PAYMENT INTEGRITY

BACKGROUND

Program integrity workloads are critical to ensuring efficient programs and accurate payments in our Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), and Supplemental Security Income (SSI) programs. 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.ssa.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 means the beneficiary's medical condition has improved and the beneficiary no longer meets our definition of disability. Therefore, we consider the benefits he or she received before improvement to be proper.

On March 2, 2020, the President signed into law S. 375, the *Payment Integrity Information Act of 2019* (PIIA). This law changed government-wide improper payment reporting requirements by repealing and replacing the *Improper Payments Information Act of 2002* (IPIA), the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), and the *Fraud Reduction and Data Analytics Act of 2015*. Under the new law, government-wide improper payment reporting requirements include those carried forward unchanged from the previous law (including some that stem from Office of Management and Budget (OMB) guidance), modified previous-law requirements, and new requirements. PIIA requires the Director of OMB to publish guidance to executive agencies within one year after the date of enactment. OMB has directed agencies to follow OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement* until implementation guidance is published.

In accordance with OMB guidelines, 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.

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 FY 2017, the annual threshold was $750 million. OASDI and SSI meet OMB's definition of high-priority programs. More information about the improper payments in our high-priority programs for FY 2020 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 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 "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.ssa.gov/improperpayments).

PAYMENT REPORTING

IMPROPER PAYMENTS STRATEGY

In FY 2020, we collaborated with Federal partners, stakeholders, and beneficiaries to work toward our agency Strategic Goal to "Ensure Stewardship," through focused efforts on our Strategic Objective, "Improve Program Integrity."

We identified the following strategies to accomplish this Strategic Objective:

- 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 continued aligning our enterprise investments with our improper payments prevention strategies and developed protocols to scrutinize key workloads to understand better the underlying root causes of error. 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 2021.

We identified the following initiatives to help achieve this Strategic Objective:

- Promote timely wage reporting; and
- Modernize our Debt Management System (DMS).

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 our progress on 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 DMS.

In addition, "Improving the integrity of the SSI program by focusing our efforts on reducing overpayments" is an Agency Priority Goal for FYs 2020–2021. We provide more information about our performance measures in our *Annual Performance Plan for FY 2021, Revised Performance Plan for FY 2020, and Annual Performance Report for FY 2019* (www.ssa.gov/agency/performance).

Experience in the OASI, DI, 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, and SSI programs for FY 2019. We also show the combined improper payment rate for the OASI and DI programs (i.e., OASDI). 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 2017, 2018, and 2019. Please see Table 1.2 for more details about our improper payment rates for the SSI program for FYs 2017, 2018, and 2019.

Table 1: Improper Payments Experience
FY 2019
(Dollars in Millions)

	OASI	DI	OASDI	SSI	Total
FY 2019 Outlays	$875,884.09	$132,881.66	$1,008,765.76	$56,544.83	$1,065,310.59
FY 2019 Proper Payment $	$873,554.61	$132,631.21	$1,006,185.82	$51,225.08	$1,057,410.90
FY 2019 Proper Payment %	99.73%	99.81%	99.74%	90.59%	99.26%
FY 2019 Improper Payment $	$2,329.49	$250.45	$2,579.94	$5,319.75	$7,899.69
FY 2019 Monetary Loss $	$1,842.92	$203.10	$2,046.02	$4,595.43	$6,641.45
FY 2019 Non-Monetary Loss $	$486.57	$47.35	$533.92	$724.32	$1,258.24
FY 2019 Unknown $	$0	$0	$0	$0	$0
FY 2019 Improper Payment %	0.27%	0.19%	0.26%	9.41%	0.74%
FY 2019 Monetary Loss %	0.21%	0.15%	0.20%	8.13%	0.62%
FY 2019 Non-Monetary Loss %	0.06%	0.04%	0.05%	1.28%	0.12%
FY 2019 Unknown %	0%	0%	0%	0%	0%
FY 2019 Overpayment $	$1,842.92	$203.10	$2,046.02	$4,595.43	$6,641.45
FY 2019 Overpayment %	0.21%	0.15%	0.20%	8.13%	0.62%
FY 2019 Underpayment $	$486.57	$47.35	$533.92	$724.32	$1,258.24
FY 2019 Underpayment %	0.06%	0.04%	0.05%	1.28%	0.12%

Notes:

1. Total OASDI and SSI outlays for FY 2019 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 2015–2019), based on our stewardship reviews, we estimate that we paid approximately $3.9 trillion to OASI beneficiaries. Of that total, we estimate $7.6 billion were overpayments, representing approximately 0.19 percent of outlays. We estimate that underpayments during this same period were $1.7 billion, the equivalent of approximately 0.04 percent of outlays.

In the DI program, we estimate that we paid $683.3 billion to DI beneficiaries over the last 5 years (FYs 2015–2019). Of that total, we estimate $7.5 billion were overpayments, representing approximately 1.10 percent of outlays. We estimate underpayments during this same period totaled $0.8 billion, the equivalent of approximately 0.12 percent of outlays.

Table 1.1 shows the estimated improper payment rates for the OASI and DI programs for FYs 2017, 2018, and 2019.

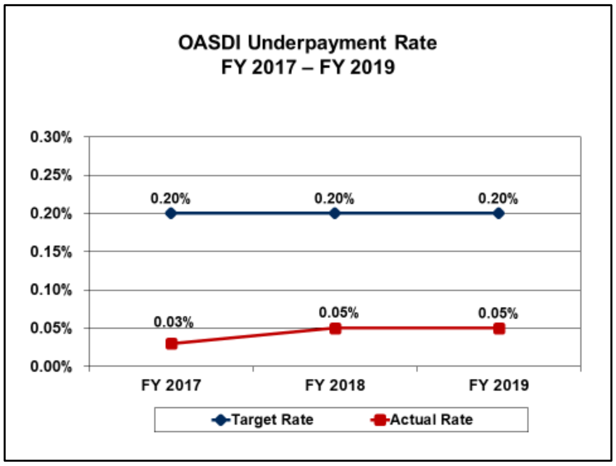
Table 1.1: OASDI Improper Payments Experience
FY 2017 – FY 2019
(Dollars in Millions)

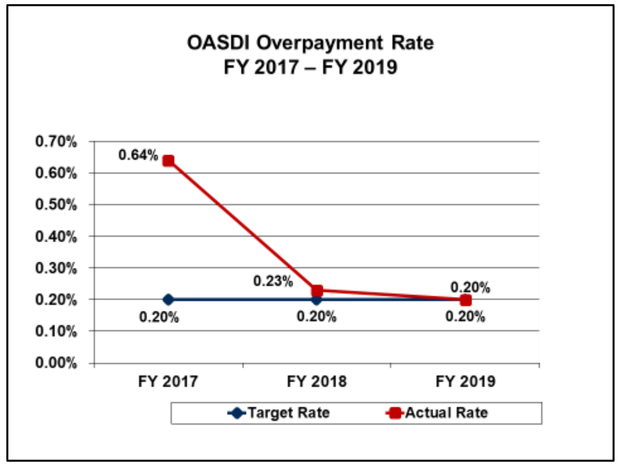
	FY 2017		FY 2018		FY 2019	
	Dollars	Rate	Dollars	Rate	Dollars	Rate
OASI						
Total Benefit Payments	$780,787.23		$808,695.11		$875,884.09	
Underpayment Error	$98.71	0.01%	$125.14	0.02%	$486.57	0.06%
Overpayment Error	$2,458.54	0.31%	$536.82	0.07%	$1,842.92	0.21%
DI						
Total Benefit Payments	$129,222.32		$139,486.69		$132,881.66	
Underpayment Error	$195.08	0.15%	$309.67	0.22%	$47.35	0.04%
Overpayment Error	$3,405.49	2.64%	$1,679.64	1.20%	$203.10	0.15%
Combined OASDI						
Total Benefit Payments	$910,009.54		$948,181.79		$1,008,765.76	
Underpayment Error	$293.79	0.03%	$434.81	0.05%	$533.92	0.05%
Underpayment Target		≤0.20%		≤0.20%		≤0.20%
Overpayment Error	$5,864.03	0.64%	$2,216.45	0.23%	$2,046.02	0.20%
Overpayment Target		≤0.20%		≤0.20%		≤0.20%

Notes:

1. Total benefit payments for FYs 2017–2019 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. Total benefit payments for OASDI are estimates based on limited sample sizes, which may cause them to vary from year to year.
3. FY 2020 data will be available in the summer of FY 2021.
4. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data.
5. OASI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, +0.01 percent and –0.01 percent for underpayments and +0.30 percent and –0.33 percent for overpayments; for FY 2018, +0.01 percent and –0.02 percent for underpayments and +0.06 percent and –0.07 percent for overpayments; and for FY 2019, +0.05 percent and –0.05 percent for underpayments and +0.20 percent and –0.25 percent for overpayments.
6. DI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, +0.14 percent and –0.27 percent for underpayments and +2.6 percent and –2.6 percent for overpayments; for FY 2018, +0.21 percent and –0.33 percent for underpayments and +1.19 percent and –1.92 percent for overpayments; and for FY 2019, +0.03 percent and –0.05 percent for underpayments and +0.14 percent and –0.18 percent for overpayments.
7. OASDI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, +0.02 percent and –0.06 percent for underpayments and +0.36 percent and –0.37 percent for overpayments; for FY 2018, +0.05 percent and –0.05 percent for underpayments and +0.13 percent and –0.35 percent for overpayments; and for FY 2019, +0.04 percent and –0.05 percent for underpayments and +0.19 percent and –0.22 percent for overpayments.
8. The changes in the combined OASDI error rates from FY 2017 to FY 2018 are not statistically significant. The changes in the combined OASDI error rates from FY 2018 to FY 2019 are not statistically significant.
9. The changes in the OASI and DI error rates from FY 2017 to FY 2018 and from FY 2018 to FY 2019 are not statistically significant.
10. 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 2019 each tenth of a percentage point in payment accuracy represents about $1,009 million in program outlays for the OASDI program.
11. 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 2020, we reported an actual FY 2019 OASDI overpayment rate of 0.20 percent (compared to a 0.20 percent target - a variance of 0.00 percent) and an actual FY 2019 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 rates, both separately and combined, have exceeded 99 percent for a number of years.

