would make two additional changes to simplify the program and reduce the burden on recipients and representative payees. It would eliminate the holding out policy, which requires our agency to ask invasive questions to determine whether two unrelated adults who live together, and are not married, are holding themselves out to their community as being married. It would also eliminate the dedicated account policy, which requires representative payees to open separate accounts to receive SSI underpayments and limits use of the funds. These requirements confuse representative payees, who are often parents, and restrict their ability to decide which expenditures are in the best interests of their disabled children.</p>	Pending	No congressional action to date.

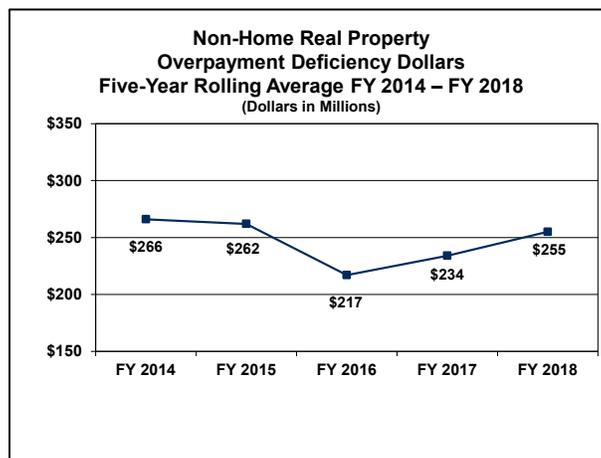


## OTHER REAL PROPERTY

### Description:

SSI ineligibility may result if a recipient owns real property (generally land and the building, such as a house, on the 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 2014–2018, our FY 2018 stewardship review identified non-home real property as the fourth leading cause of SSI overpayments, with average projected improper payments of \$255 million in SSI overpayments. We currently rely on the applicant or recipient to report ownership of non-home real property. Our corrective actions, discussed in this section, require our technicians (when processing SSI claims and high-error redeterminations) to identify undisclosed property owned by the claimant, recipient, or deemor via an electronic process.

### Historical Figures:



**Table 2.12: Non-Home Real Property Overpayment Deficiency Dollars  
FY 2014 – FY 2018  
(Dollars in Millions)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Overpayments</b>	\$266	\$262	\$217	\$234	\$255

### 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 high-error redeterminations. This study indicated that the use of this data could reduce SSI overpayments associated with the ownership of undisclosed property by SSI claimants and recipients. In November 2015, we began pursuing nationwide expansion of non-home real property integration with the SSI Claims System. The process integrates third-party, real property ownership data with the SSI Claims System as a lead for further development. We implemented the process nationwide at the start of FY 2018.

Table 2.13 shows our actions to reduce errors related to non-home real property. Payment errors related to non-home real property correspond to the “Inability to Authenticate Eligibility: Inability to Access Data” and “Failure to Verify: Financial Data” categories in Table 2.

**Table 2.13: Other Real Property – Corrective Actions**

Description	Target Completion	Status
Fully integrate third-party, non-home real property data with the SSI Claims System for mandatory use during initial claims, initial claim appeal reversals, denied claim reopenings, and high-error redetermination interviews and optional use during other open claim events.	Completed FY 2017	In September 2017, we fully implemented the process nationwide for initial claims and high-error redeterminations interviews.
	Completed FY 2018	In August 2018, we fully implemented the process nationwide for initial claim appeal reversals and denied claim reopenings.
Apply an electronic process for receiving real property information and integrate with the SSI Claims System.	Completed FY 2018	We are currently using commercial records on real property ownership to determine if an individual owns non-home real property that may count as an excess resource. Receiving timely real property ownership data will help reduce non-home real property-related overpayments.
	FY 2020	Evaluate outcomes for integrating third-party, non-home real property data with the SSI Claims System. We are assessing the effectiveness of national implementation of the electronic process and will report on the outcomes of the automated process in FY 2020.

## OTHER MAJOR CAUSES AND CORRECTIVE ACTIONS IN THE OASDI AND SSI PROGRAMS

The following key initiatives enhance our program integrity efforts.

### WINDFALL ELIMINATION PROVISION AND GOVERNMENT PENSION OFFSET

#### Description:

WEP and GPO are benefit reductions/offsets that apply to Social Security benefits of those individuals who worked in non-covered employment (i.e., did not pay Social Security taxes on their earnings) and who receive a pension based on those non-covered earnings. The majority of these non-covered workers are in Federal, State, or local government service.

In total, WEP and GPO errors lead to a large dollar value of improper payments, which are mainly due to the lack of:

- Accurate data to administer the WEP and GPO provisions;
- Automation to minimize human error and ensure timely action in response to existing alerts;
- Understanding among agency technicians of how non-covered pensions work (e.g., whether the payments are recurring or issued in a lump sum or whether there may be a cost-of-living adjustment, which is key to correctly administering the WEP and GPO provisions); and
- Understanding among agency technicians of how to compute the WEP and GPO and apply the exceptions to them.



We have a multi-pronged approach to address each of the underlying causes of improper payments:

- Enhance automation;
- Pursue new data;
- Clarify policy instructions; and
- Enhance training specific to the more common WEP and GPO errors.

We formed a cross-agency work group to:

1. Review all Office of the Inspector General (OIG) and internal studies over the past five years to compile a comprehensive list of identified changes in WEP and GPO implementation;
2. Assess the root causes of improper payments based on these changes; and
3. Develop policy, data, systems, or training solutions in line with each of the root causes of improper payments.

**Table 2.14: Windfall Elimination Provision and Government Pension Offset – Corrective Actions**

Description	Target Completion	Status
Enhanced Automation	Completed FY 2018	<p>We pursued a series of systems changes to automate calculations for non-covered pensions. Our goal is to reduce human error, and prompt additional questions of likely non-covered pension recipients to encourage accurate self-reporting. We proposed seven automation enhancements and successfully implemented all enhancements in FY 2017 and FY 2018.</p> <p>We implemented technician alerts during the application process that will notify staff when WEP or GPO may be involved in dual entitlement cases. The alerts will inform technicians if a claimant has non-covered pension information recorded on another benefit record or on another active claim. In FY 2017, we completed a one-time run and released the alerts to our PCs. In FY 2018, we converted the one-time run into a cyclical process. Beginning in FY 2018, we started generating annual alerts to the PCs.</p> <p>We automated the calculation of a lump sum payment into a monthly amount, previously a manual process. We implemented a process to help identify the existence of non-covered earnings to improve pension development. Additionally, to improve collection of pension information for WEP purposes, we added the ability to identify a foreign pension.</p>
Pursuit of New Data	FY 2020	We have been in ongoing discussions with the Internal Revenue Service to obtain non-covered pension information.

## DATA EXCHANGES

We developed a strategic initiative focused on making further use of data exchanges to 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 22 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 approximately \$7.6 billion, with an annual cost of approximately \$345 million yielding a positive benefit-to-cost ratio of 22 to 1.

Table 2.15 shows our efforts to pursue additional data exchanges to improve our OASDI and SSI improper payment identification and prevention efforts.



## PRISONER INFORMATION

We completed two of our three initiatives to diminish improper payments in the prisoner suspension area. First, because of our efforts in FY 2018 to reemphasize the prisoner program suspension and reinstatement requirements to our technicians, we suspended monthly benefits to over 32,300 OASDI beneficiaries and more than 79,500 SSI recipients. Second, our monitoring process tracks and controls the return of incorrectly paid incentive payments from overpaid correctional institutions. When we identify incorrectly paid incentive payments, we recoup the payment and return it to our combined OASDI Trust Funds and General Fund of the Treasury. We are beginning to implement our third initiative to capture inmate population files from the largest State correctional institutions. We have also revised our prisoner reporting agreements. Our regional offices are now negotiating State reporting agreements with our State correctional institutions. Our new reporting agreements request State correctional institutions provide census files to capture State correctional inmate population reports. After we obtain State correctional inmate reporting agreements, we will negotiate and sign local correctional institution agreements. Obtaining this inmate data will help us determine if we are receiving complete prisoner information from our participating State and local correctional reporters.

## MAJOR CAUSES AND CORRECTIVE ACTIONS FOR IMPROPER ADMINISTRATIVE PAYMENTS

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

- Incorrect amounts paid (including duplicate payments) for vendor payments and employee reimbursements;
- Health benefit debts due to insufficient employee pay (e.g., in a non-pay status); and
- Employee salary overpayment due to processing retroactive timesheet corrections and personnel actions.

Corrective actions include:

- The majority of the incorrect amounts paid in FY 2018 (for vendor and travel payments) were due to two errors. The first error occurred during the processing of two payments where the past due billing was paid in addition to the current billing. The second error occurred during the certification of a payment where the Contracting Officer's Representative approved an invoice in full prior to the receipt of the goods. A modification was made later to the order, which removed the non-received goods. We recovered both overpayments within two months of the incorrect payments. To prevent similar occurrences, we reviewed our internal procedures, notified the appropriate personnel involved in the improper payments, and determined that existing internal controls are adequate.
- Health benefit debts are a major cause of payroll and benefits improper payments. These debts automatically occur when an employee, who has health benefits coverage, is in a non-pay status for the entire pay period or if there are insufficient funds to make the current pay period deduction. The employee now becomes indebted to the agency because we paid both the employee and agency's share.
- Retroactive timesheet corrections and personnel actions are another major cause of payroll and benefits improper payments. Timesheets sometimes need to be adjusted retroactively due to normal business processes, such as early closeouts (e.g., an employee is paid based on estimated hours of work, but the employee then requests to change leave without pay to paid leave or advanced leave to leave without pay), late approval of overtime or compensatory time requests, and other appropriate reasons for retroactive changes.
- Personnel actions are sometimes delayed and actions must be backdated to the appropriate point in time. Retroactive timesheet corrections and personnel actions also sometimes occur due to coding errors. In those cases, we provide additional training for appropriate personnel, and review internal controls are reviewed to ensure they are adequate.