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





The leading causes of error impacting the overall error rates are Substantial Gainful Activity (SGA), [1] Windfall Elimination Provision (WEP), [2] and Relationship errors. SGA errors primarily occur due to beneficiaries' failure to report work activity. SGA errors also occur when we do not take appropriate or timely action to process work reports. WEP errors occur when beneficiaries' failure to report the receipt of pensions, and when we do not take proper action to impose the reduction. Relationship errors occur primarily because beneficiaries' fail to report a change in marital status.

SSI EXPERIENCE

Over the last 5 years (FYs 2015–2019), based on our stewardship reviews, we estimate that we paid approximately $283.4 billion to SSI recipients. Of that total, we estimate $21 billion were overpayments, representing about 7 percent of outlays. We estimate that underpayments during this same period were $3.7 billion, the equivalent of approximately 1.3 percent of outlays.

Table 1.2 shows the estimated improper payment rates for the SSI program for FYs 2017, 2018, and 2019.

[1] A definition of SGA is available at: www.ssa.gov/oact/cola/sga.html.
[2] A definition of WEP is available at: www.ssa.gov/pubs/EN-05-10045.pdf.

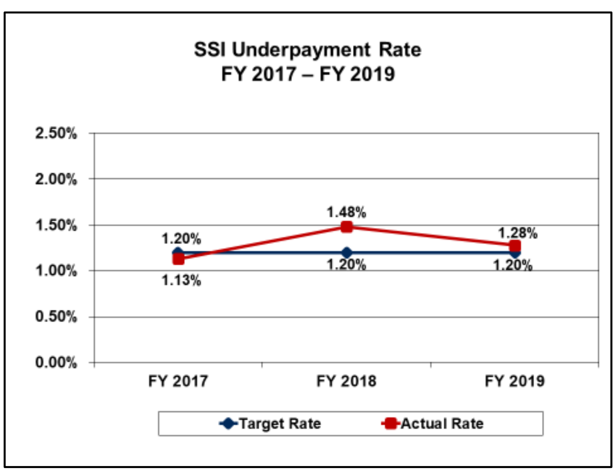
Table 1.2: SSI Improper Payments Experience
FY 2017 – FY 2019
(Dollars in Millions)

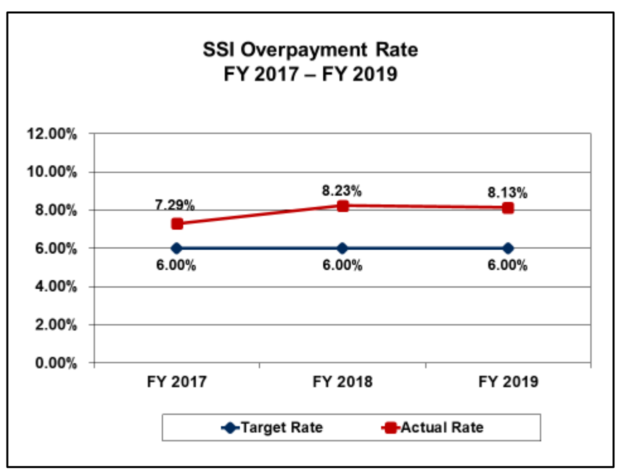
	FY 2017	FY 2018	FY 2019
Total Federally Administered Payments			
Dollars	$56,495.45	$56,976.30	$56,544.83
Underpayments			
Dollars	$636.42	$842.45	$724.32
Target Rate	≤1.20%	≤1.20%	≤1.20%
Actual Rate	1.13%	1.48%	1.28%
Overpayments			
Dollars	$4,121.02	$4,686.31	$4,595.43
Target Rate	≤6.00%	≤6.00%	≤6.00%
Actual Rate	7.29%	8.23%	8.13%

Notes:

1. Total federally administered payments represent estimated program outlays while conducting the annual stewardship reviews and may vary from actual outlays.
2. FY 2020 data will be available in the summer of FY 2021.
3. 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.
4. SSI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, ±0.30 percent for underpayments and ±1.04 percent for overpayments; for FY 2018, ±0.35 percent for underpayments and ±0.93 percent for overpayments; and for FY 2019, ±0.22 percent for underpayments and ±1.08 percent for overpayments.
5. Please note that year-to-year differences from changes in the SSI overpayment and underpayment error rates from FY 2017 to FY 2018 are not statistically significant. The changes in the SSI overpayment and underpayment error rates from FY 2018 to FY 2019 are not statistically significant.
6. 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 2019, each tenth of a percentage point in payment accuracy represents about $56.5 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 2019
(Dollars in Millions)

	OASDI Program			SSI Program		
Reason for Improper Payment	**Overpayment**		**Underpayment**	**Overpayment**		**Underpayment**
	Monetary Loss Within Agency Control	**Monetary Loss Outside Agency Control**		**Monetary Loss Within Agency Control**	**Monetary Loss Outside Agency Control**	
Program Design or Structural Issue	$0	$0	$0	$0	$0	$0
Inability to Authenticate Eligibility:						
Inability to Access Data	$173.32	$1,057.88	$0	$0	$3,996.18	$453.51
Data Needed Does Not Exist	$0	$0	$0	$0	$221.25	$170.61
Failure to Verify:						
Death Data	$0	$0	$0	$0	$40.16	$0
Financial Data	$0	$0	$0	$90.63	$0	$46.52
Excluded Party Data	$0	$0	$0	$0	$0	$0
Prisoner Data	$0	$111.20	$0	$0	$0	$0
Other Eligibility Data	$217.37	$127.22	$29.85	$37.16	$0	$12.51
Administrative or Process Error Made by:						
Federal Agency	$277.23	$81.81	$504.06	$210.05	$0	$41.17
State or Local Agency	$0	$0	$0	$0	$0	$0
Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	$0	$0	$0	$0	$0	$0
Medical Necessity	$0	$0	$0	$0	$0	$0
Insufficient Documentation to Determine	$0	$0	$0	$0	$0	$0
Other Reason (explain)	$0	$0	$0	$0	$0	$0
TOTAL	$667.92	$1,378.10	$533.92	$337.84	$4,257.59	$724.32

Notes:

1. Data Source: FY 2019 OASDI and SSI stewardship reviews. FY 2020 data will be available in the summer of FY 2021.
2. There may be slight variances in the dollar amounts reported due to rounding of source data.
3. Because the number of death overpayments is 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 Other Major Causes and Corrective Actions in the OASDI and SSI Programs section; Marital Status Information. 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), Residency (Table 2.13), and Other Real Property (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 2.15).
     - **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 cause is SGA. 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; and WEP and Government Pension Offset (GPO)[3] (Table 2.12). For SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; and 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.

[3] A definition of GPO is available at: www.socialsecurity.gov/pubs/EN-05-10007.pdf.

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:

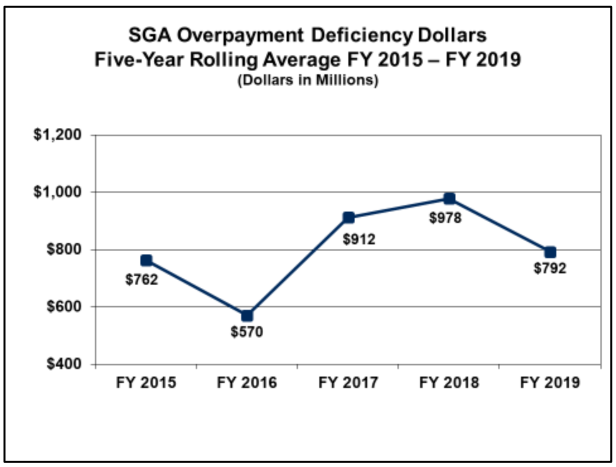


Table 2.1: SGA Overpayment Deficiency Dollars
FY 2015 – FY 2019
(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$762	$570	$912	$978	$792

Corrective Actions:

Recent studies indicate that we can improve accuracy in the area of processing OASDI work CDRs and other changes to a beneficiary's record after he or she is already entitled to benefits. A work CDR is a review of the eligibility requirements regarding whether a disabled beneficiary is engaging in SGA. SSI redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources. Accordingly, we developed the WorkSmart process to identify DI beneficiaries whose earnings put them at risk of being overpaid. The process builds on the current Continuing Disability Review Enforcement Operation (CDREO) by integrating quarterly work CDR alerts based on quarterly earnings from the Office of Child Support Enforcement (OCSE). 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 also built a monthly process of selecting cases for a work CDR using reported paystub data to determine when a beneficiary completes the Trial

Work Period (TWP)[4] or works above SGA after the TWP. In 2021, this monthly process will also use earnings data under Section 824 of the *Bipartisan Budget Act of 2015* to select cases for a work CDR shortly after the beneficiary starts working.