For timesheet and personnel action corrections, we recalculate the employee's record for the earliest pay period affected for actions that occurred within the last 52 pay periods. A negative result indicates that the



employee was overpaid, and the system automatically creates a debt. An action that exceeds 52 pay periods cannot be processed through the electronic system; therefore, we must enter the debt manually.

To comply with OMB Circular No. A-123, Appendix C, recognizing the major causes of payroll and benefits improper payments, we continue to:

- Train staff on time and attendance policy and procedures;
- Audit systems access and remove any users who no longer need access;
- Use data querying tools;
- Review systems to identify possible causes of improper payments; and
- Determine the overall susceptibility of the payroll process to producing improper payments.

We perform administrative fraud risk assessments to actively measure the effectiveness of the internal controls over the processing of payroll. Historically, these assessments found that our payroll management-related risks fall well below the OMB threshold.

Please note that for government-wide reporting purposes, we treat our FY 2018 findings as FY 2019 data. We will not have FY 2019 data until January 2020. We will report our findings from the FY 2019 reviews in next year's *Payment Integrity* report.

## REDUCTION TARGETS

Table 3 below presents our accuracy targets for FYs 2019 and 2020 for the OASDI program. In the OASDI program, our goal is to maintain a 99.8 percent payment accuracy rate.

**Table 3: OASDI Improper Payments Reduction Outlook  
FY 2019 – FY 2020  
(Dollars in Millions)**

OASDI	FY 2019 Target		FY 2020 Target	
	Dollars	Rate	Dollars	Rate
<b>Total Benefit Payments</b>	\$1,032,668.58		\$1,087,797.67	
<b>Underpayments</b>	\$2,065.34	≤0.20%	\$2,175.60	≤0.20%
<b>Overpayments</b>	\$2,065.34	≤0.20%	\$2,175.60	≤0.20%

Notes:

1. Total OASDI benefit payments for FYs 2019–2020 are estimates consistent with projections for the Mid-Session Review of the FY 2020 President's Budget.
2. FY 2019 data will not be available until summer 2020; therefore, the rates shown for FY 2019 are targets.
3. We do not have separate OASI and DI targets; therefore, we present a combined OASI and DI target.

Table 3.1 presents our target accuracy goals for FYs 2019 and 2020 for the SSI program.

**Table 3.1: SSI Improper Payments Reduction Outlook  
FY 2019 – FY 2020  
(Dollars in Millions)**

SSI	FY 2019 Target		FY 2020 Target	
	Dollars	Rate	Dollars	Rate
<b>Total Federally Administered Payments</b>	\$58,283.82		\$59,268.39	
<b>Underpayments</b>	\$699.41	≤1.20%	\$711.22	≤1.20%
<b>Overpayments</b>	\$3,497.03	≤6.00%	\$3,556.10	≤6.00%

Notes:

1. Total federally administered SSI payments for FYs 2019–2020 are estimates consistent with projections for the Mid-Session Review of the FY 2020 President’s Budget, adjusted to be presented on a constant 12-month per year payment basis.
2. FY 2019 data will not be available until summer 2020; therefore, the rates shown for FY 2019 are targets.

---

## 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 administrative payments.

#### PAYMENT RECAPTURE AUDIT REPORTING

OMB Circular No. A-136 requires agencies that have programs or activities that are susceptible to significant improper payments to report about their payment recapture audit activities. However, we are unable to segregate our improper payments from our total overpayment aggregate for our OASDI and SSI benefit payments since some overpayments are not improper according to the definition of improper payments in IPIA. Certain overpayments are unavoidable and not improper if statute, regulation, or court order requires these payments (such as continued payments required by due process procedures). Table 4 shows our OASDI and SSI overpayment experience, inclusive of improper payments.

In addition, some overpayments are uncollectable. 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;
- 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). As shown in Table 4, we determine our payment recapture recovery targets for benefit payments for FY 2020 and FY 2021 based on our FY 2019 experience. Certain uncontrollable factors affect our payment recapture recovery targets. For example, the state of the economy affects the availability of employment. We generally experience greater collections from our external debt collection tools when employment is abundant and former OASDI beneficiaries and SSI recipients are working.

Table 4 shows our results from our payment accuracy reviews for our OASDI and SSI programs and administrative payments.

**Table 4: Overpayment Payment Recaptures with and without  
Recapture Audit Programs  
(Dollars in Millions)**

Overpayments Recaptured through Payment Recapture Audits					
Program or Activity	Benefits		Other		Total
	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
<b>Amount Identified (FY 2019)</b>	\$11,105.01	\$13,776.59	\$4.40	\$0.68	\$24,886.67
<b>Amount Recaptured (FY 2019)</b>	\$2,627.27	\$1,448.86	\$2.33	\$0.57	\$4,079.04
<b>FY 2019 Recapture Rate</b>	23.7%	10.5%	53.1%	83.4%	16.4%
<b>FY 2020 Recapture Rate Target</b>	20.5%	19.3%	100%	100%	19.9%
<b>FY 2021 Recapture Rate Target</b>	10.1%	9.4%	100%	100%	9.7%

Overpayments Recaptured outside of Payment Recapture Audits					
Program or Activity	Benefits		Other		Total
	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
<b>Amounts Identified (FY 2019)</b>	\$0.00	\$0.00	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	\$1.82
<b>Amounts Recaptured (FY 2019)</b>	\$0.00	\$0.00	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	\$2.22

## 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 2019. 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 2019 recoveries from debt we had available for recovery in FY 2019, which include debts identified in prior years.
4. We do not consider every overpayment improper according to the definition contained in IPIA.
5. We based the recapture rate target for benefit payments on FY 2019 and prior years' experience and the anticipated growth of our benefit payments in FY 2020 and FY 2021.
6. This table comprises all identified and recovered administrative overpayments from our internal payment recapture audit program for administrative payments. We include these administrative payments under the table heading titled, "Other."
7. Totals for Amount Identified (FY 2019) and Amount Recaptured (FY 2019) for administrative payments are from our internal payment recapture audit in FY 2018. Overpayments identified or recaptured in FY 2018 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 payment accuracy reviews for payroll and benefits payments, which we discuss in the Recapture of Improper Payments Reporting section of this *Payment Integrity* 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 2018 but could have occurred in a prior year.
10. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. We derive dollar amounts and percentages from unrounded source data.
11. We return all amounts recaptured to the original appropriation from which the payment originated.

## 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 benefit programs and business processes 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, contact third parties 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 field offices, PCs, and State DDSs, employees conduct reviews for ongoing eligibility. Medical CDRs are periodic reevaluations to determine if beneficiaries still meet our definition of disability. In August 2018, we reached a milestone by becoming current with our medical CDRs with the release of all available medical CDRs for FY 2018. 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 complete those CDRs and redeterminations that will likely result in a termination of benefits or the recovered amount of an overpayment, respectively. Please see the section of this *Payment Integrity* report titled, Agency Information Systems and Other Infrastructure, Human Capital, for information on savings.

CDRs and SSI redeterminations are our most effective payment recapture program integrity activities because they both identify cases where we should discontinue benefit payments. We receive dedicated funding to support CDRs and redeterminations.

## ADMINISTRATIVE PAYMENTS

### INTERNAL PAYMENT RECAPTURE AUDIT PROGRAM

As shown in Table 4.1, we segment administrative payments into several categories to analyze and determine the vulnerability of these outlays to improper payments.

**Table 4.1: FY 2018 Administrative Expenses<sup>3</sup>**  
(Dollars in Millions)

<b>Payroll and Benefits</b>	\$7,009
<b>State DDS</b>	\$1,869
<b>American Recovery and Reinvestment Act (ARRA)<sup>1</sup></b>	\$12
<b>Other Administrative Expenses<sup>2</sup></b>	\$3,755
<b>Total Administrative Expenses</b>	\$12,644

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.
3. Total may not necessarily equal the sum of rounded components. We derive dollar amounts from unrounded source data.

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 the categories from Table 4.1 or payment types within a category that 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 are excluded from our payment recapture audit program.

For FY 2018, the internal recovery audit program included a review of the following payment categories from Table 4.1: Payroll and Benefits and Other Administrative Expenses.

Payroll and benefits account for a majority of our total administrative expenses. For FY 2018, we found approximately \$4.40 million in improper payroll overpayments out of \$7,009 million payroll payments, which yielded a 0.06 percent improper overpayment rate. We return all amounts recovered to the original appropriation from which the overpayment originated.

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;
- An annual payment accuracy review examining select criteria on a random sample of payments to identify improper payments or a weakness in the internal payment recapture audit program; and
- A risk assessment of administrative payment systems and recovery of any overpayments identified in this process.

In FY 2018, we reviewed \$1.62 billion in vendor and travel payments out of \$1.65 billion subject to review.

We identified total vendor and travel improper overpayments of \$0.682 million, approximately 0.04 percent of total payments subject to review. As of the end of FY 2018, slightly over \$141,000 remained uncollected, which included amounts identified for recovery in prior years. The remaining receivables 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 originated.

For State DDS payments, our 10 regional offices review amounts drawn against pre-approved DDS spending plans. For payment accuracy, our 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 0.09 percent of our total administrative expenses in FY 2018.