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.

[4] A definition of TWP is available at: www.ssa.gov/oact/cola/twp.html.

Table 2.2: SGA – Corrective Actions

<table>
<tr><th>Description</th><th>Target Completion</th><th>Status</th></tr>
<tr><td colspan="3"><u>Predictive Model</u></td></tr>
<tr><td>Improper payments due to work activity result from beneficiaries failing to report earnings timely or our failure to take timely action on earnings after the earnings are reported. We can reduce and prevent improper payments and complete work CDRs more efficiently by:
Identifying earnings earlier to reduce the amount of time a beneficiary is overpaid;
Using monthly or quarterly wage data to identify beneficiaries completing the TWP or working SGA after the TWP; and
Prioritizing cases that are most likely to end in an SGA cessation.
We are targeting work CDRs to address improper payments via the WorkSmart project to identify cases completing the TWP and working SGA after the TWP. As we receive more monthly earnings data through a third-party payroll provider, WorkSmart will select cases for a work CDR shortly after the earnings are available, thus reducing overpayments.

WorkSmart consists of three parts: CDREO Predictive Model (annual earnings), Quarterly Earnings Project (quarterly earnings), and Monthly Earnings Project (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.</td><td>Ongoing</td><td>In FY 2019, we negotiated a contract to build an information exchange for monthly wage and employment information from third-party payroll data providers under Section 824 of the Bipartisan Budget Act of 2015. For more information on Section 824 of the Bipartisan Budget Act of 2015, please see the Legislation section below.

Our CDR enforcement process alerts records of OASDI and concurrent DI/SSI beneficiaries who may have substantial earnings after disability onset.

In FY 2019, we alerted 60,000 cases using quarterly wages; approximately 80 percent of the completed cases resulted in a cessation of benefits

In FY 2020, we identified approximately 90,000 cases in need of a work CDR using the quarterly earnings from OCSE data. We estimate that approximately 70 percent of the completed cases will result in a cessation.

In FY 2020, we identified work CDR cases using monthly earnings data from the myWR and Ticket to Work reports. We identified approximately 25,000 cases in need of a TWP or SGA determination. Of the cases identified for meeting the SGA threshold, about 50 percent are expected to result in an SGA cessation.</td></tr>
</table>

Description	Target Completion	Status
	Legislation	
Section 826 of the *Bipartisan Budget Act of 2015* requires the Commissioner to establish and implement a system permitting DI beneficiaries to report their earnings electronically.	Completed FY 2017	In September 2017, we released the myWR online application, which allows DI beneficiaries and representative payees to report wages, 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.
	Completed FY 2018	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 continued to promote the online service to beneficiaries, representative payees, and advocacy groups. 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.
	Completed FY 2019	In FY 2019, we updated the management information systems to track the effectiveness of the new priority alert. In FY 2019, users successfully submitted over 99,000 myWR transactions.
	Completed FY 2020	In early FY 2020, there was an increase in the myWR submission failures. A systems enhancement was successfully implemented in November 2019 which nearly eliminated the failures by the fourth quarter of FY 2020. In November 2019, we issued an administrative message reminding technicians to key Employer Identification Numbers in the Modernized Supplemental Security Information Claims System and eWork when processing wages and work reports. In February 2020, we released a video-on-demand refresher training for technicians.
	FY 2021 through FY 2022	In FYs 2021 and 2022, we plan to expand our management information capabilities for myWR.

Description	Target Completion	Status
Section 824 of the *Bipartisan Budget Act of 2015* 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 authorize us 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.	To be determined (TBD)	In September 2017, we implemented the first phase of Section 824 of the *Bipartisan Budget Act of 2015*, 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. To date, we have collected over 9.5 million consent authorizations from applicants, beneficiaries, and recipients. 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 *Bipartisan Budget Act of 2015*. However, we made sure those system releases would also support the *Bipartisan Budget Act of 2015,* Section 824 business process. For example, we added help pages and created notifications of earnings discrepancies. In September 2018, we implemented additional enhancements, such as creating alerts to notify employees that wage data indicates the need for a review. In FY 2019, we developed requirements, and awarded a contract to Equifax to build an information exchange for monthly wage and employment information from third-party payroll data providers. We developed a business process that would enable us to use the monthly earnings obtained from the payroll provider(s) to identify work CDRs. In FY 2020, we developed a timeline and we began planning and integration of the information exchange within our systems. We began development of the required technology in February 2020. The first release occurred in September 2020, and a second release is scheduled for the second quarter of FY 2021. Wage and employment information will not be requested by the vendor until the second release. We performed a clean-up process for authorizations and built the repository that will house the wage and employment information we will receive from the payroll data provider (PDP). We will continue the development of the information exchange and will begin exchanging data with the PDP in March 2021.

COMPUTATIONS

Description:

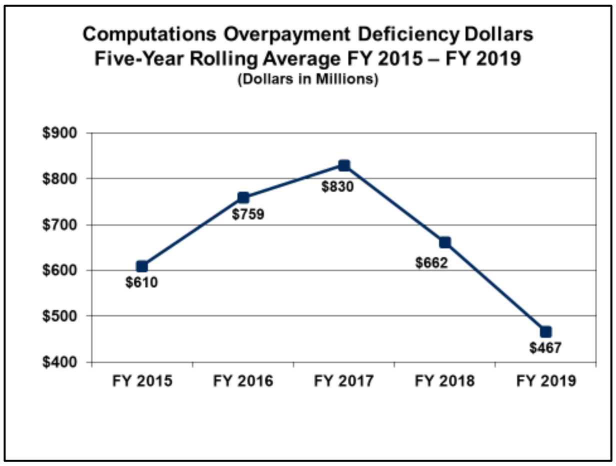
Errors in computations are a major cause of OASDI overpayments and underpayments. Our goal is to correct and prevent instances where a recipient or beneficiary has potential entitlement to, but is not receiving, a new or higher benefit.

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

Inaccurate information and administrative mistakes can cause errors in calculating benefits. For FYs 2015–2019, approximately 60 percent of computation error dollars resulted in overpayments, with the leading causes being WEP, adjustment of the family maximum or FMAX,[5] and failure to apply the Retirement Insurance Benefit Limitation (RIB-LIM) [6] when applicable. WEP accounted for 36 percent of computation error dollars for the 5-year period, while FMAX and RIB-LIM, respectively, accounted for 13 percent and 8 percent of these error dollars.

Historical Figures:

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



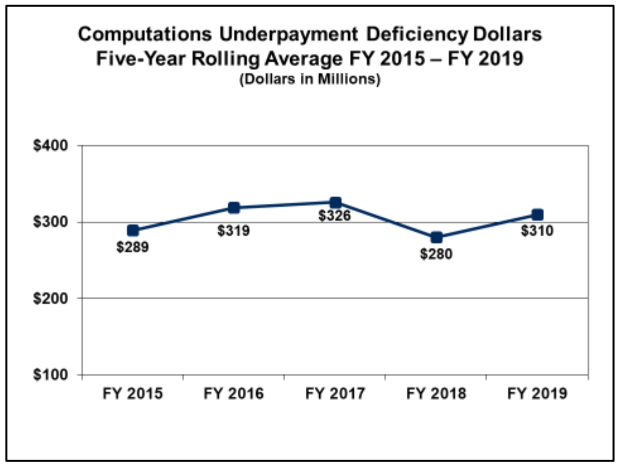


Table 2.3: Computations Deficiency Dollars
FY 2015 – FY 2019
(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$610	$759	$830	$662	$467
Underpayments	$289	$319	$326	$280	$310

Corrective Actions - Increase Post-Entitlement Accuracy

Continued refresher training is critical in order to ensure post-entitlement actions are processed correctly; during FY 2019, we created national processing center (PC) quality refresher training packages for our technicians. In addition, we worked with various components to update frequently misinterpreted policy and procedural references

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[5] An explanation of FMAX is available at: www.ssa.gov/OACT/COLA/familymax.html.
[6] 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.

related to difficult or complex workloads. We will continue to update other frequently misinterpreted policies and procedures.

Through our IT modernization initiatives, we continue to pursue opportunities to reduce the PC backlog by streamlining and automating manual PC workloads. In FY 2020, we implemented two automation enhancements to reduce manual PC actions. In FY 2021, we will increase the number of PC technicians and institute workflow enhancements and quality initiatives to improve overall performance. We will continue to look for new opportunities to address simple tasks more quickly and implement PC automation initiatives that will eliminate duplicate work.

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. These updates continued through FY 2020 and will continue in FY 2021.
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. Based on our review of overpayments due to disability cessation or extended period of eligibility published in November 2017, we recommended national use of an automated worksheet that minimizes manual keying and the potential for errors. Based on our November 2018 report on overpayments due to annual retirement test permanent deductions, we recommended issuing reminders to technicians to improve processing. We published our review of FY 2018 disability overpayments in April 2019. We completed the 2019 review of disability overpayments in August 2019. We identified findings and provided recommendations in October 2019. We ended the FY 2020 review in May 2020 and provided accuracy and improper payment findings in September 2020. Recommendations for FY 2019 and FY 2020 included: • Given the complexity of the overpayment workload, assembling a workgroup whose sole purpose is to process and review overpayment cases, or train overpayment specialists. • Updating our policy for manual overpayment calculations. • In the long term, investing in enterprise automation to integrate functionality currently performed in multiple overpayment processing systems.