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 the 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 incorrect or duplicate payments to vendors or employees. 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 Audit Programs**  
(Dollars in Millions)

Amount Recaptured		Disposition of Recaptured Funds						
Program or Activity	Amount Recaptured	Agency Expenses to Administer the Program	Payment Recapture Auditor Fees	Financial Management Improvement Activities	Original Purpose	Office of the Inspector General	Returned to Treasury	Other <sup>1</sup>
<b>Benefit</b>	\$4,076.13	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	\$4,076.13
<b>Administrative</b>	\$2.90	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	\$2.90

Note:

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

## AGING OF OUTSTANDING OVERPAYMENTS

OMB Circular No. A-136 requires agencies to develop an aging schedule of the amount of outstanding overpayments identified through their payment recapture audit program (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		FY 2019 Amount Outstanding (0 to 6 Months)	FY 2019 Amount Outstanding (6 Months to 1 Year)	FY 2019 Amount Outstanding (Over 1 Year)	FY 2019 Amount Determined to not be Collectable
OASDI	Overpayment Dollars	\$1,234.65	\$590.65	\$2,548.34	\$587.05
	Percent of Total Outstanding	28.2%	13.5%	58.3%	13.4%
SSI	Overpayment Dollars	\$1,017.55	\$672.84	\$5,322.65	\$309.37
	Percent of Total Outstanding	14.5%	9.6%	75.9%	4.4%
Payroll and Benefits	Overpayment Dollars	\$1.84	\$1.46	\$3.13	\$0.70
	Percent of Total Outstanding	28.7%	22.7%	48.6%	10.9%
Vendor and Travel	Overpayment Dollars	\$0.09	\$0.02	\$0.03	\$0.00
	Percent of Total Outstanding	65.4%	14.4%	20.2%	0.3%
Total	Overpayment Dollars	\$2,254.14	\$1,264.96	\$7,874.15	\$897.13
	Percent of Total Outstanding	19.8%	11.1%	69.1%	7.9%

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 payroll and benefits payments and vendor and travel payments are from our internal payment recapture audit in FY 2018.
3. Total Outstanding are overpayments that have not been recaptured, waived, or written-off through the end of FY 2019 for OASDI overpayments and SSI overpayments. For payroll and benefits overpayments and vendor and travel overpayments, Total Outstanding are overpayments that have not been recaptured, waived, or written-off through the end of FY 2018.
4. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. We derive dollar amounts and percentages from unrounded source data.
5. FY 2019 Amount Determined to not be Collectable is not included in the amount outstanding or total outstanding.

## ADDITIONAL COMMENTS

### 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 \$4.076 billion in OASDI and SSI benefit overpayments in FY 2019 at an administrative cost of \$0.06 on average per dollar collected. We collected \$18.5 billion over a 5-year period (FYs 2015–2019). To recover overpayments, we use internal debt collection techniques (i.e., payment withholding, billing, and follow-up), as well as some 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 1992–2019, our external collection techniques have yielded \$3.2 billion in benefit overpayment recovery. For additional information about our external collection techniques, please refer to the Debt Collection and Management section of this FY 2019 *Agency Financial Report*.

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 and does not discharge the debt. 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 use TOP, credit bureau reporting, and AWG collection mechanisms. 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.

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 debts owed to States by offset of Federal non-tax payments. In return, the agreements allow the Federal Government to collect delinquent, non-tax debts owed to the Federal Government by offset of State payments.

Continued improvement in other aspects of our debt collection program is underway. In FY 2018, we began modernization efforts to build a new Debt Management System, which, among many features, will also allow for electronic remittances for overpayments. The new information technology (IT) investment, the DMP, is a multi-year effort that will build a new comprehensive overpayment system enabling us to record, track, collect, and report our overpayments more efficiently.

The DMP will also expand the Non-Entitled Debtors (NED) program to collect debts from debtors who have never been entitled to OASDI benefits or SSI payments. Currently, NED captures payments made to representative payees after the death of an OASDI beneficiary and overpayments to representative payees prior to the death of the OASDI beneficiary for which the payee is responsible. In addition, we will further implement Section 104 of the *Strengthening Protections for Social Security Beneficiaries Act of 2018* to establish State responsibility for overpayments that occurred for OASDI childhood beneficiaries and SSI child recipients while in State-administered foster care.

During the development of the new DMP, we will accommodate 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 for debt collection. Prior to implementing these additional debt recovery tools, we will need to address many factors, such as:

- Impact on our current collection policies and procedures;
- Post-entitlement notices, as well as the need for new notices; and

- Feasibility of resources to address implementation and oversight from an IT and operations impact perspective.

## COLLECTING DEBT

Our improper payments strategy includes focusing on enhancements to improve our OASDI and SSI debt recovery efforts. These changes also support debt management compliance and performance as required by OMB. Please see the list below:

- Debt Management Product
  - Currently, multiple systems exist that record, track, notify, and manage our OASDI and SSI overpayments. Through modernization, we will create a single debt management universal view for our technicians to process overpayment transactions more effectively and efficiently. We will also automate overpayment waiver determinations, where appropriate, to enhance controls surrounding waiver determinations.
  - We will pursue using automation and online services for collecting OASDI and SSI overpayment remittances. In December 2017, we completed our initial initiative via the Social Security Electronic Remittance System to process remittances received in our field offices for program debt.
- Treasury Report on Receivables enhancements for OASDI and SSI
  - We implemented systems enhancements to meet the reporting requirements of the *Digital Accountability and Transparency Act of 2014*.
  - We continued to analyze data to ensure we are accurately reporting our receivables.
  - Implementation of the new DMP will address our reporting limitations such as the number of OASDI debts that the system bundles and counts as a single debt when an individual has multiple debts.
- Policy Update
  - We implemented a systems change to align with our policy on delinquent installment agreements in early FY 2019. This change enables delinquent debts we refer to TOP to remain in referred status until the individual repays the debt in full, requests a waiver, dies, or resumes receiving monthly benefits.