Description	Target Completion	Status
Audit Recommendation		
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.	Completed	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 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. This disability cessation workload continues to be a priority for the agency and automation efforts have resulted in an 80 percent decline in cases. We will continue to pursue automation enhancements and will release cases to the Regions on a semiannual basis.

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 several 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 2020. 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 2020	In FY 2020, key potential entitlement efforts included: • Conducted outreach to 3,576 workers who were previously denied retirement benefits due to lack of insured status, but are now insured. We mailed these notices in October 2019. We are currently evaluating results of this mailing. • Conducted outreach to 14,561 workers with Medicare Qualified Government Earnings who are eligible for retirement benefits or Medicare coverage but who are not receiving them. We mailed these notices in October 2019. We are currently evaluating results of this mailing. • Evaluated the 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. The agency paid $4.2 million in underpayments to 9,208 child beneficiaries.
	FY 2021	In FY 2021, potential entitlement efforts will include: • Conducting initial analysis on SSI recipients with a potential month of eligibility that does not match the application effective date. This analysis has been postponed until FY 2021 due to competing coronavirus (COVID-19) pandemic-related workload priorities. • Conducting initial analysis on disabled beneficiaries who converted to retirement benefits at full retirement age and may be eligible for higher primary insurance amounts. This analysis has been postponed until FY 2021 due to competing COVID-19 pandemic related workload priorities. • Conducting initial analysis on individuals previously denied childhood disability benefits who are potentially entitled to benefits as minor children. This analysis has been postponed until FY 2021 due to COVID-19 pandemic related workload priorities. • Outreach to notify approximately 20,000 disabled beneficiaries who listed children on their benefit applications, but for which no application or closeout is present, that the children may be due benefits. • Initial analysis on individuals lawfully admitted for permanent residence (LAPR) with potential LAPR issues on the beneficiary's record, and some payment being withheld pending citizenship/lawful presence evaluation. • Initial analysis on cases awarded OASDI and SSI and adjudicated, but placed in suspense status and not paid. • Initial analysis on unreduced aged widow claims with retroactive aged wife entitlement.

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. Administering the SSI program is complicated by the statutory requirement for 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 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 an 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; and
- In-kind Support and Maintenance (ISM).

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:

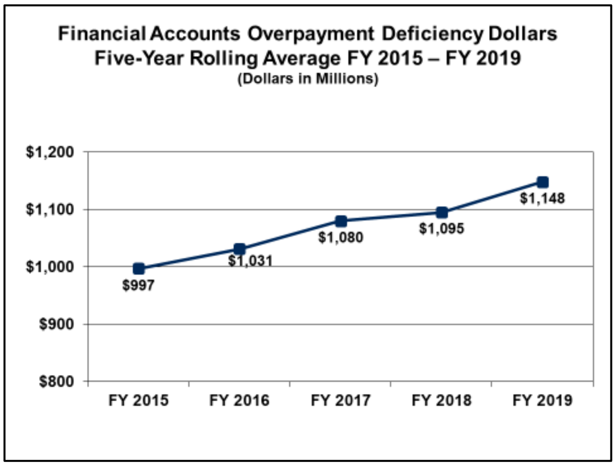


Table 2.6: Financial Accounts Overpayment Deficiency Dollars
FY 2015 – FY 2019
(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$997	$1,031	$1,080	$1,095	$1,148

Corrective Actions:

We developed the Access to Financial Institutions (AFI) program to address overpayment errors related to resources in financial accounts. 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. Once we have a person's permission, we use the automated AFI process to verify his or her alleged bank accounts by contacting the financial institution. In addition to verifying alleged bank accounts, AFI detects undisclosed accounts by contacting up to 10 financial institutions within a certain distance of where the person lives. 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 DMS modernization, we plan to implement two 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

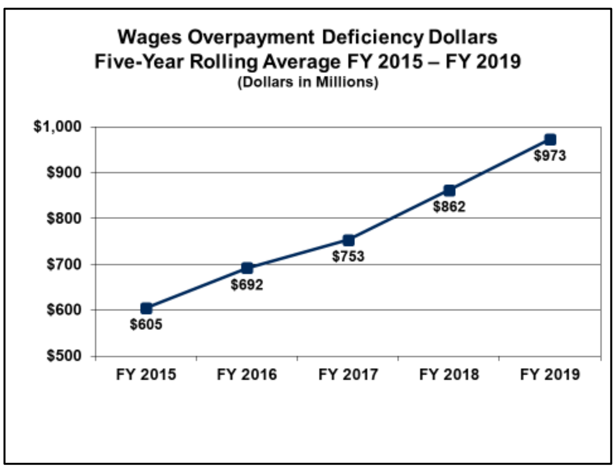
Description	Target Completion	Status
Implement two AFI systems enhancements that will improve our current process for initiating AFI and reducing improper payments.	FY 2022 through FY 2023	We will implement the following key AFI systems enhancements: • Enhance ability to view attachments from financial institutions; scheduled for development in FYs 2022–2023. • Automate splitting of co-owned bank account balances; scheduled for development in FYs 2022–2023.
Electronically collect an individual's AFI authorization for waiver determinations.	FY 2023	As part of the modernized DMS, we plan to automate the request and electronically store the individual's authorization and automate the request. We will electronically store 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 overpayments and underpayments. 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:



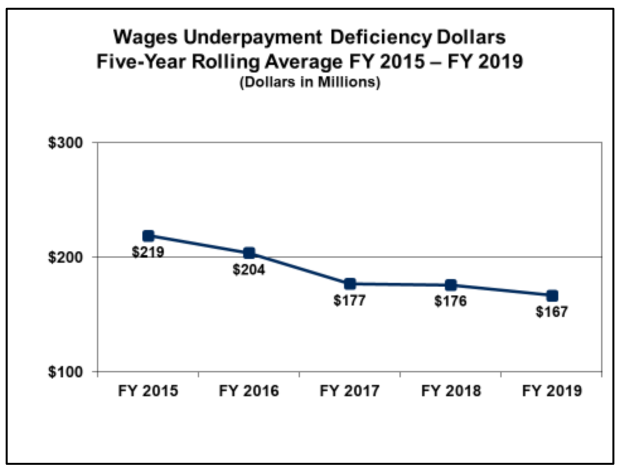


Table 2.8: Wages Deficiency Dollars
FY 2015 – FY 2019
(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$605	$692	$753	$862	$973
Underpayments	$219	$204	$177	$176	$167

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 us the 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 encourage recipients 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 inform SSI recipients, and representative payees about reporting responsibilities by various methods. We notify 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. We will enhance our notices to include more consistent and clear language on reporting responsibilities and penalties for SSI recipients.

In FY 2020, we created an online training video, available for public use. When our field offices reopen, we will also display the video on the digital signage in our field office reception areas to inform the public about reporting resources and wages timely.

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

  In 2013, we rolled out an initiative allowing certain SSI recipients, representative payees, and deemors to use their smartphone or other personal electronic device 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.

- 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 2019, users successfully submitted over 99,000 myWR transactions. In addition, we developed requirements, conducted market research, and awarded a contract to a payroll data provider, which allowed us to collect over 14 million consent authorizations from applicants, beneficiaries, and recipients.

  In FY 2021, we plan to increase the number of wage reports we process using all SSI wage-reporting options. In FYs 2021 and 2022, 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.

  For more information on myWageReport, please see Table 2.2: SGA - Corrective Actions.

We continue to increase the number of successful wage reports received through our automated SSI wage reporting systems. In FY 2020, we processed approximately 259,350 Telephone Wage reports, which is a decrease of approximately 16 percent compared to the number in FY 2019. Additionally, in FY 2020, we processed over 1,032,800 successful SSI Mobile Wage reports, which is an increase of nearly 9 percent over the number in FY 2019.

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 *Bipartisan Budget Act of 2015.*	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.

Description	Target Completion	Status
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: • 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. • Wage table sorting: Sorts paystubs and displays them in chronological order. • Ability to save receipt to the Message Center: Users now have the ability to save, print, or delete receipts in the Message Center. • Dynamic Help: *my* Social Security account holders who have access to myWR, have the ability to request assistance from a help widget.
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: • Displaying a BNC number in place of an SSN on myWR receipts. • 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.
Implementation of navigation path changes in support of Internet Representative Payee Portal (IRPP).	Completed September 2019 Completed FY 2020	We implemented the following enhancements in September 2019: • Enabled myWR to be accessible to users via the new IRPP. • Separated the Self-Reporter and Representative Payee reporting path within *my* Social Security. • Provided screens with specific language for Representative Payees reporting wages to display in the application's path. In April 2020, we further expanded and enhanced the IRPP by allowing individual representative payees the ability to view and print benefit verification letters for beneficiaries they represent, and the capability to view, print, or request a mailed copy of a replacement 1099 or 1042 tax form on behalf of their beneficiaries.

Description	Target Completion	Status
Section 824 of the *Bipartisan Budget Act of 2015* 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.	TBD	For more information on Section 824 of the *Bipartisan Budget Act of 2015*, please see Table 2.2, Legislation section.

In-kind Support and Maintenance

Description:

The basis for charging ISM is found in Section 1612(a)(2)(A) of the *Social Security Act*.[7] 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 claimants and recipients to 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.

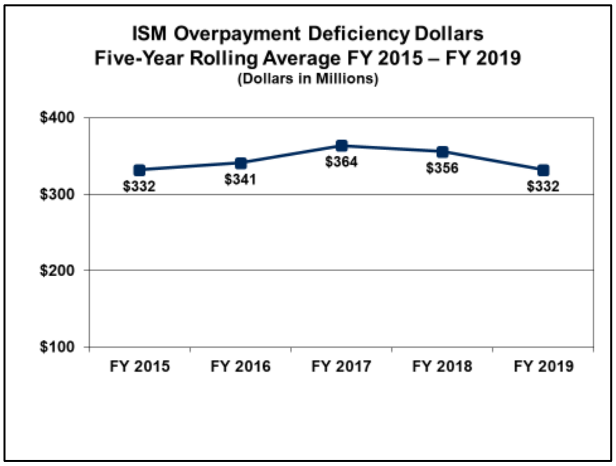
Every time we process an application for SSI benefits, redetermine eligibility for SSI benefits, or receive a change of address report, and the recipient alleges a living arrangement change, we need to develop for and possibly recalculate ISM.

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 a prior unreported living arrangement change, we must develop and possibly recalculate ISM from the first reported change in living arrangement 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.

[7] Section 1612(a)(2)(A) of the Social Security Act is available at: www.ssa.gov/OP_Home/ssact/title16b/1612.htm.

Historical Figures:



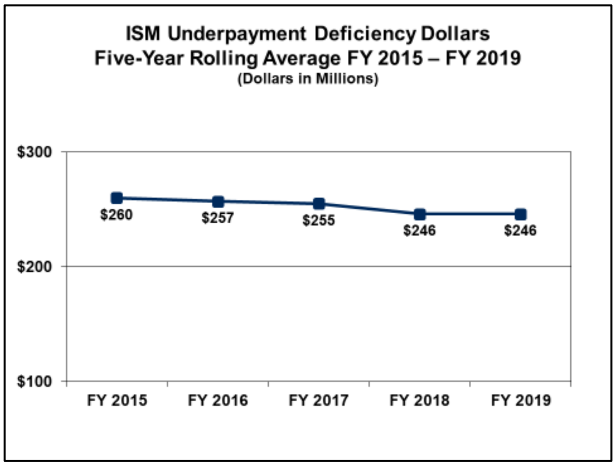


Table 2.10: ISM Deficiency Dollars
FY 2015 – FY 2019
(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$332	$341	$364	$356	$332
Underpayments	$260	$257	$255	$246	$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 Needed 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
Statutory, Regulatory, Policy and Procedure Review		
We frequently review our ISM-related operating instructions and related statutes and regulations to try to simplify our processes.	Ongoing	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.
Legislative Proposal		
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 2021 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). 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 of recipients, and restrict their ability to decide which expenditures are in the best interests of their disabled children.	Pending	No congressional action to date.

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 to compute the WEP and GPO and apply the exceptions to them; and
- 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).

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 recommended 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 2.12 shows our actions to reduce errors related to WEP and GPO. Payment errors related to WEP and GPO correspond to the "Failure to Verify: Other Eligibility Data" category in Table 2.

Table 2.12: Windfall Elimination Provision and Government Pension Offset – Corrective Actions

Description	Target Completion	Status
Enhanced Automation	Completed FY 2018	We successfully implemented all enhancements in FY 2017 and FY 2018 to reduce human error and encourage accurate self-reporting, including: annual technician alerts during the application process that will notify staff when WEP or GPO may be involved in dual entitlement cases; automated the calculation of a lump sum payment into a monthly amount; a process to help identify the existence of non-covered earnings to improve pension development; and the ability to identify a foreign pension.
	FY 2021	In February 2020, we began studying the effectiveness of our initiatives to reduce improper payments in WEP and GPO dual entitlement cases. We anticipate completing this analysis by November 2020.
Pursuit of New Data	FY 2021	We have been in ongoing discussions with the Department of the Treasury's (Treasury) Internal Revenue Service to obtain non-covered pension information. In addition, we have a legislative proposal for the FY 2021 President's Budget that improves reporting for non-covered pensions. Please refer to the Barriers section of this *Payment Integrity* report for more information regarding this legislative proposal.

Data Exchanges

We developed a strategic initiative focused on making further use of data exchanges with 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 24 CMAs with various Federal partners to obtain data related to benefit payment, wages, unemployment, fugitive felon identification, savings securities, workers' compensation, residency information, and nursing facility admissions data that we use to determine eligibility and offset benefits for our programs. The total annual savings attributed to these CMAs is approximately $7.9 billion, with an annual cost of approximately $355 million yielding a positive benefit-to-cost ratio of about 22 to 1.

Table 2.13 shows our efforts to pursue additional data exchanges to improve our OASDI and SSI improper payment identification and prevention efforts.

Table 2.13: Data Exchanges – Corrective Actions

Description	Target Completion	Status
Establish a data exchange agreement with the Department of Homeland Security (DHS) to obtain information necessary to identify when SSI recipients and OASDI beneficiaries are out of the country. SSI recipients are ineligible for payments if they are out of the country 30 or more consecutive days or for an entire calendar month. Generally, U.S. citizens can receive OASDI benefits outside the country, while non-citizens may be subject to additional residency requirements.	Completed FY 2019	We conducted a pilot study comparing travel data in the DHS Arrival and Departure Information System (ADIS) to travel data on SSI records for a random sample of SSI non-citizens who traveled outside of the United States for 30 consecutive days or more. Results showed positive program savings with an estimated $45 million in potential detectable or preventable SSI overpayments over a 25-month period if we had access to citizen and non-citizen travel data. We developed the Foreign Travel Data (FTD) application within the SSI Claims System to interface with DHS's ADIS to obtain foreign travel information on non-citizen SSI recipients. The implementation of FTD and integration of ADIS data is a multi-year project spanning FY 2019 through FY 2021, as resources permit. In May 2019, we executed a Memorandum of Agreement with DHS, under which we obtain foreign travel data on non-citizen SSI recipients. In June 2019, we released the first phase of functionality that allows field office staff to query ADIS (via the FTD application) when completing redeterminations for non-U.S. citizen SSI recipients. In September 2019, we released an edit message to prompt technicians to perform an FTD query in the SSI Claims System path when completing redeterminations on non-U.S. citizens.
	Completed FY 2020	We collect and analyze the data to determine the reliability of travel information and how much money is being saved by obtaining ADIS data. Beginning February 2020, DHS made prospective data on foreign travel for U.S. citizens available and is working to include historical data. When sufficient historical data becomes available, and we return to full operation after the limitations imposed by the COVID-19 pandemic, we will study the feasibility of expanding the use of the FTD application to include U.S. citizen SSI recipients. Specifically, we will evaluate whether a high probability of matching exists for citizen data queried in ADIS. Additionally, we want to evaluate the level of effort in confirming the travel data when ADIS returns multiple identity matches.
	FY 2021	We have re-prioritized some of our FY 2020 initiatives for FY 2021 and hope to complete the planning and analysis for the following initiatives: • Develop the capability to store data. • Automate decisions on accepting, rejecting, or deciding later on the ADIS results. • Develop a CMA with DHS. • Enhance management information. In FY 2021, we will continue to pursue new data exchange partners from government and private sectors.

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 5-year period from FY 2015–2019, our FY 2019 stewardship review identified non-home real property as the fifth leading cause of SSI overpayments, with average projected improper payments of $266 million in SSI overpayments. We currently rely on the applicant or recipient to report ownership of non-home real property. Our corrective actions, discussed 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.

Historical Figures:

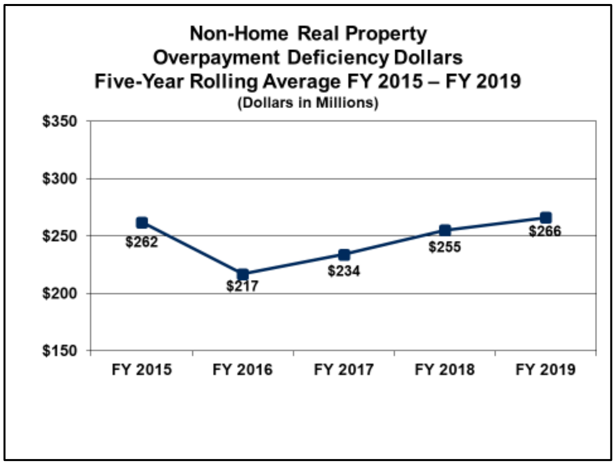


Table 2.14: Non-Home Real Property Overpayment Deficiency Dollars FY 2015 – FY 2019

(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$262	$217	$234	$255	$266

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. By the start of FY 2018, we had implemented a nationwide process of integrating third-party, real property with the SSI Claims System as a lead for further development.

Table 2.15 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 2.15: 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 Completed FY 2018	In September 2017, we fully implemented the process nationwide for initial claims and high-error redeterminations interviews. In August 2018, we fully implemented the process nationwide for initial claim appeal reversals and denied claim reopenings.
Apply a process for receiving real property information and integrate that with the SSI Claims System.	Completed FY 2018 Completed FY 2020	We are 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. The Office of the Chief Actuary estimated the present value of the reduction in federal SSI payments attributable to NHRP searches completed in FY 2018 over the entire period of effect is $155 million. In addition, the return on investment of completed non-home real property matches in FY 2018 is estimated to be $19 on average per $1 spent.