## 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 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 a recovery of funds if we did not initiate the reclamation timely.

We have procedures for recovering both OASDI and SSI improper payments caused by overpayments due to death where we paid the beneficiary by paper check. Below are examples of actions we take for OASDI beneficiaries and SSI recipients:

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

- Withholding any underpaid benefits due to the deceased beneficiary;
- Withholding any lump-sum death payment payable to individuals on the same earnings record;
- Proposing adjustment against any person 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.

We have several initiatives we use to track and resolve discrepancies related to death, including:

- The Numident Death Match – This match identifies discrepancies between the Numident, which is our master file of assigned SSNs, 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 Information Processing System (DIPS) – DIPS is an agency-wide, web-based system used to add, change, or remove death information on the Numident for deceased individuals. DIPS replaced the Death Alert Control and Update System and the Customer Information Control System.
- The Electronic Death Registration (EDR) process – This State-sponsored initiative automates the paperbound death registration process and allows States to verify the name and SSN of a deceased person against our Numident before registering the death. This process results in the electronic transmission to us of more accurate and timely death information, allowing us to stop benefits for the deceased beneficiary. The EDR process supports the agency’s Strategic Goal, “Ensure Stewardship.” This includes minimizing improper payments by identifying and preventing erroneous payments after death, and reducing erroneous death terminations. States can incur significant costs when transitioning to EDR. However, we continue to work diligently with the four remaining States and one additional jurisdiction.
- Through our IT Modernization efforts from FY 2018 to date, we furthered efforts to improve the accuracy and consistency of death information by adding over 10 million deaths to the Death Master File. These records, for non-beneficiaries, benefit external users of our data in preventing improper payments.
- In FY 2020, we are planning the following enhancements:
  - Continuing efforts to improve the accuracy and consistency of death information by posting historical State death data to the Death Master File;
  - Streamlining the posting of death information to facilitate more timely termination of benefits; and
  - Enhancing our matching criteria to help prevent erroneous death postings.

---

## BARRIERS

---

Our processes and policies and our statutory and regulatory 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 simplify our statutory and regulatory requirements. The FY 2020 President’s Budget includes several legislative proposals that can help simplify our programs and better identify, prevent, and recover improper payments. We discuss some of these proposals in the following paragraphs. More information on our legislative proposals is located in our [FY 2020 Budget Overview \(www.socialsecurity.gov/budget/\)](https://www.socialsecurity.gov/budget/).

## **OFFSET UNEMPLOYMENT INSURANCE-DISABILITY INSURANCE OVERLAPPING PAYMENTS**

Under current law, concurrent receipt of DI benefits and Unemployment Insurance (UI) is allowable. This situation means that beneficiaries can receive the full disabled worker benefit, while also receiving UI, both of which are intended as income replacement. The Budget proposes to offset DI benefits to account for concurrent receipt of UI. This offset would eliminate duplicative benefits by ensuring, in effect, that the benefit the individual receives would not exceed the higher of the UI or DI benefits.

## **AUTHORIZE SSA TO USE ALL COLLECTION TOOLS TO RECOVER FUNDS IN CERTAIN SCENARIOS**

Current law provides us only limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment. Such incorrect payments include when someone improperly cashes a beneficiary's check or improperly removes benefit funds from a joint account after a beneficiary's death. Because these incorrect payments are not considered overpayments, our recovery options are limited. Additionally, this proposal would provide us the authority to recover court-ordered judgments payable to the Commissioner. These proposed changes would expand our authority to recover funds and end disparate treatment of similar types of improper payments, using all overpayment collection tools, such as credit bureau reporting and AWG.

## **INCREASE THE OVERPAYMENT COLLECTION THRESHOLD FOR OASDI**

This proposal would change the minimum monthly withholding amount for recovery of Title II benefit overpayments for the first time since we established the current minimum of \$10 in 1960. By changing this amount from \$10 to 10 percent of the monthly benefit payable, we would recover overpayments more quickly and better fulfill stewardship obligations to the combined OASDI Trust Funds. The SSI program already uses a 10 percent recovery policy. If the beneficiary cannot afford to have that amount withheld because he or she cannot meet ordinary and necessary living expenses, the beneficiary may request partial withholding. To determine a proper partial withholding amount, we negotiate (as well as re-negotiate at the overpaid beneficiary's request) a partial withholding rate.