Prisoner Information

We completed two of our three initiatives to reduce improper payments in the prisoner suspension area. First, because of our efforts in FY 2019 to reemphasize the prisoner program suspension and reinstatement requirements to our technicians, we suspended monthly benefits to over 32,500 OASDI beneficiaries and more than 79,600 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 that State correctional institutions provide census files to capture State correctional inmate population reports. Obtaining this inmate data will help us determine if we are receiving complete prisoner information from our participating State and local correctional reporters.

Prisoner information errors correspond to the "Failure to Verify: Prisoner Data" category in Table 2.

Marital Status Information

Currently, we rely on OASDI beneficiaries and SSI recipients to self-report marriages and divorces because these events can be material to their entitlement to benefits. When beneficiaries fail to report a marriage or divorce timely, improper payments can occur. Marriage and divorce data from the States is among our long-term data exchange strategies to help us reduce improper payments in the OASDI and SSI programs due to unreported or untimely reported marriage and divorce events. We will pursue this project as resources become available.

Marital status information errors correspond to the "Inability to Authenticate Eligibility: Inability to Access Data" categories in Table 2.

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 2019 (for vendor and travel payments) were due to a lone error where a single invoice was submitted and processed twice. The second submission of the invoice contained a different invoice number and was approved by an alternate Contracting Officer Representative, preventing us from more rapidly identifying the invoice as a duplicate. We identified and recovered this overpayment within one month of the incorrect payment. 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 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. 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 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 performed administrative fraud risk assessments to actively measure the effectiveness of the internal controls over the processing of payroll. This assessment 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 2019 findings as FY 2020 data. We will not have FY 2020 data until January 2021. We will report our findings from the FY 2020 reviews in next year's *Payment Integrity* report.

Reduction Targets

Table 3 presents our accuracy targets for FYs 2020 and 2021 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 2020 – FY 2021 (Dollars in Millions)

	FY 2020		FY 2021	
OASDI	**Dollars**	**Rate**	**Dollars**	**Rate**
Total Projected Benefit Payments	$1,085,731.02		$1,145,559.69	
Underpayments Target	$2,171.46	≤0.20%	$2,291.12	≤0.20%
Overpayments Target	$2,171.46	≤0.20%	$2,291.12	≤0.20%

Notes:

1. Total projected OASDI benefit payments for FYs 2020–2021 are estimates consistent with projections for the FY 2021 President's Budget.
2. FY 2020 data will not be available until summer 2021; therefore, the rates shown for FY 2020 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 2020 and 2021 for the SSI program.

Table 3.1: SSI Improper Payments Reduction Outlook FY 2020 – FY 2021 (Dollars in Millions)

	FY 2020		FY 2021	
SSI	**Dollars**	**Rate**	**Dollars**	**Rate**
Total Projected Federally Administered Payments	$59,126.60		$60,190.59	
Underpayments Target	$709.52	≤1.20%	$722.29	≤1.20%
Overpayments Target	$3,547.60	≤6.00%	$3,611.44	≤6.00%

Notes:

1. Total projected federally administered SSI payments for FYs 2020–2021 are estimates consistent with projections for the FY 2021 President's Budget, adjusted to be presented on a constant 12-month per year payment basis.
2. FY 2020 data will not be available until summer 2021; therefore, the rates shown for FY 2020 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 PIIA 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 PIIA. 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

OMB 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 2021 and FY 2022 based on our FY 2020 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	
Amount Identified (FY 2020)	$10,611.94	$14,335.06	$3.98	$0.47	$24,951.46
Amount Recaptured (FY 2020)	$2,419.94	$1,389.54	$2.62	$0.44	$3,812.54
FY 2020 Recapture Rate	22.8%	9.7%	65.8%	93.6%	15.3%
FY 2021 Recapture Rate Target	23.0%	10.2%	100%	100%	15.7%
FY 2022 Recapture Rate Target	21.1%	9.5%	100%	100%	14.4%

Overpayments Recaptured outside of Payment Recapture Audits					
Program or Activity	Benefits		Other		Total
	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
Amounts Identified (FY 2020)	$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.	$2.39
Amounts Recaptured (FY 2020)	$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.	$1.44

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 2020. 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 2020 recoveries from debt we had available for recovery in FY 2020, which include debts identified in prior years.
4. We do not consider every overpayment improper according to the definition contained in PIIA.
5. We based the recapture rate target for benefit payments on FY 2020 and prior years' experience and the anticipated growth of our benefit payments in FY 2021 and FY 2022.
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 2020) and Amount Recaptured (FY 2020) for administrative payments are from our internal payment recapture audit in FY 2019. Overpayments identified or recaptured in FY 2019 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 2019 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 PIIA 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, which measure the accuracy of payments to beneficiaries and recipients. 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 yielding 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. SSI redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources. Our statistical predictive models help us prioritize the medical CDRs and redeterminations we work annually. We first complete those medical 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 identify cases where we should discontinue benefit payments. We receive dedicated funding to conduct 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 2019 Administrative Expenses[1]
(Dollars in Millions)

Payroll and Benefits	$7,171
State DDS	$1,886
***American Recovery and Reinvestment Act* (ARRA)[2]**	$2
Other Administrative Expenses[3]	$3,939
Total Administrative Expenses	$12,998

Notes:

1. Total may not necessarily equal the sum of rounded components. We derive dollar amounts from unrounded source data.
2. ARRA expenses consist of National Support Center building costs only.
3. 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 accounts, interest and dividends, and insurance claims and indemnities.

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

In the paragraphs below, we indicate 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 2019, 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 2019, we found approximately $3.98 million in improper payroll overpayments out of $7,171 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 2019, we reviewed $1.75 billion in vendor and travel payments out of $1.77 billion subject to review.

We identified total vendor and travel improper overpayments of $0.470 million, approximately 0.03 percent of total payments subject to review. As of the end of FY 2019, approximately $47,963 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 0.02 percent of our total administrative expenses in FY 2019.

ADMINISTRATIVE PAYMENTS RECOVERY TARGETS

Similar to the OASDI and SSI programs, OMB 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[1]**
Benefit	$3,809.48	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	$3,809.48
Administrative	$3.06	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	$3.06

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 2020 Amount Outstanding (0 to 6 Months)	FY 2020 Amount Outstanding (6 Months to 1 Year)	FY 2020 Amount Outstanding (Over 1 Year)	FY 2020 Amount Determined to not be Collectible
OASDI	**Overpayment Dollars**	$882.92	$453.93	$1,395.97	$2,265.87
	Percent of Total Outstanding	32.3%	16.6%	51.1%	82.9%
SSI	**Overpayment Dollars**	$501.13	$890.31	$6,007.41	$266.58
	Percent of Total Outstanding	6.8%	12.0%	81.2%	3.6%
Payroll and Benefits	**Overpayment Dollars**	$2.34	$1.58	$2.64	$0.57
	Percent of Total Outstanding	35.7%	24.1%	40.2%	8.7%
Vendor and Travel	**Overpayment Dollars**	$0.03	$0.00	$0.02	$0.00
	Percent of Total Outstanding	55.3%	0.0%	44.7%	0.0%
Total	**Overpayment Dollars**	$1,386.41	$1,345.82	$7,406.04	$2,533.02
	Percent of Total Outstanding	13.7%	13.3%	73.1%	25.0%

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 2019.
3. Total Outstanding includes overpayments that have not been recaptured, waived, or written-off through the end of FY 2020 for OASDI overpayments and SSI overpayments. For payroll and benefits overpayments and vendor and travel overpayments, Total Outstanding includes overpayments that have not been recaptured, waived, or written-off through the end of FY 2019.
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 2020 Amount Determined to not be Collectible (i.e. write-offs) is not included in the amount outstanding or total outstanding.
6. During FY 2020, we re-evaluated our program debt portfolio, specifically delinquent and uncollectible debt that we were pursuing. As part of our debt recovery process, we have historically required applying a multi-step due diligence process before terminating agency collection action on a debt (i.e. write-off), which includes various communications to the debtors. In evaluating this process, we found that we were pursuing debt that is largely uncollectible; thereby inefficiently using our Processing Centers' resources. Rather than continue pursing these debts, we identified specific types of delinquent debt we believe are uncollectible. In FY 2020, we targeted a portion of our OASDI debt that was determined to be uncollectible, and wrote-off $1,899 million of accounts receivable. We are continuing to evaluate our delinquent debt and will continue this write-off process into FY 2021 for our

SSI program debt, as well as additional OASDI debt. However, while we are terminating active collection efforts, the debt will remain on the individual's agency record to be collected in the future, where appropriate and applicable. If eligible, we will refer these delinquent debts to TOP for external collection action.

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 $3.809 billion in OASDI and SSI benefit overpayments in FY 2020 at an administrative cost of $0.06 on average per dollar collected. We collected $18.994 billion over a 5-year period (FYs 2016–2020). 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 1992–2020, our external collection techniques have yielded $63.4 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 2020 *Agency Financial Report*.

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 system.

Modernizing Debt Management

We continue to make improvement in other aspects of our debt collection program. In FY 2018, we began modernization efforts to build a new DMS. This information technology (IT) investment 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. We will also automate overpayment waiver determinations, where appropriate, to enhance controls surrounding waiver determinations.

The new DMS 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 DMS, 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.

We anticipate launching the new DMS and transitioning from legacy systems by the end of FY 2022. In FY 2020, we adjusted the launch date from FY 2021 to FY 2022 to focus agency resources on multiple near-term debt management priorities.

Treasury Report on Receivables

In FY 2020, we implemented systems enhancements to our OASDI and SSI Treasury Report on Receivables 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. Our new DMS 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.