## **IMPROVE SSI YOUTH TRANSITION TO WORK**

The SSI transition-age (ages 14 to 25) youth population, despite their disabilities, should have equal opportunities as they become adults to work and achieve self-sufficiency. Unfortunately, a majority of each new generation of SSI youth move directly onto the adult SSI program at age 18 and those who do not remain on SSI (approximately 40 percent) have lives marked by low labor force participation in adulthood and persistent poverty. In particular, the Budget proposes three areas of reform to improve the life outcomes and connect SSI youth to work.

First, the Budget better identifies medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development. The Budget proposes to: (a) authorize us to conduct medical redeterminations at ages 6 and 12 using the initial disability evaluation standard; and (b) increase the frequency and effectiveness of CDRs by expanding the CDR diary system for all disability beneficiaries from three to four categories, allowing us to conduct CDRs more frequently for those medical impairments that are expected or likely to improve.

Second, the Budget improves SSI youth work incentives by eliminating administrative barriers and increasing the value of work by proposing to disregard all earned income and eliminate income reporting requirements through age 20, provide a higher disregard of earnings with a gradual phase-down for SSI recipients and ineligible children between ages 21 and 25, and eliminate school enrollment reporting requirements.

Finally, the Budget improves access to vocational rehabilitation services for SSI transition-age youth, as well as the entire DI and SSI population, by allowing us to make referrals to these services.

## SIMPLIFY ADMINISTRATION OF THE SSI PROGRAM

Currently, SSI recipients can receive lower benefits if they are earning, or otherwise receiving, income. Income includes non-cash income, such as assistance by a roommate or family member in paying the recipient's share of the household expenses, such as food and shelter. This type of income is called ISM and is difficult to accurately value because it can fluctuate each month as household expenses and composition and the type of assistance provided may change. This proposal would replace ISM with a flat-rate benefit reduction for adults living with other adults.

This proposal would make two additional changes to simplify the program and reduce the burden on beneficiaries and representative payees. This proposal would eliminate the holding out policy, which requires us to ask invasive questions to determine whether two unrelated adults, who live together and are not married, are holding themselves out to their community as being married. This proposal would also eliminate the dedicated account policy, which requires representative payees to open separate accounts in order to receive SSI underpayments and limits how funds in the accounts can be used. These requirements confuse representative payees, who are often parents, and restrict their ability to decide which expenditures are in the best interests of their disabled children.

---

## ACCOUNTABILITY

---

Effective FY 2012, as required by IPERA, we hold 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.

---

## AGENCY INFORMATION SYSTEMS AND OTHER INFRASTRUCTURE

---

### INTERNAL CONTROLS

We have a strong internal control environment that has always included controls over our benefit payment and debt management processes. As a result, we directly leverage 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 the *Federal Managers' Financial Integrity Act* (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 resolve the issues.

We established the Improper Payments Oversight Board (IPOB), consisting of senior executive membership, 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; and

- 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, Controls, and Legal Compliance* section of this FY 2019 *Agency Financial Report*.

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 our Commissioner's annual assurance statement to the President and Congress that discusses 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 Commissioner's annual assurance statement, additional information of our review program, and the results of the financial statement audit, in the *Systems, Controls, and Legal Compliance* section of this FY 2019 *Agency Financial Report*. For additional information on the financial statement audit, please see the *Report of Independent Certified Public Accountants* section of this FY 2019 *Agency Financial Report*.

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

## HUMAN CAPITAL

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.

Our stewardship responsibility includes conducting non-medical SSI redeterminations and full medical CDRs. These reviews save significant program dollars by avoiding improper payments. In FY 2018 and FY 2019, we received the fully authorized cap adjustments for dedicated program integrity activities; as a result, we have been able to remain current with the full medical CDR workloads that we process. In FY 2018, we completed approximately 896,500 full medical CDRs and approximately 2.91 million SSI redeterminations. In addition, we completed approximately 314,400 work CDRs in FY 2018. In FY 2019, we completed approximately 713,000 full medical CDRs and approximately 2.67 million SSI redeterminations. In addition, we completed approximately 310,700 work CDRs in FY 2019.

In August 2018, we reached a milestone by becoming current with the volume of full medical CDRs with the release of all available full medical CDRs for FY 2018. The FY 2020 President's Budget will continue to remain current with program integrity workloads, helping to 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 2015 and earlier establish that we achieve significant program savings with this workload. Additionally, in the FY 2020 Budget we estimate that that CDRs conducted in 2020 will yield a return on investment of about \$8 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. The Budget proposes \$1,582 million for SSA, including the FY 2020 cap adjustment amount of \$1,309 million for dedicated program integrity. The *Bipartisan Budget Act of 2015* authorized a net increase in new cap adjustment levels through 2021.

## INFORMATION SYSTEMS

Our staff rely on our IT infrastructure to serve the public and safeguard our programs. However, our infrastructure needs have evolved as the demands for our data and programs have increased. We developed our systems over 30 years ago, and the infrastructure and application code has lagged behind as newer technologies advanced what is possible with the use of modern tools and emerging IT capabilities such as artificial intelligence. Our IT

infrastructure has grown increasingly complex, inefficient to meet customer demands, and costlier to maintain and secure as changes were applied on top of prior changes.