TERMINATING COLLECTION ACTIVITY

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 of a debt results in temporary or conditional write-off of the debt to our accounts receivable balance, but does not discharge the debtor from responsibility to repay. The debt remains on the debtor's record for collection. If the debtor becomes entitled to benefits in the future, we will collect the debt by appropriate and available methods.

In FY 2020, we initiated a project to analyze debt we have determined to be delinquent and uncollectible for potential termination of collection by the agency. By terminating collection activity on uncollectible debt, we will better reflect current receivables on our financial statements as well as reduce the number of actions from the PC pending backlog. However, while we are terminating active collection efforts, the debt will remain on the individual's agency record to be collected in the future, where appropriate and applicable. If eligible, we will refer these delinquent debts to TOP for external collection action.

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 and is not entitled to the payment, became legally incapacitated, or 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 learn 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 death registration process and allows participating States to verify the name and SSN of a deceased person against our Numident before registering the death. This process results in 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," includes minimizing improper payments by identifying and preventing erroneous payments after death, and reducing erroneous death terminations. Forty-six States, the District of Columbia and the City of New York participate in EDR. We continue to work diligently to achieve full nationwide participation.
- Through our IT Modernization efforts from FY 2018 to date, we improved the accuracy and consistency of death information by adding over 10.6 million deaths to the Death Master File. These records benefit external users of our data in preventing improper payments.
- In FY 2020, we implemented the following enhancements:
  - Improving 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 complicated statutory and regulatory requirements pose challenges in administering 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 2021 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 2021 Budget Overview* (www.ssa.gov/budget/FY21Files/2021BO.pdf).

ENHANCE WORK AND EARNINGS OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

Current rules governing DI beneficiaries' earnings while they are attempting to return to work are difficult for beneficiaries to understand and very complex to administer, often resulting in an unexpected complete loss of benefits upon reaching certain earnings limits, thus deterring beneficiaries from attempting to work. The Budget proposes to replace existing return-to-work programs and earnings rules with a simple system of offsetting DI benefits based on a 4-tier earnings structure that is simpler and more efficient to administer.

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

Current law provides us limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment (e.g. 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. Our 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 OASDI benefit overpayments to reflect the increase in the average monthly benefit 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 our stewardship obligations to the combined Social Security Trust Funds. The SSI program already has the 10 percent rule. Debtors could pay less if the negotiated amount would allow for repayment of the debt in 36 months. If the beneficiary cannot afford to have his or her full benefit payment 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-negotiates at the overpaid beneficiary's request) a partial withholding rate.

Improve SSI Youth Transition to Work

To promote self-sufficiency for transition-age youth, the Budget would implement several SSI reforms. First, the Budget would institute initial disability reviews at ages 6 and 12 to better identify medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development. Second, the Budget would improve SSI youth work incentives by disregarding all earned income and eliminating income reporting requirements through age 20, providing a higher disregard of earnings with a gradual phase-down for SSI recipients between ages 21 and 25, and eliminating school enrollment reporting requirements. In addition, the Budget would improve access to vocational rehabilitation services for SSI transition-age youth by allowing us to make referrals to these services.

Simplify Administration of the SSI Program

This proposal would replace complex in-kind support and maintenance (non-cash income assistance) determinations used for establishing monthly SSI benefits with a flat-rate benefit reduction for adult SSI recipients living with other adults. In addition, this proposal would eliminate the holding out and dedicated account policies to simplify the program and reduce the burden on beneficiaries and representative payees.

Improve Collection of Pension Information from States and Localities

Current law requires us to reduce OASDI benefits when someone also receives a pension based on work that was not covered by Social Security. This proposal would require us, and State and local government pension payers to enter into automated data exchange agreements to facilitate reporting of information about pensions based on non-covered work.

Accountability

Effective FY 2012, as required by IPERA (as repealed and replaced by PIIA in 2020), 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. We directly leverage existing internal processes to provide reasonable assurance that internal controls 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 executives, 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 2020 *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 2020 *Agency Financial Report*. For additional information on the financial statement audit, please see the *Report of Independent Certified Public Accountants* section of this FY 2020 *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 2019 and FY 2020, we received the fully authorized cap adjustments for dedicated program integrity activities. We remained current with the full medical CDR workloads that we processed in FY 2019. 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 FY 2020, we completed approximately 463,260 full medical CDRs and approximately 2.15 million SSI redeterminations. In addition, we completed approximately 325,070 work CDRs in FY 2020.

We continued to remain current in this workload through FY 2019; however due to the COVID-19 pandemic, we were not able to maintain CDR currency in FY 2020. The FY 2021 President's Budget continues to fund program integrity workloads at the fully authorized level, 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 2016 and earlier establish that we achieve significant program savings with this workload. Additionally, in the FY 2021 Budget, we estimate that CDRs conducted in 2021 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 $1,575 million for the agency, including the authorized FY 2021 cap adjustment amount of $1,302 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. 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 multi-year *IT Modernization Plan* in October 2017 to improve our IT in support of our mission. We will advance our IT infrastructure with 21st century technology and implement the technical flexibility necessary to adapt to future demands. Since the plan was first initiated in FY 2018, and with $370 million in dedicated appropriations from Congress, we have delivered on foundational modernization needs including: modernizing multiple database infrastructure and support capabilities; improving access to master file data to allow the eventual retirement of legacy software; consolidating and eliminating duplicate data; expanding our enterprise data warehouse; and implementing machine learning to assist in streamlining processes. By modernizing our infrastructure, we improve the speed and accuracy of our applications, ensure that we are working with the most up to date information, reduce the need for customers to provide or update information, and ensure that information and data are shared across all applications. We must devote resources to upgrading our infrastructure while simultaneously maintaining our current IT services to ensure that our customers experience uninterrupted service. The FY 2021 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.

Rapid changes in technology and proper planning for future customer needs require us to continually review our *IT Modernization Plan* (www.ssa.gov/open/materials/IT-Modernization-Plan.pdf). Based on input from public and private sector experts, frontline employees, and most importantly, our interactions with the public we serve, we updated our *IT Modernization Plan* in FY 2020. Building on the progress we have made over the past two years, our *IT Modernization Plan, 2020 Update* (www.ssa.gov/open/materials/IT-Modernization-Plan-2020-Update.pdf) focuses on building additional online services, and improving and expanding automated, expedited, and self-service options. We are prioritizing self-service solutions for our most frequently requested services in our field offices and on the National 800 Number.

We will provide more service options; develop enterprise-wide systems that enable the public to easily interact with us across all service channels; allow our technicians to complete more transactions at first contact; and ensure that the public receives relevant and timely information.

In FY 2020, we increased digital communication with beneficiaries and recipients as we updated the Customer Communications Management (CCM) architecture to collect and react to customers' communications preferences for receiving information, either by mail or online; improved the delivery of Social Security notices online and expanded the types of customer notices delivered online; enhanced internet capability to request SSN replacement cards and standardized mailing addresses for sending SSN replacement cards; sent proactive email messages to customers notifying them of status changes to their electronic applications; redesigned the disability case processing system for hearings and appeals and improved analytical tools to provide decision support through predictive analytics; increased electronic W-2 and W-2 C filings for employers; updated nearly 11 million death records; and retired outdated applications, reports, and legacy databases.

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 2020, we strengthened our efforts to attract, develop, and retain our cybersecurity workforce to continue to address cyber threats. We continued to improve our cybersecurity infrastructure and our ability to detect and eliminate vulnerabilities by using automated workflows. We automated our detection and response processes to provide seamless integration from the identification of threats through the mitigation of vulnerabilities, as well as implemented additional protections designed to limit the impact of potential cyber-attacks (whether they stem from external or internal threats). We invested in and improved upon our existing identity management capabilities to enhance and automate access control provisioning and privileged account management. In addition, we completed the design of an Information System Security Officer governance program to facilitate improved cross-functional teaming between the Office of Information Security and other components, and to ensure information systems have true accountability when it comes to the security posture of that system.

In FY 2021, we continued staffing the newly designed Information System Security Officer program. We will continue to align our agency cybersecurity priorities with agency strategic objectives and the National Institute of Standards and Technology Cybersecurity Framework (CSF) to identify, detect, and prevent potential fraudulent transactions before they occur. We will continue our alignment with the CSF, and 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.

In FY 2022, we are targeting full implementation of our Identity, Credential, and Access Management program, reducing the administrative burden through fully automated access controls. We also plan to align the cyber program to Federal guidance, establishing flexibilities and the ability to adjust to the ever changing threat landscape. We are working towards establishing a Vulnerability Disclosure Program in alignment with the draft Binding Operational Directive 20-01. This program and associated processes will reside within the agency's Vulnerability Management program.

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 2019. For government-wide reporting purposes, we treat our FY 2019 findings as FY 2020 data. We will not have FY 2020 data until summer 2021. We will report our findings from the FY 2020 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 PIIA 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 (as repealed and replaced by PIIA in 2020) 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 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, and require a risk assessment at least once every three years according to OMB guidance. Below we provide additional information on the risk assessment of our administrative payments.

BENEFIT PAYMENTS

To comply with IPERA's (as repealed and replaced by PIIA in 2020) 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 (as repealed and replaced by PIIA in 2020) 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 2019 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 2018 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.

FRAUD REDUCTION REPORT

REPORTING REQUIREMENTS

PIIA repealed the *Fraud Reduction and Data Analytics Act of 2015* (FRDAA); however, PIIA still requires us to include in our annual financial report our progress in improving financial and administrative controls and procedures to assess and mitigate fraud risks, as well as our development and use of data analytics to identify, prevent, and respond to fraud, including improper payments.

The report must include our progress in implementing:

- Financial and administrative controls established pursuant to PIIA;
- The fraud risk principle 8 in the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*; and
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, with respect to leading practices for managing fraud.

The report must also include information on the agency's progress in identifying risk and vulnerabilities to fraud, including with respect to payroll, beneficiary payments, grants, large contracts, and purchase and travel cards, as well as steps to curb fraud.

OUR ANTI-FRAUD EFFORTS

Under the Office of Analytics, Review, and Oversight, our anti-fraud program continues to mature. We have demonstrated our commitment to combatting fraud by building an organizational culture and structure conducive to fraud risk management based on guidance from GAO's *A Framework for Managing Fraud Risks in Federal Programs* (Framework). In FY 2015, we created the Office of Anti-Fraud Programs (OAFP), which we have since renamed the Office of Program Integrity (OPI), to serve as the focal point for our fraud risk management activities. At the same time, we re-established the National Anti-Fraud Committee (NAFC). Composed of the agency's senior leadership, NAFC provides a forum for collaboration and strategic oversight of fraud challenges and solutions. Together, OPI and the NAFC provide robust structure and leadership to address our fraud risks.

In FY 2019, we approved our *Anti-Fraud Strategic Plan for FYs 2019–2021*. This plan aligns with the *Agency Strategic Plan for FYs 2018 – 2022* and outlines goals and objectives to enhance and expand anti-fraud activities and initiatives. The anti-fraud plan includes three major goals:

- Enhance our fraud risk management culture;
- Strengthen our programs through assessment and monitoring; and
- Conduct outreach and ongoing communication of our anti-fraud efforts.

In FY 2020, we continued our annual National Anti-Fraud Training (NAFT), which is mandatory for all agency and State DDS employees. NAFT informs employees about the agency's current efforts to prevent, detect, deter, and mitigate fraud. It also serves as a reminder of our commitment to ensure consistent compliance with fraud policies and procedures, and encourages employees to remain vigilant in identifying potential fraud. By providing consistent anti-fraud training, we demonstrate our commitment to an anti-fraud tone that permeates our organizational culture. NAFT's FY 2020 theme was, "Combatting Fraud: Join the Fight."

Other anti-fraud efforts include:

- Expanding Cooperative Disability Investigations (CDI) units;
- Reviewing potential fraud cases in centralized Fraud Prevention Units (FPU) and the Special Review Cadre (SRC) in the Office of Hearings Operations;
- Publishing new policy for anomalous retirement claims submitted online;
- Increasing recovery efforts for funds lost due to fraud;
- Continuing efforts to prevent fraudulent redirection of direct deposits; and
- Enhancing our data-analytic capabilities to detect potential fraud.

PAYMENT INTEGRITY INFORMATION ACT REPORTING REQUIREMENTS

IMPLEMENTING FINANCIAL AND ADMINISTRATIVE CONTROLS

Principle 8 in GAO's *Standards for Internal Control in the Federal Government,* directs agencies to adhere to leading practices for managing fraud risks. We have a strong history of implementing controls that deter, detect, mitigate, and prevent fraud.

In the last several years, we have expanded the use of data analytics to enhance our ability to detect fraud in our programs. For example, in FY 2018, our data analytics, combined with the administrative controls built into our iClaims process, helped us identify potentially fraudulent iClaims and abate 95 percent of those claims before they were processed and payments were issued. By proactively identifying and preventing these fraudulent claims, we estimate avoided losses of more than $52 million in FY 2019.

We continue to refine and mature our analytics programs, helping us proactively detect potential fraud. We use the information from our current analytics to refine existing analytical models, improving model accuracy and efficiency. We also test new analytics theories to identify options for new analytical models. In FY 2018, we deployed a new analytical model to detect potentially fraudulent disability claims, and we are using the results of that model to develop ideas for other analytical models related to disability fraud. The exploratory nature of this work means that not all new models will prove to be viable, but the lessons learned from developing and testing these models will further enhance our knowledge and ability to develop additional model theories for testing.

Many administrative and financial controls are already in place to detect, deter, and mitigate specific fraud risks within our programs. We are documenting those specific controls in the fraud risk assessments we are conducting. We have also implemented broader controls that apply to several agency programs. Examples include:

- CDI Units: CDI units are joint efforts between SSA and OIG in conjunction with State Disability Determination Servcies and State or local law enforcement to investigate potential fraud in the DI and SSI disability programs. According to OIG, CDI units contributed more than $580 million to agency savings over the last 3 fiscal years. In FY 2020, we added four CDI units in Nebraska, New Hampshire, Nevada, and Wyoming. At the conclusion of FY 2020, the CDI program consists of 49 units covering 44 States, Washington, DC, the Commonwealth of Puerto Rico, Guam, American Samoa, Northern Mariana Islands, and the U.S. Virgin Islands. We plan to provide nationwide CDI coverage by the end of FY 2022.

- FPUs: FPUs are a national resource that enhance our capacity to provide expert programmatic support to disability fraud investigations.
- SRC: When OIG refers a cluster of cases where there is a reason to believe that fraud or similar fault is involved, the SRC reviews and re-determines the identified hearing-level cases, consistent with the facts presented in the OIG referral, Office of the General Counsel advice, applicable laws, and agency policy.
- Sanctions: Administrative sanctions are penalties for making false or misleading statements, or withholding material information in certain circumstances. These penalties are a nonpayment of benefits for specified periods.
- Civil Monetary Penalties (CMP): Section 1129 of the *Social Security Act* authorizes imposition of a CMP against anyone who makes false statements or misrepresentations, or materially withholds information in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. Additionally, OIG may impose CMPs against representative payees for wrongful conversion of payments for their own use or failure to notify us of a material change in a beneficiary's living arrangements or work activity. For additional information about CMPs, please refer to the Civil Monetary Penalty Adjustment for Inflation section of this FY 2020 *Agency Financial Report*.

Identifying Risks and Vulnerabilities to Fraud

The GAO Framework provides leading practices for managing fraud risks. Central to this framework is the requirement to "plan regular fraud risk assessments and assess risks to determine a fraud risk profile." In FY 2018, we completed our first fraud risk assessment, which was focused on the disability program. In FY 2019, we developed a plan with specific mitigation strategies to reduce several risks identified in the disability program fraud risk assessment. In FY 2019, we completed fraud risk assessments in administrative areas such as payroll, grants, and contracts. We also completed a fraud risk assessment for key electronic services (eServices) including *my* Social Security and iClaims. In FY 2020, we completed a fraud risk assessment for the representative payee program and started a fraud risk assessment for the SSI program. We also developed a plan with specific mitigations for several eServices risks. In FY 2021, we will begin fraud risk assessments for occupational (employee) fraud and the OASDI program. We will also develop a plan with specific mitigations for certain representative payee risks.

Based on our experience and the lessons learned from the first fraud risk assessment, NAFC approved the Enterprise Fraud Risk Management (EFRM) strategy in FY 2019. This strategy establishes a business process and long-term schedule for completing fraud risk assessments across our major program areas. The EFRM strategy ensures we will meet the requirements of PIIA by incorporating leading practices for managing fraud risks established in the GAO Framework.

Our EFRM strategy also ensures we identify fraud risks and necessary financial and administrative controls as required by OMB Circular No. A-123.

- Our Administrative Areas Fraud Risk Assessment completed in FY 2019 assesses fraud risks and controls related to payroll, grants, contracts, and purchase and travel cards.
- Our eServices Fraud Risk Assessment completed in FY 2019 assesses fraud risks and controls related to key information technology.
- Our Disability, Representative Payee, SSI, and OASDI Fraud Risk Assessments, have (or will), assessed fraud risks and controls related to program payments.

Each fraud risk assessment, combined with our tailored plans to mitigate specific risks, will form the fraud risk profile for each program area. Once we complete all initial fraud risk assessments, we will conduct regular reassessments of each area at least every three years.

ESTABLISHING STEPS TO CURB FRAUD

We continue to take specific steps to improve our ability to curb fraud. On January 18, 2020, we launched the Allegation Referral Intake System (ARIS), which replaced the electronic form (SSA-e8551) used by agency and State DDS employees to report suspected programmatic fraud to OIG. In addition to providing a modern, streamlined interface, ARIS provides more structured data, enabling improved analysis of allegation data and allowing the agency to respond rapidly and efficiently to allegations of fraud from front-line staff.

We continue to communicate with the public to promote awareness of external fraud schemes involving the agency. Technology has improved fraudsters' ability to impersonate legitimate businesses and Federal agencies, resulting in more people receiving calls from individuals claiming to be from SSA. In FY 2019, we launched a joint Public Service Announcement campaign with the OIG to address this nationwide telephone impersonation scheme. We also provide information on the ssa.gov website (www.ssa.gov/antifraudfacts) about measures individuals can take to prevent fraud, such as creating a *my* Social Security account, adding eServices or direct deposit fraud prevention blocks on their accounts, and being aware of phishing scams (i.e. the fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal personal information). We also provide the public with information on how to report suspected fraud to OIG.

Consistent with the GAO Framework, we use the results of our fraud risk assessments to develop and implement additional controls to mitigate key risks. Fraud risk assessments allow us to make informed management decisions and strategically allocate resources to address our most significant fraud risks.