We initiated our *IT Modernization Plan* in FY 2018 to improve our service to the public. We will advance our IT infrastructure with 21st century technology and implement the technical flexibility necessary to adapt to future demands. To achieve our modernization goals, we will invest \$691 million over 5 years, including the \$325 million that the Congress provided in dedicated IT modernization funding in FYs 2018 and 2019. We must devote resources to upgrading our infrastructure while simultaneously maintaining our current IT services to ensure that our customers experience uninterrupted service. The President's Budget continues to fund our *IT Modernization Plan*, which allows us to make technical infrastructure changes, communications capabilities to support beneficiaries and recipients, and service improvements.

For example, we will replace outdated claims intake “green screens” with modern software and begin to replace 24 million lines of COBOL that support our claims process with modern code. Over the next several years, the Consolidated Claims Experience will replace our multiple benefit claims taking systems. This new system will provide our employees a holistic view of customer data in a graphical user interface, eliminating “green screen” queries and consolidating all customer information in one place. We will also improve the disability claims adjudication process by developing decision support tools that use artificial intelligence on electronic medical and vocational records.

In FY 2019, we continued modernizing our database infrastructure and support capabilities; improve access to master file data to allow the eventual retirement of legacy software; consolidate and eliminate duplicate data; and expand our enterprise data warehouse. In FY 2020, we will continue to modernize our claims taking process, improve the quality of the data we use to make decisions on eligibility and payment, and improve our communication with beneficiaries and recipients. We will further consolidate data in areas that deliver measurable business value while improving data integrity and access, and continue to improve database support by using modern relational database formats and techniques. We will also continue to deploy the Customer Communications Management application capability to collect and react to customer communications preference for receiving information from the agency and to receive agency correspondence via traditional mail or online. These efforts will help us benefit from IT advancements in the coming years.

## OTHER INFRASTRUCTURE

The agency continues to emphasize the importance of information security through continual operational refinement and the maturation of security components that exceed the standards set forth by government regulations.

In FY 2019, we implemented new capabilities for identifying and mitigating vulnerabilities within our IT assets. We enhanced our identity management platform, further automated our response to security events, and improved data at rest encryption to protect further our information assets. We deployed IT infrastructure, developed network models needed to enhance our network access controls, and strengthened our strategy to limit the impact of potential cyber-attacks. We implemented new email and network safeguards to detect and prevent malware from entering our network. Additionally, we developed and implemented our plan to address key cybersecurity skill and knowledge gaps identified under the *Federal Cybersecurity Workforce Assessment Act*.

In FY 2020, we will strengthen our efforts to attract, develop, and retain our cybersecurity workforce to continue to address cyber threats. We will continue to improve our cybersecurity infrastructure and our ability to detect and eliminate vulnerabilities by using automated workflows. We will automate our detection and response processes to provide seamless integration from the identification of threats through the mitigation of vulnerabilities, as well as implement additional protections designed to limit the impact of potential cyber-attacks (whether they stem from external or internal threats). We will invest in and improve upon our existing identity management capabilities to enhance and automate access control provisioning and privileged account management.

In FY 2021, we will continue to align our agency cybersecurity priorities with agency strategic objectives and the National Institute of Standards and Technology Cybersecurity Framework (CSF). Continued alignment with the

CSF will infuse practices from Federal initiatives including the President's Cybersecurity National Action Plan, DHS's High Value Asset program, and DHS's Continuous Diagnostics and Mitigation program. We will continue to streamline and modernize the existing Comprehensive Integrity Review Program business process. The revised process will use innovative technologies such as big data and predictive analytic tools to identify, detect, and stop potentially fraudulent programmatic transactions before they occur.

---

## SAMPLING AND ESTIMATION

---

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 2018. For government-wide reporting purposes, we treat our FY 2018 findings as FY 2019 data. We will not have FY 2019 data until summer 2020. We will report our findings from the FY 2019 stewardship reviews in next year's *Payment Integrity* report.

When we compute accuracy rates for monthly payments, we use case error dollars. Case error dollars refer 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 paid. 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.

---

## RISK ASSESSMENT

---

### 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 1.1 for details of our OASI and DI improper payments, and Table 1.2 for details of our SSI improper payments in the Payment Reporting section of this *Payment Integrity* report.

OMB's IPERA guidance requires us to evaluate all 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. As such, OMB guidance requires that we conduct a risk assessment at least once every three years. Below we provide additional information on the risk assessment of our administrative payments.

## 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 cost-effective means for evaluating payment accuracy and identifying major causes of improper payments in our benefit programs.

## 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 weakness 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 evaluated our FY 2018 administrative expenses and determined they were not susceptible to significant improper payments as defined by IPIA. 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 an independent accounting firm's FY 2017 residual risk assessment in support of our FMFIA Internal Control Program. This assessment found that our administrative expenses, accounts payables, human resources, and payroll management-related residual risks are low overall.



This page was intentionally left blank.